



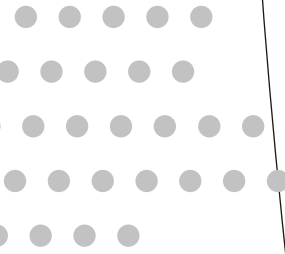
GAMMONTM
Builders to the nation



Annual Report
2005 - 2006

Contents

Chairman's Letter	1
Board of Directors	2
Consortium Bankers & Auditors	3
Consolidating Position as an Industry leader	4
Projects being executed as on 31st March, 2006	5
Financial highlights	6
Performance Highlights	8
Top Projects under execution	10
Public Private Partnership Projects	12
Gammon's Projects	14
Directors Report	17
Report on Corporate Governance	23
Management discussion and analysis	32
Gammon India Limited - 83rd Annual Report	40
Consolidated Accounts	65





Chairman's letter

Dear Shareholders,

It gives me great pleasure to share my thoughts with you once again.

The process of infrastructure development in our country has now irreversibly caught the imagination of all the stakeholders. The policy makers, the investors, the financial markets, the developers and the contractors are all contributing towards ensuring that this process continues the momentum that has gradually built-up in the last few years.

The central government as well as the state governments are accelerating the implementation of projects across a wide spectrum of sectors like transportation, power, energy, water and waste water management, ports, airports, urban infrastructure, irrigation and pipelines. These projects are being funded by a mix of government spending and private sector participation.

Your company is well positioned to take advantage of these developments. The contracting business has over the years been the core strength of your company. Further your company has been an early entrant in public-private partnership projects which are being managed through Gammon Infrastructure Projects Limited, a subsidiary of your company.

The year under review was a modest year as far as top line growth is concerned with the turnover growing marginally. This however has to be seen in the backdrop of the company having more than doubled its turnover in the preceding two years. The order backlog is approximately Rs.3800 crores indicating that your company should once again post a surge in turnover during 2005-2006.

Last year the macro economic factors were favourable for the capital markets. Heightened interest in the infrastructure sector saw most of the large companies opting to strengthen their net worth. Your company made a preferential issue of equity shares as well as a GDR issue totaling Rs.145 crores. Consequently the net worth of your company has increased from Rs.150 crores to Rs.325 crores.

Our sights are now on the future, full of emerging opportunities. Having formidable engineering and technological expertise at its command, your company is set to scale greater heights in the years ahead when India is poised for sustained economic growth riding on its infrastructure development.

Your company owes this remarkable growth to the spirited efforts and dedication of its human resources, which has resulted in it deservingly being called the 'Builders to the Nation'.

Abhijit Rajan
Chairman & Managing Director

Board of Directors

- **Abhijit Rajan**
Chairman & Managing Director
- **Peter Gammon**
Chairman Emeritus
- **Himanshu Parikh**
Executive Director
- **Rajul A. Bhansali**
Executive Director
- **C. C. Dayal**
Director
- **S. K. Guha Thakurta**
Director
- **Atul Dayal**
Director
- **Naushad Forbes**
Additional Director

REGISTERED OFFICE

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

Tel : +91-22-6661 4000
+91-22-2430 6761
+91-22-2430 1084

Fax : +91-22-2430 0529
+91-22-2430 0221
+91-22-6661 4025

Email : gammon@gammonindia.com



Chennai Flyover



Paradip Haldia Pipeline



Delhi Metro Rail Project



Consortium

Bankers



Water Treatment Works at Shirbhavi



Dolphin Jetty

CANARA BANK

PUNJAB NATIONAL BANK

ALLAHABAD BANK

ICICI BANK

SYNDICATE BANK

IDBI BANK

ING VYSYA BANK

AUDITORS

NATVARLAL VEPARI & CO.



Parbati Hydro Electric Power Project

an industry leader

Balance Sheet (Rs. In Lacs)

Particulars	As at 31st March 2006	As at 31st March 1998	Particulars	As at 31st March 2006	As at 31st March 1998
SOURCES OF FUNDS :			APPLICATION OF FUNDS :		
Own Funds	85848	3952	Fixed Assets	30972	4622
Borrowed Funds	17059	3666	Investments	11618	724
Deferred Tax Liability	3452	-	Working Capital	63769	2272
	10,6359	7618		10,6359	7618

Profit & Loss Account (Rs. In Lacs)

Particulars	Jan.05 to Mar.06 (15 months)	Apr.04 to Dec.04 (9 months)	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
Turnover	146793	86660	111972	72665	51399	50376	45167	32768	21501
Profit Before Tax	11117	5159	5446	3528	3158	2016	1820	1241	1016

Strong Financial Ratings

CARE has assigned the following rates :

	TENURE (Months)	AMOUNT (Rs. In lacs)	RATING
Short Term	12	17500	PR1 ⁺
Long Term	120	4000	AA ⁺
Long Term	120	5000	AA ⁺
Long Term	120	5000	AA ⁺

and

CRISIL has assigned a "AA, stable rating" for Non Convertible Debenture of Rs 5000 lacs.

Kaiga Nuclear Power Project





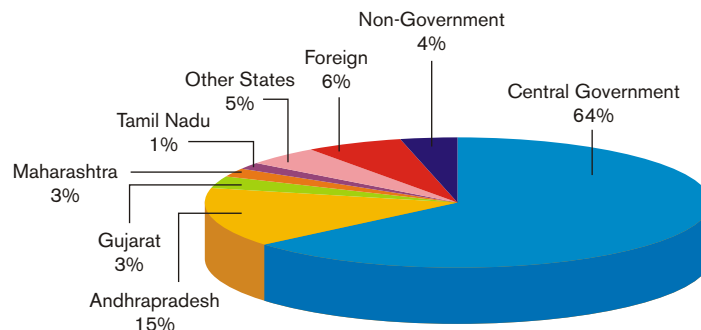
Projects being executed as on 31st March, 2006

Areas of Specialisation	North	South	East	West	Foreign	Total
Transportation Engineering	6	1	13	3	0	23
Energy Projects & Highrise Structures	7	4	2	4	0	17
Hydraulic Works & Irrigation Projects	0	4	0	0	0	4
Tunnel Engineering	2	0	1	0	0	3
Public Utility Structures	1	0	0	2	0	3
Ground Engineering & Environment Protection	0	1	0	1	0	2
Pipelines	0	0	1	1	1	3
Total	16	10	17	11	1	55



Client profile

(Contracts - value wise)



financial highlights

	1996-97	1997-98	1998-99
A. OPERATING RESULTS :			
TURNOVER	17,478.14	21,501.02	32,768.15
Other Income	899.88	252.41	295.84
TOTAL INCOME :	18,378.02	21,753.43	33,063.99
Net Profit After Tax	454.53	700.96	1,000.89
Dividend Distributed	75.73	75.73	95.34
Tax on Dividend	7.57	7.57	9.53
Retained Earnings	180.89	662.30	711.02
Depreciation	363.40	390.92	491.20
Cash Profits	817.93	1,091.88	1,492.09
B. FINANCIAL POSITION :			
ASSETS :			
Fixed Assets (Net) (Excluding Revaluation of Assets)	3,656.53	4,622.03	5,891.56
Amount of Revaluation	0.00	0.00	7,860.00
Total Net Fixed Assets (Including Revaluation of Assets)	3,656.53	4,622.03	13,751.56
Current Assets (Net)	2,929.30	2,271.77	2,832.12
Investments	709.63	724.63	1,663.39
TOTAL ASSETS	7,295.46	7,618.43	18,247.07
LIABILITIES :			
Share Capital	216.38	216.38	630.30
Reserves & Surpluses (Excluding Revaluation of Assets)	3,106.22	3,736.13	5,846.32
Revaluation Reserve	0.00	0.00	7,860.00
SHAREHOLDERS' FUNDS	3,322.60	3,952.51	14,336.62
Loan Funds	3,972.86	3,665.92	3,910.45
Deferred Tax Liability	0.00	0.00	0.00
TOTAL CAPITAL EMPLOYED	7,295.46	7,618.43	18,247.07
C. EQUITY SHARE DATA :			
Earnings Per Share (Rs) (On Base Capital of 1996-97)	21.00	32.00	46.00
Earnings Per Share (Rs) (On Weighted Average Capital)	21.01	32.39	25.27
D. IMPORTANT RATIOS :			
Debt Equity Ratio			
Sales / Average of Net Fixed Assets (Number of Times)	1.20	0.93	0.60
Sales / Average of Net Working Capital (Number of Times)	4.93	5.19	6.23
Book value of Share (Without Revaluation Reserve)	6.56	8.27	12.84



Dolphin Jetty, Bangladesh



(Rs. In Lacs)

1999-2000	2000-2001	2001 - 2002	2002 - 2003	2003 - 2004	Apr 04 - Dec 04 (9 Months)	Jan 05 - Mar 06
45,167.26	50,375.51	51,398.92	72,664.82	111,971.53	86,659.60	146,793.34
508.61	701.35	660.92	962.28	996.78	1,603.26	3,319.64
45,675.87	51,076.86	52,059.84	73,627.10	112,968.31	88,262.86	150,112.98
1,397.78	1,486.32	1,967.10	2,092.63	3,408.80	4,290.19	10,284.17
116.85	252.82	126.41	316.03	316.03	384.55	524.82
13.43	25.79	0.00	40.49	40.49	54.75	73.61
631.89	320.71	1,963.02	1,663.00	1,497.98	2,302.98	8,543.15
671.53	898.68	1,175.05	1,692.52	1,994.26	1,645.31	3,710.37
2,069.31	2,385.00	3,583.15	4,700.15	5,940.06	6,396.10	13,787.54
8,213.21	10,298.19	16,787.01	21,517.30	22,509.28	25,333.97	30,971.90
7,675.06	7,499.20	7,331.94	7,172.88	7,021.59	6,913.17	6,733.79
15,888.27	17,797.39	24,118.95	28,690.18	29,530.87	32,247.14	37,705.69
4,136.90	5,637.82	9,420.70	4,919.37	9,667.40	32,192.14	63,769.32
1,774.83	1,725.06	1,570.42	7,689.37	8,048.79	8,962.20	11,618.23
21,800.00	25,160.27	35,110.07	41,298.92	47,247.06	73,401.48	113,093.24
630.62	656.70	1,283.81	1,283.81	1,283.81	1,557.91	1,769.11
6,935.72	8,119.40	9,831.27	11,355.01	13,924.99	30,962.00	84,079.83
7,675.06	7,499.20	7,331.94	7,172.88	7,021.59	6,913.17	6,733.79
15,241.40	16,275.30	18,447.02	19,811.70	22,230.39	39,433.08	92,582.73
6,558.60	8,884.97	14,916.77	18,825.94	21,818.39	30,309.52	17,058.63
0.00	0.00	1,746.28	2,661.28	3,198.28	3,658.88	3,451.88
21,800.00	25,160.27	35,110.07	41,298.92	47,247.06	73,401.48	113,093.24
65.00	69.00	91.00	97.00	158.00	199.00	476.00
22.49	23.88	24.86	15.06	23.42	29.60	13.43
0.87	1.01	1.34	1.49	1.43	0.93	0.20
6.40	5.44	3.80	3.79	5.09	3.62	5.21
12.96	10.31	6.83	10.13	15.35	4.14	3.06
119.98	133.64	86.58	98.45	118.47	208.74	485.27
241.69	247.83	143.69	154.32	173.16	253.12	523.33

The Company had a "Rights Issue" in the ratio of 2:1 in October, 1998 and in the ratio of 1:1 in December, 2001.

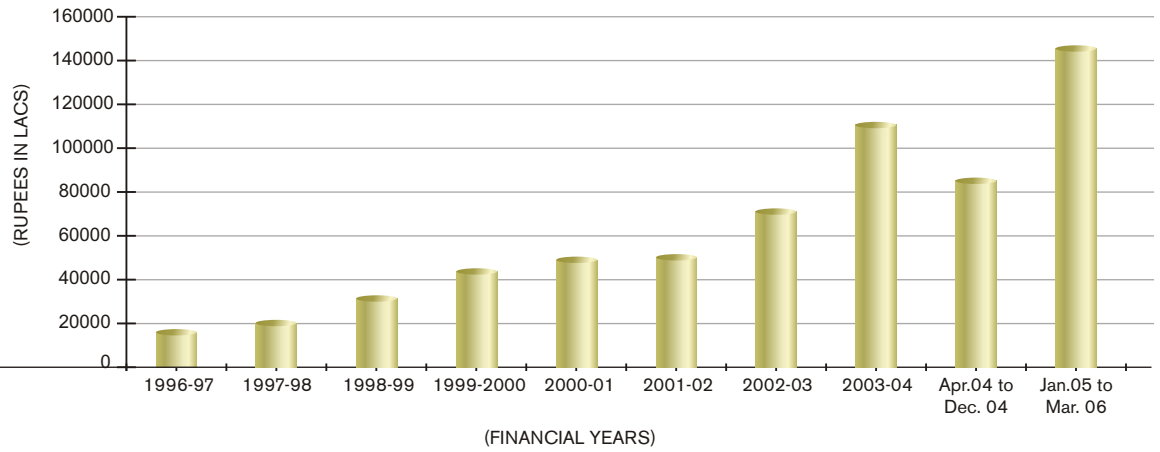
The Company had allotted 18,25,000 new Equity Shares under preferential issue in November, 2004 and had allotted 9,16,030 new equity shares under the Global Depository Receipts in December, 2004.

The Company had allotted 91,86,900 new equity shares under the Global Depository Receipts in January, 2006. The Company further allotted 13,72,700 new equity shares under the Global Depository Receipts in February, 2006 under Greenshoe option. EPS of shares indicated above is on increased share capital.

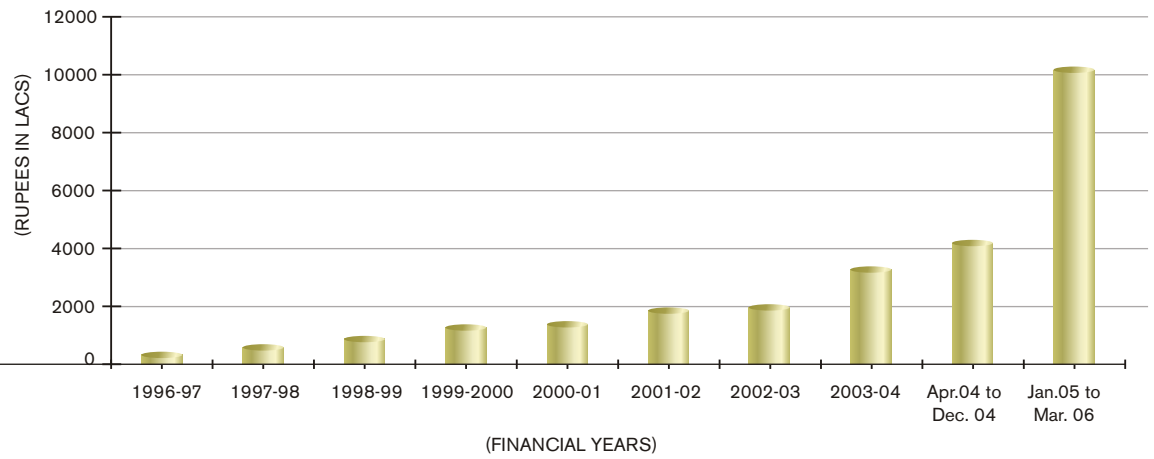
Performance

highlights

TURNOVER



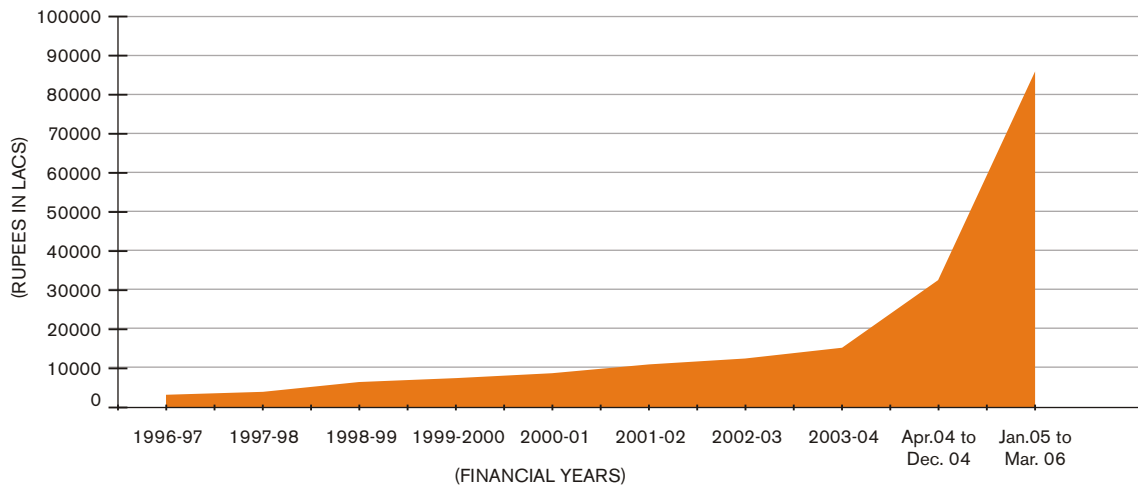
NET PROFIT AFTER TAX



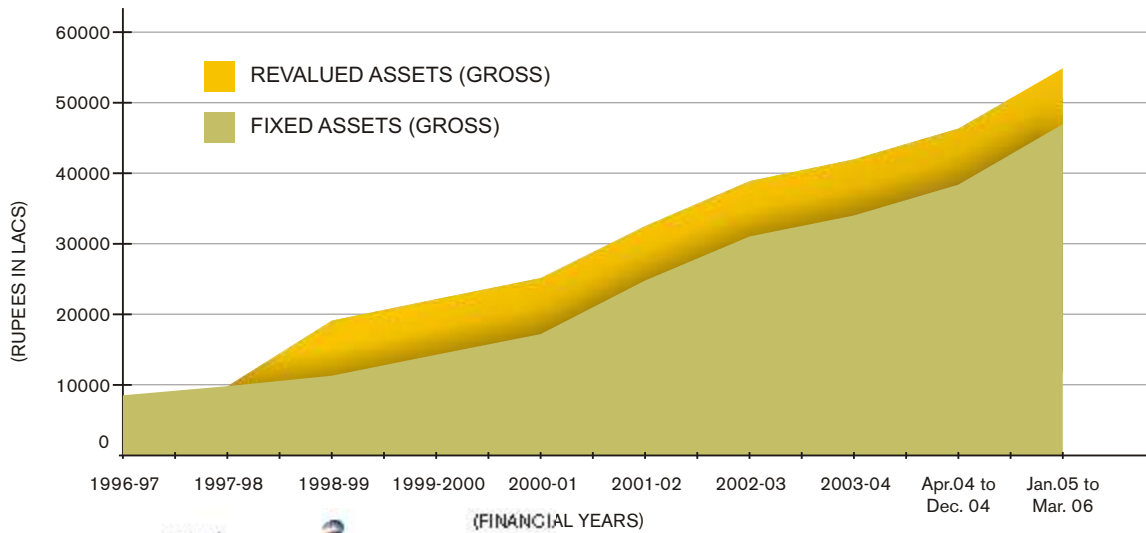
Delhi Metro Rail



NET WORTH (EXCLUDING REVALUATION RESERVE)



FIXED ASSETS (GROSS)



Tata Trombay Thermal Power station

Under Execution



Agra Makhanpur Road

Kalwakurthy Lift Irrigation Scheme

Client : Government of Andhra Pradesh, Irrigation and CAD Department

Project Profile : Execution of Stage-3 Pumping station (5 x 30 MW) of Kalwakurthy Lift Irrigation Scheme, Mahboobnagar, Dist. Andhra Pradesh

Completion Period : 53 months

● **Rs. 631 crores**

Vadape-Gonde Road(99.5km) NH-3

Client : National Highway Authority of India

Project Profile : Improvement, Operation and maintenance of rehabilitation and strengthening of existing 2 lane road and widening to 4 lane divided carriageway from km 539.500 to km 440.000

Completion Period : 36 months

● **Rs. 621 crores**

Widening and Strengthening of NH-57 - BR -3

Client : National Highway Authority of India

Project Profile : Widening to 4 lane & strengthening existing two lane road section of NH-57 in Bihar (40km)

Completion Period : 30 Months

● **Rs. 356 crores**

Parbati Hydroelectric Project-lot PB 3

Client : National Hydroelectric Power Corporation Limited

Project Profile : Construction of Part Head Race Tunnel, Surge Shaft, Pressure Shaft, Under Ground Power House and Tail Race Tunnel

Completion Period : 56 months

● **Rs. 325 crores**



Vizag Jetty

Gandikota -Package 2, Andhra Pradesh Irrigation Works

Client : Government of Andhra Pradesh, Irrigation and CAD Department

Project Profile : Earthwork excavation of GNSS Main Canal including construction of CM & CD works from KM 24.330 to KM 32.640 and formation of earthen bund for Vamikonda Sagar Reservoir & Sarvaraja Sagar Reservoir and leading channels to reservoirs and its distributory System, minors, sub minors including investigation preparation of hydraulic particulars design and drawings etc.

Completion Period : 35 months

Rs. 294 crores

Dahej Uran Pipeline Project Spread -3

Client : GAIL (India) Limited

Project Profile : Pipeline -30" OD- 108 km ; 24" OD-75 kms, 18"OD- 15 Km

Completion Period : 11 months

Rs. 196 crores

Road Work On Nh-54-Assam-(22.9km)-AS-26

Client : National Highway Authority of India

Project Profile : Widening to 4 lane & strengthening existing two lane road section of NH-54 in Assam (22.9 km)

Completion Period : 30 Months

Rs. 179 crores

Road Work on Nh-54-Assam-(16km)-AS-24

Client : National Highway Authority of India

Project Profile : Widening to 4 lane & strengthening existing two lane road section of NH-54 in Assam (22.9 km)

Completion Period : 30 Months

Rs. 171 crores

Nuclear Island Building at Kalpakkam

Client : Bhartiya Nabhikiya Vidhyut Nigam Limited

Project Profile : Construction of Nuclear Island Connected Buildings & Other Safety Related Structures for PFBR

Completion Period : 27 months

Rs. 156 crores

Partnership Projects



Rajahmundry Expressway Ltd.

- 53 Km. road stretch connecting Rajahmundry to Dharmavaram
- Client-National Highways Authority of India
- Annuity road project with Total project cost of Rs. 2564 Million.
- Concession period-17.5 years with 2.5 years of construction
- Commercial Operations started from September 20, 2004, 70 days ahead of schedule
- Project SPV already in receipt of 3rd annuity.



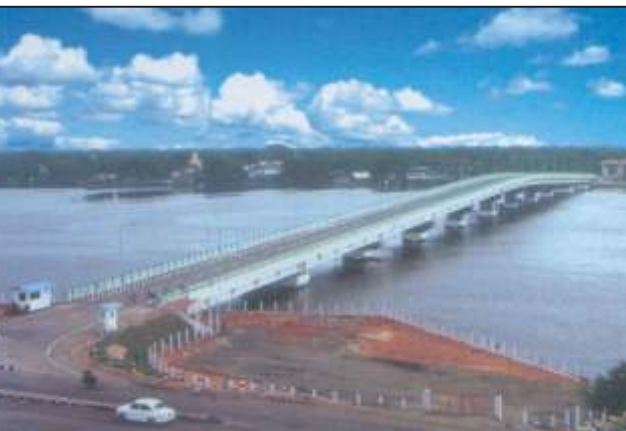
Vizag Seaport Private Ltd.

- Two multipurpose berths (EQ-8 & EQ-9) at the port of Visakhapatnam
- Client- Visakhapatnam Port Trust
- Berths designed for fully mechanized integrated cargo handling systems capable of handling upto 7 MTPA
- Total project cost of Rs 3250 Million.
- License period of 30 years.
- Commercial operations started
- Project SPV has a "Take or Pay" agreement with SAIL for upto 3 MTPA.



Andhra Expressway Ltd.

- 47 Km. road stretch connecting Dharmavaram to Tuni
- Client-National Highways Authority of India
- Annuity road project with Total project cost of Rs. 2480 Million.
- Concession period-17.5 years with 2.5 years of construction
- Commercial Operations started from October 30, 2004, 30 days ahead of schedule.
- Project SPV already in receipt of 3rd annuity.



Cochin Bridge Infrastructure Company Ltd.

- 700 m long bridge at Cochin connecting Fort Kochi to Willingdon island.
- Client- Government of Kerala
- Tolling + Annuity bridge project with Total project cost of Rs. 257 Million.
- Concession period of 19 years and 9 months
- Successfully completed 4 years of commercial operations.

Gammon's Projects



Dharmavaram Tuni Road Project



Sharanpur Pipeline



Beas river Brdge



Residential Appartments "Bearys Lakeside Habitat" at Bangalore



Dubai dasltn plant



Vizag Jetty



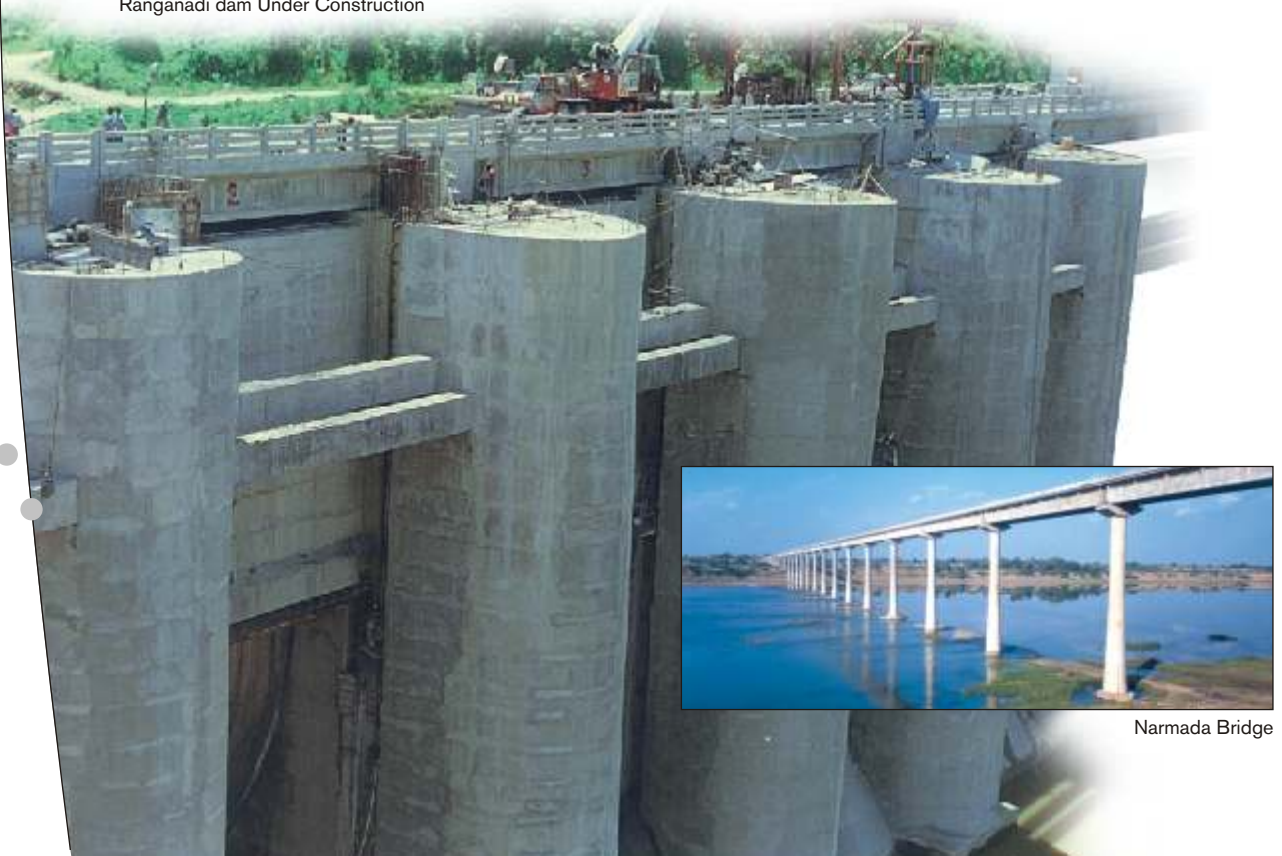
Haldia cooling towers

Gammon's Projects



Sharjah airport

Ranganadi dam Under Construction



Narmada Bridge

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 84th Annual Report together with the Audited Accounts for the period ended 31st March 2006.

1. FINANCIAL RESULTS :

The Company has changed its financial year end from December to March and accordingly the financial results relate to a period of fifteen months ended 31st March, 2006. The turnover stood at Rs. 146793.34 lacs (Rs. 86,668.04 lacs) and Profit before depreciation and taxation was Rs. 14827.54 lacs (Rs. 6804.10 lacs). After providing Rs. 3710.37 lacs towards depreciation (Rs. 1645.31 lacs) and Rs. 833.00 lacs towards tax (Rs. 868.60 lacs), the net profit amounted to Rs. 10284.17 lacs (Rs. 4290.19 lacs) posting a rise of 44 % over the previous period on annualized basis.

	Current Period Rupees in lacs (15 Months)	Previous Period Rupees in lacs (9 Months)
The profit for the year before providing Depreciation and Taxation amounted to :	14827.54	6804.10
From which is to be deducted:		
Depreciation	3710.37	1645.31
Profit before Tax	11117.17	5158.79
Provision for Tax		
Current Tax	925.00	408.00
Deferred Tax	(207.00)	460.60
Fringe Benefit Tax	115.00	833.00
Profit after Tax	10284.17	4290.19
To which is to be added/(deducted) Provisions for earlier years :		
Provision for Taxation (Net of write back of excess provision)	141.41	(475.91)
Profit brought forward from last year	4240.07	3543.17
Amount available for appropriation	14665.65	7357.45
Less:		
Amount Transferred to General Reserve	2500.00	1606.08
Debenture Redemption Reserve	(716.00)	1072.00
Special Contingency Reserve	2000.00	
Proposed Dividend	524.82	384.55
Provision for Tax on Dividend	73.61	54.75
Balance carried to Balance Sheet	10283.22	4240.07



2. DIVIDEND :

Your Directors recommend a Dividend of 30% absorbing Rs. 524.82 lacs.

3. SHARE CAPITAL :

During the period under review, the Company issued 1,05,59,600 Global Depository Receipts by way of international offering, priced at US \$ 9.47 per depository receipt (approx. Rs. 420/- per share) underlying equal number of equity shares. The Depository Receipts were listed on Luxembourg Stock Exchange.

The issue proceeds aggregated to Rs 44,350 lacs, of which a sum of Rs. 37,481 lacs was utilised for repayment of debt & meeting working capital requirements and the balance amount of Rs. 6,008 lacs has been kept in Fixed Deposits and Mutual Funds temporarily.

During the period under review, the nominal value of equity shares of the Company of Rs. 10/- per share has been sub-divided into that of Rs. 2/- per share as approved by the shareholders at the Extra-Ordinary General Meeting held on 28th February, 2005.

4. FINANCE :

The Company has raised Rs. 50 Crores by issue of Non-Convertible Debentures on private placement basis to banks and financial institutions. CRISIL has assigned AA rating for the same.

The following credit ratings from CARE continue:

- (i) PR1+ for short-term commercial paper of Rs.175 crores
- (ii) AA+ for Non-Convertible Debentures of Rs.140 crores

The Directors certify that the proceeds of debentures were utilised for the purpose for which they were raised. Capital expenditure on plant and machinery during the year amounted to Rs. 7861 lacs.

5. FIXED DEPOSITS :

280 Deposits amounting to Rs. 40.15 lacs remained unclaimed as on 31st March, 2006. Out of these 70 deposits amounting to Rs. 12.16 lacs have since been repaid.

6. INVESTMENTS IN INFRASTRUCTURE ACTIVITIES :

Presence in infrastructure projects on Public Private Partnership (PPP) basis

Your Company is present in the development of infrastructure projects on PPP basis through its subsidiary Gammon Infrastructure Projects Limited (GIPL)

GIPL has been one of the first companies in India to be modeled as an infrastructure development company. It currently develops roads & expressways, bridges, ports, hydro power, non conventional energy resources and special economic zones and has further identified the following sectors for future development and investment; urban infrastructure, airports, water & waste water management, railways, power transmission and agricultural infrastructure.

GIPL is present in the entire spectrum of 'Project Development Process' including development, investment, advisory services and sector specific operations and maintenance services.

The current projects being developed by GIPL on PPP basis can be broadly categorized as:

1. Operational Projects

- i. Rajahmundry Dharmavaram annuity road project, Andhra Pradesh (Project SPV- Rajahmundry Expressway Ltd.)
- ii. Dharmavaram Tuni annuity road project, Andhra Pradesh
(Project SPV- Andhra Expressway Ltd.)
- iii. Two multipurpose berths at Visakhapatnam Port, Andhra Pradesh (Project SPV-Vizag Seaport Private Ltd.)
- iv. New Matancherry Bridge Project, Cochin, Kerala
(Project SPV- CBICL)

2. Projects under implementation

- i. Four laning of Vadape-Gonde section of NH – 3 (Mumbai-Nasik road stretch), Maharashtra.
(Project SPV-Mumbai Nasik Expressway Ltd.)
-

-
- ii. Rangit-II hydroelectric project (60-80 MW), Sikkim.
(Project SPV-Sikkim Hydro Power Ventures Ltd)
 - iii. Biomass fuel based power project, Punjab
(Project SPV-Punjab Biomass Power Ltd.)

3. Projects recently awarded

- i. Gorakhpur bypass annuity road project, Uttar Pradesh
(Project SPV- Gorakhpur Infrastructure Company Ltd.)
- ii. Kosi bridge annuity road project, Bihar
(Project SPV -Kosi Bridge Infrastructure Company Ltd)
- iii. Adityapur Special Economic Zone, Jharkhand
(Project SPV under incorporation)

During the period under review, GIPL made a preferential allotment of 1,60,00,000 equity shares of the face value Rs. 10 each at a premium of Rs. 65.88 totaling to Rs. 121.408 crores, to AMIF I Ltd. (an affiliate of U.S.A. based asset management firm OZ Management L.L.C.).

Looking at the roadmap for infrastructure development on PPP basis over the next 3-5 years, GIPL is in the process of exploring certain avenues of raising further capital. Towards this end, GIPL is in talks with various prospective institutional investors for raising capital. GIPL has also filed its Draft Red Herring Prospectus with SEBI to offer upto 31,224,225 equity shares of face value of Rs. 10 each, to the public. The issue would constitute 17.5% of the fully diluted post issue paid up capital of the Company assuming no exercise of green shoe option and upto 19.61% assuming that the green shoe option is exercised in full.

7. BUSINESS PROSPECTS :

Infrastructure Sector continues to grow at a rapid pace and it is expected that current year also would offer number of opportunities across the entire strength of your Company. Main focus has been on the Road and Bridge Projects especially for National Highways Authority of India [NHAI] and other State Highway Projects. In addition your Company continues to get more projects in Chimneys & Cooling Tower Sector as well as Hydro Power Sector. In coming years Hydro Sector is expected to grow at a faster pace compared to other infrastructure projects due to the Prime Minister's Policy decision to concentrate more on the Power Sector and to ensure electricity for all by 2012. Your Company would continue to concentrate on Hydro & Thermal Power Sector on BOOT Basis.

Your Company has secured Rs.324 Crores contract to construct Underground Power House for National Hydroelectric Power Corporation [NHPC] at their Parbati Project - Stage II Lot 3. In the Road Sector, your Company has secured contracts cumulatively valued at Rs. 945 Crores. Oil & Gas Pipeline Division of your Company has secured Rs.200 Crores contract from Gas Authority of India Limited [GAIL] for their Dahej Uran Pipe Line Project. The order book position as on 31st March, 2006 stands at Rs. 5,568 Crores.

8. SUBSIDIARY COMPANIES :

During the period under review, two Special Purpose Vehicle Companies (SPVs) were incorporated viz. Mumbai Nasik Expressway Limited and Sikkim Hydro Power Ventures Limited which became subsidiaries of your Company with effect from 6th August, 2005 and 22nd September, 2005 respectively. Also Gammon Projects Developers Limited and Gammon Cooling Towers Limited became the subsidiaries with effect from 22nd March, 2006 and 31st March, 2006 respectively.

A statement pursuant to Section 212 (3) of the Companies Act, 1956 relating to subsidiary companies is attached. The Company has been granted exemption by the Central Government pursuant to the provisions of Section 212(8) of the Companies Act, 1956, from attaching the Balance Sheet and Profit & Loss Account of its Subsidiaries and hence the same have not been attached to your Company's accounts for the period ended 31st March, 2006. However information such as capital, reserves, assets etc. about each subsidiary as on 31st March, 2006 has been separately disclosed.

The Annual Accounts of subsidiary companies and the detailed related information are available to the investors of your company as well as to those of respective subsidiaries, seeking such information at any point of time.



9. CONSOLIDATED FINANCIAL STATEMENTS :

As required under Accounting Standards AS-21, AS-23 and AS-27 of the Institute of Chartered Accountants of India, the consolidated financial statements have been prepared on the basis of financial statements of the Company, its subsidiaries, associates and joint ventures.

10. REPORT ON CORPORATE GOVERNANCE :

As required under Clause 49 of the Listing Agreement, Report on Corporate Governance is attached and forms part of this Annual Report.

11. DIRECTORS :

Mr. Himanshu Parikh and Mr. C.C.Dayal retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Dr. Naushad Forbes was appointed as an Additional Director of the Company with effect from 11th August 2006 and holds office upto the date of the ensuing Annual General Meeting of the Company. A notice under Section 257 of the Companies Act, 1956 together with the requisite deposit has been received from a member signifying his intention to propose Dr. Forbes as a candidate for the office of Director of the Company.

Mr. Rajul Bhansali, Executive Director has been re-appointed as Executive Director with effect from 30th March, 2006 for a period of three years.

Mr. Abhijit Rajan, Chairman & Managing Director has been re-appointed as Chairman & Managing Director with effect from 17th May, 2006 for a period of five years.

Mr. Kunal Shroff, Mr. W. Paul Harriman and Mr. Shobhit Rajan have resigned as Directors of the Company. The Board places on record its sincere appreciation of the valuable contribution made by them during their tenure.

12. 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, 2006;
2. the Directors have selected accounting policies and applied them consistently and made judgements 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, 2006; and of the profit of the Company for the said period ended 31st March, 2006;
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.

13. HEALTH, SAFETY & ENVIRONMENT :

Your Company is committed to provide a safe and healthy working environment as per our safety policy. Our corporate safety head visits sites and provides information related to deficiencies with respect to safety. Safety track record of all sites remains under active focus of the management for continuous improvement.

14. RESEARCH & DEVELOPMENT :

Indian construction industry is passing through evolutionary phase and to survive this era there is need to have strong R & D quest to develop modern techniques to accelerate the operational skills & to meet the challenges of construction activities [for e.g.: A) Jack Down system: Used for well sinking operation, resulting in economical section of well & faster well sinking. B) Indigenous Jump Form system: Used for the construction of Natural Draught Cooling Tower. C) Re-powering of Gottwald 100 Ton capacity Crane: by water-cooled engine in place of air-cooled engine that resulted in improved operational efficiency.]

Various such techniques have been developed & sustained efforts are made to improve upon existing and the development of new ones.

15. 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 has appointed M/s. Natvarlal Vepari & Co., Chartered Accountants, Statutory Auditors of the Company also as the Branch Auditors, Oman Branch subject to your approval.

16. AUDITORS' REPORT :

In the opinion of the Directors, the notes to accounts are self-explanatory and adequately explain the matters which are dealt with in the Auditors' Report.

17. PARTICULARS OF EMPLOYEES :

The statement pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto this report (Annexed A).

18. 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 the 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 lacs)	
	Current Period	Previous Period
Foreign Exchange used	6989.23	4148.33
Foreign Exchange earned	3998.50	3653.14

19. GENERAL :

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 and deposit holders for their unstinted support and co-operation.

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

Place : Mumbai
Dated : 11th August, 2006

**ANNEXURE “A” TO DIRECTORS’ REPORT**

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975.

Name	Age	Designation	Gross Remuneration (Rs.)	Qualifications	Total Experience (Years)	Date of Commencement of Employment	Last Employment held		
							Name of the Company	Position held	Period of Service
Mr. Abhijit Rajan	45	Chairman & Managing Director	1,40,59,478	Commerce Graduate L.S.E. (London)	26	17.05.1991	IPCA Laboratories Ltd.	Whole-time Director	5 years
Mr. Himanshu Parikh	46	Executive Director	24,29,935	Commerce Graduate	26	02.08.2004	Vizag Seaport Private Ltd.	Managing Director	2 years
Mr. Rajul Bhansali	50	Executive Director	28,20,141	Commerce Graduate and Chartered Accountant	28	30.03.2003	Afcons Infrastructure Limited	Deputy Managing Director	13 years

Notes :

1. Gross Remuneration includes salary, allowances, contribution to Provident, Superannuation Fund, Gratuity and taxable value of perquisites.
2. The nature of employment is contractual.
3. None of Mr. Abhijit Rajan, Mr. Himanshu Parikh and Mr. Rajul Bhansali hold more than 2% of paid up capital of the Company.
4. Designation denotes nature of duties also.

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

Place : Mumbai
Dated : 11th August, 2006

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Your Company firmly believes in and is committed to following the principles of corporate governance. It adopts fair business practices and is determined to pursue these principles with the aim of creating value for all its stakeholders.

1. BOARD OF DIRECTORS (BOARD) :

As on 31st March, 2006, the Strength of the Board was 10 members of which five were Independent and five were Non-Independent.

During the period under review, 13 Board Meetings were held the dates of which were as follows: 12th January 2005, 25th March 2005, 28th April 2005, 19th May 2005, 5th August 2005, 24th September 2005, 29th October 2005, 24th November 2005, 23rd December 2005, 27th January 2006, 31st January 2006, 7th February 2006 & 25th March 2006.

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 & membership of committees are as stated below :

Name and Designation of Director	Category of Directors	No. of Board Meetings attended (01.01.2005 to 31.03.2006)	Whether attended last A.G.M. (held on 28.06.2005)	No. of Directorships in other Companies		No. of Chairmanship and Membership of Committees of other public companies	
				Public	Private	Chairman	Member
Mr. Abhijit Rajan, Chairman & Managing Director	Promoter/ Executive/NI	10	Yes	7	4	-	-
Mr. Peter Gammon Chairman Emeritus	Promoter/Non-Executive/NI	-	No	1	-	-	-
Mr. Rajul A. Bhansali Executive Director	Executive/NI	8	Yes	1	1	-	-
Mr. W. Paul Harriman Director	Non-Executive/I	-	No	-	-	-	-
Mr. Shobhit Rajan Director	Promoter/Non-Executive/ NI	7	No	4	14	-	-
Mr. C.C. Dayal Director	Non-Executive/I	11	No	11	4	1	3
Mr. S.K. Guha Thakurta Director	Non-Executive/I	10	Yes	2	1	-	1
Mr. Himanshu Parikh Executive Director	Executive/NI	10	Yes	11	4	1	3
Mr. Atul Dayal Director	Non-Executive/I	11	No	5	-	-	1
Mr. Kunal Shroff Director	Non-Executive/I	8	Yes	2	2	-	-
Mr. M. S. Bisaria* Director	Non-Executive/I	-	-	1	-	-	-
Mr. V.M. Dharap* Director	Non-Executive/I	1	-	3	1	-	-
Mr. S. A. Reddi* Director	Non-Executive/I	-	-	-	-	-	-
Mr. N.V. Nayak* Director	Non Executive/I	1	-	1	-	-	-

Note :

- i) I – Independent, NI- Non- Independent
- ii) Only Audit Committee and Shareholders/Investor Grievance Committee have been considered for the Committee positions.
- iii) *The said directors resigned with effect from 1st March, 2005

The Information as required under Annexure – IA to Clause 49 of the listing agreement is made available to the Board.

Code of Conduct

The Company has adopted the Code of Conduct for all the members of the Board of Directors and members of the senior management - Team of the Company one level below the Executive Directors, and all other executives having similar or equivalent rank in the company and the company secretary (hereinafter referred to as "Senior Managers"). The Code of Conduct is posted on Company's website. Further, all the Board Members and Senior Managers have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Chairman & Managing Director forms part of this report

**DETAILS OF REMUNERATION PAID FOR THE PERIOD ENDED 31.03.2006 :****EXECUTIVE DIRECTORS :**

Name of the Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. Abhijit Rajan	1,40,45,468	14,010	1,40,59,478
Mr.Himanshu Parikh	23,62,388	67,547	24,29,935
Mr. Rajul Bhansali	26,21,869	1,98,272	28,20,141
Total	1,90,29,725	2,79,829	1,93,09,554

Service Contract/ Notice Period/ Severance Fees

Mr. Himanshu Parikh has been appointed as Executive Director for a period of three years with effect from 1st May, 2005 to 30th April, 2008.

Mr. Rajul A. Bhansali has been re-appointed as Executive Director for a period of three years with effect from 30th March, 2006 to 29th March, 2009.

Mr. Abhijit Rajan has been re-appointed as Chairman & Managing Director for a period of five years with effect from 17th May, 2006 to 16th May, 2011.

Notice period for termination of appointment of Chairman & Managing Director and Executive Directors is three months 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 :

A sitting fee of Rs. 500/- per meeting is paid to each Non-Executive Director for attending meetings of the Board of Directors. The Company pays sitting fees of Rs.20,000/- per meeting to Non Executive Directors for attending meetings of Financial Review Committee No commission has been paid to the Non-Executive Directors during the period.

Shareholding of Non-executive directors as on March 31, 2006 is as under

Name	No. of Equity shares held
Mr. S.K.Guha Thakurta	50

2. AUDIT COMMITTEE :

As on 31st March, 2006, the Audit Committee comprised of three Non-Executive Independent Directors viz.: Mr. C. C. Dayal (Chairman), Mr. S. K. Guha Thakurta and Mr. Atul Dayal . The Company Secretary acts as Secretary to the Audit Committee.

During the period under review, the Audit Committee met 5 times and the dates of such meetings were: 25th March, 2005, 28th April, 2005 , 5th August, 2005, 29th October 2005 and 31st January 2006 . The attendance of the Audit Committee members at such meetings is as stated below :

Name of the Member	No. of Audit Committee meetings attended
Mr. C.C. Dayal	5
Mr. S.K. Guha Thakurta	3
Mr. Atul Dayal	5

The terms of reference stipulated by the Board to the Audit Committee are as per Clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956 and include:

- Oversight 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 the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
 - 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 judgement by management
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with Stock Exchange 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, external and internal auditors, the adequacy of internal control systems.
 - e) 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.
 - f) Discussion with internal auditors, any significant findings and follow up thereon.
 - g) 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.
 - h) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
 - i) Reviewing the Company's financial and risk management policies.
 - j) To look 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.

3. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

As on 31st March, 2006 the Shareholders/Investors Grievance Committee comprised of three members and two of whom are Non-Executive Directors. Mr. C. C. Dayal, Non Executive Director is the Chairman of the Committee. During the period under review, the Committee met 25 times.

The Committee approves and monitors share transfers, transmissions, dematerialisation, rematerialisation, issue of duplicate share certificates, etc. The Committee also monitors redressal of complaints from Shareholders relating to transfer of shares, non-receipt of Annual Report, dividends etc.

The Status of Shareholders' complaints received upto 31st March, 2006 is as stated below:

No. of Complaints received during the fifteen months period ended 31 st March, 2006	118
No. of Complaints resolved to the satisfaction of shareholders during the said period	118
No of Complaints pending as on 31 st March, 2006	Nil
No. of pending share transfers as on 31 st March, 2006	Nil

Mr. P.S Gupchup ,Company Secretary, was the Compliance Officer for the period.

**4. GENERAL BODY MEETINGS :**

Location, Date and time of General Meetings held during the last 3 years :

Annual General Meeting (AGM)

AGM	Year	Date	Time
83 rd	Nine Months ended 31 st December, 2004	28 th June, 2005	3.00 p.m.
82 nd	2003– 2004	29 th September, 2004	3.00 p.m.
81 st	2002 – 2003	29 th September, 2003	3.00 p.m.

All the aforesaid AGMs were held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Mumbai- 400 034.

Special Resolutions passed in the previous three Annual General Meetings:

Date of AGM	Particulars of Special Resolutions passed
28 th June 2005	i) for keeping the Register of Members and debentures and other related documents at the office of M/s Intime Spectrum Registry Limited, Registrar and Share Transfer Agent. ii) for making of loans, investments, giving guarantees etc. to various bodies corporate under Section 372A of the Companies Act, 1956 which was voted by postal ballot
29 th September, 2004	i) for making of 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 which was voted by postal ballot.
29 th September, 2003	i) for keeping the Register of Members and debentures and other related documents at the office of M/s Sharepro Services, the Registrar and Share Transfer Agent of the Company. ii) for payment of commission to Directors who are not in whole-time employment of the Company or Managing Director iii) for making of loans, investments, giving guarantees etc. to various bodies corporate and for ratification of the issue of Counter/Corporate Gurantees issued by the Company on behalf of other body Corporates under Section 372A of the Companies Act, 1956 which was voted by postal ballot.

Approval by Members through Postal Ballot during the period :

- 1) The Company sought approval of the Members at the EGM held on 28th February, 2005 for passing a Special Resolution under Section 372 A of the Companies Act, 1956 for confirmation of the Corporate Guarantee issued by the Company on behalf of other body corporate. Mr. Chaitanya C. Dalal of M/s. Chaitanya C. Dalal & Co., Chartered Accountants was appointed as the Scrutinizer for conducting the Postal Ballot process. The details of voting pattern are as under :

Particulars	No. of votes cast	% of total votes cast
In favour of the Resolution	54,33,444	98.72
Against the Resolution	70,780	1.28
Total	55,04,224	100

The Resolution was approved by the required majority of the members.

- 2) The Company sought approval of the Members at the AGM held on 28th June, 2005 for passing a Special Resolution under Section 372 A of the Companies Act, 1956 for making of loans, investments, giving guarantees etc. to various bodies corporate. Mr. Chaitanya C. Dalal of M/s. Chaitanya C. Dalal & Co., Chartered Accountants was appointed as the Scrutinizer for conducting the Postal Ballot process. The details of voting pattern are as under :

Particulars	No. of votes cast	% of total votes cast
In favour of the Resolution	3,39,20,616	94.79
Against the Resolution	18,64,815	5.21
Total	3,57,85,431	100

The Resolution was approved by the required majority of the members.

-
- 3) The Company sought approval of the Members at the EGM held on 12th November, 2005 for passing a Special Resolution under Section 372 A of the Companies Act, 1956 for making of loans, investments, giving guarantees etc. to various bodies corporate. Mr. Hareesh B. Purohit of M/s. Chaitanya C. Dalal & Co., Chartered Accountants was appointed as the Scrutinizer for conducting the Postal Ballot process. The details of voting pattern are as under :

Particulars	No. of votes cast	% of total votes cast
In favour of the Resolution	3,39,65,321	87.97
Against the Resolution	46,43,922	12.03
Total	3,86,09,243	100

The Resolution was approved by the required majority of the members.

Special Resolution proposed to be conducted through postal ballot at the ensuing AGM

At the ensuing AGM a resolution u/s 372A of the Companies Act, 1956 will be proposed for making of loans, investments, giving guarantees etc. to various bodies corporate and for ratification of the issue of Corporate Guarantee issued by the Company.

Procedure for 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.

5. DISCLOSURES :

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.

No penalties, strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

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

6. MEANS OF COMMUNICATION :

The main source of information to the Shareholders is the Annual Report of the Company, press publications of its quarterly financial results and website of the Company viz. www.gammonindia.com.

As required under the listing agreement, Quarterly and Half-Yearly results of the Company are announced 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 Business Standard (English) & Sakal (Marathi).

These results are also posted on the website of the Company at www.gammonindia.com. The official press releases and other relevant information are available on the aforesaid website.

The shareholders have an opportunity to attend the Annual General Meeting at which relevant aspects of the Company's operations are discussed. The Company's share department serves as a contact point for shareholders on issues such as share transfers, dividends and other investor related matters.

The Management Discussion & Analysis forms part of this Annual Report.

The CEO and CFO certification of the financial statements and the cash flow statement for the period are enclosed at the end of this report.

**Non-Mandatory Requirements**

The Company has not adopted Non-mandatory requirements such as Remuneration Committee, Whistle Blower Policy etc.

7. GENERAL SHAREHOLDER INFORMATION :

Date, Time and Venue of the 84 th Annual General Meeting	Tuesday, 26 th day of September, 2006 at 3.00 p.m. at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Mumbai 400 034
Financial Calendar for the year 2006-07 (Tentative)	Results for the quarter ending 30 th June 2006 – 31 st July, 2006 Results for the Half year ending 30 th September, 2006 – Last week of October, 2006 Results for the quarter ending 31 st December, 2006 - Last week of January, 2007 Results for the year ending 31 st March, 2007- Last week of June 2007
Date of Book Closure	Tuesday, 19 th September, 2006 to Tuesday, 26 th September, 2006 (Both days inclusive)
Dividend payment date	On or before 25 th October , 2006
Listing on Stock Exchanges • Equity Shares	The Bombay Stock Exchange Ltd. P. J. Towers, Dalal Street, Fort, Mumbai 400 001. Telephone : 022 - 2272 1233/34 Facsimile : 022 - 2272 2082/2061 (stock code - 509550) AND National Stock Exchange of India Limited, Exchange Plaza Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Telephone : 022- 2659 8100/5641 8100 Facsimile : 022 – 2659 8237/ 8238 (stock code - GAMMONIND EQ)
• Global Depository Receipts	Luxembourg Stock Exchange 11, Avenue de la Porte- Neuve B.P.165L-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 2006-2007
International Securities Identification No. (ISIN)	Equity : INE 259B01020 GDR : US36467M2008

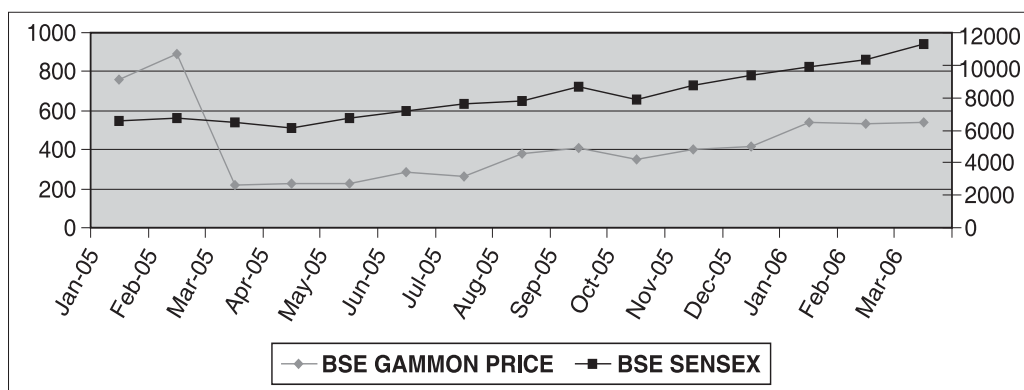
Registrar & Share Transfer Agents	M/s. Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078 Telephone : 022-25963838 Facsimile : 022- 25946969 e-mail : ISRL@INTIMESPECTRUM.COM
Share Transfer System	Trading in Company's Shares on the Stock Exchanges takes place in electronic form. However physical shares are normally transferred and returned within 15 days from the date of lodgment 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
January,2005	824.00	709.95	833.00	705.20
February, 2005	934.00	738.00	938.45	732.00
March, 2005*	1359.50	216.50	1366.45	217.25
April, 2005	267.55	210.00	268.00	200.00
May, 2005	319.80	221.00	318.00	221.70
June, 2005	305.40	261.00	305.50	250.55
July, 2005	282.00	257.50	279.00	257.00
August, 2005	387.00	264.00	386.90	262.60
September, 2005	447.00	360.25	446.35	358.50
October, 2005	425.00	329.15	421.00	328.10
November, 2005	405.50	346.00	404.90	346.35
December, 2005	425.00	383.00	425.00	380.10
January, 2006	566.50	410.55	566.90	410.10
February, 2006	554.70	485.00	553.00	480.25
March, 2006	588.95	437.00	587.05	501.55

*Nominal Value of Equity Share of the Company was sub-divided from Rs.10/- per share to Rs.2/- with effect from 22nd March, 2005.

STOCK PERFORMANCE IN COMPARISON TO BSE SENSEX



**8. DISTRIBUTION OF SHAREHOLDING AS ON 31st March, 2006**

Shareholding of Nominal value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
Upto - 5000	19360	97.7530	71104020	4.0640
5001 - 10000	213	1.0750	1503812	0.8600
10001 - 20000	95	0.4800	1316028	0.7520
20001 - 30000	17	0.0860	404466	0.2310
30001 - 40000	13	0.0660	453120	0.2590
40001 - 50000	5	0.0250	245320	0.1400
50001 - 100000	24	0.1210	1762976	1.0080
100001 and above	78	0.3940	162144798	92.6850
TOTAL	19805	100	174940940	100.00

9. DEMATERIALISATION OF SHARES AS ON 31st MARCH, 2006.

Particulars	No. of Equity Shares	% to Share Capital
NSDL	7,14,33,869	81.67
CDSL	1,00,96,849	11.54
Physical	59,39,752 *	6.79
Total	8,74,70,470	100

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

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on Equity :

The Company issued 91,86,900 Depository Receipts at a price of USD 9.47 each (approx. Rs. 420/- per share) underlying 91,86,900 equity shares of Rs.2/- each on 27th January 2006. 13,72,700 Depository Receipts were issued at the same price underlying 13,72,700 equity shares of Rs.2/- each on 7th February, 2006. The underlying shares were issued to The Bank of New York in its capacity as custodian on behalf of the holders of depository receipts. Equity capital increased by Rs.2,11,19,200/- consequent to the said issue. 97,79,582 GDRs were outstanding as on 31st March, 2006.

10. PLANT LOCATIONS : (Project size – more than Rs. 250 Crores)

1	Parbati Hydroelectric Project Village & P O – Sainj District- Kullu, Himanchal Pradesh – 175134 Stage III V.P.O. Lorji, Dist-Kullu, Himachal Pradesh
2	Teesta Head Race Tunnel Makha-Post Singtam, District – East Sikkim, Pin Code- 737134

3	Kaiga Nuclear Power Project Unit 3 & 4 Kaiga,P.O.- Kaiga District – Kannada (North), Karnataka-581400
4	Bihar Road Works Phase - II Block Road, (Near TV Centre), Jumman Chowk, Forbesganj, Araria, Bihar

11. ADDRESS FOR CORRESPONDENCE:

Registered Office:

Gammon House, Veer Savarkar Marg,

Prabhadevi, Mumbai 400 025.

Telephone : 022 –6661 4000.

Facsimile : 022 – 2430 0529

12. CATEGORIES OF SHAREHOLDERS : (as on 31st March, 2006)

Category	No. of Shares held (Rs. 2/- each)	Percentage (%) of Shareholding
Promoters' Holding		
Resident	24126840	27.58
Non-Resident	4136274	4.73
TOTAL (A)	28263114	32.31
Institutional Investors		
Mutual Funds & UTI	9259098	10.58
Banks, Financial Institutions, Insurance Companies	250935	0.29
FII's	15653093	17.90
TOTAL (B)	25163126	28.77
Private Corporate Bodies	11787143	13.47
Indian Public	4834760	5.53
NRIs/ OCBs	6916945	7.91
Any Other (Please specify)		
Abeyance Shares	725800	0.83
Shares underlying GDR issue	9779582	11.18
TOTAL (C)	34044230	38.92
GRAND TOTAL (A+B+C)	87470470	100

For GAMMON INDIA LTD

ABHIJIT RAJAN

Chairman & Managing Director

Place : Mumbai

Dated : 11th August, 2006



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 fifteen month period ended on 31st March 2006 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, subject to Mr. Kunal Shroff being considered as an Independent Director based on an opinion received by the company from their legal counsel and our opinion on the matter being that Mr. Kunal Shroff is a non-independent director and therefore in our opinion the company not having complied with the requirement of having 50% Independent Directors on its Board for the period from 1st January 2006 to 31st March 2006, we certify that the Company has complied with the other conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
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

P. N. Vepari
Partner
M.No. 4954

Mumbai, Dated : August 11, 2006

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

To
The Members of
GAMMON INDIA LTD.

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, 2006.

For GAMMON INDIA LIMITED

ABHIJIT RAJAN
Chairman & Managing Director

Place : Mumbai
Date : 11th August, 2006



CEO/CFO CERTIFICATION

To
The Board of Directors
Gammon India Limited.

We, Abhijit Rajan, Chairman & Managing Director and Rajul A. Bhansali, Executive Director and 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 period and that to the best of our knowledge and belief :
 - (i) these statements do not contain any materially untrue statement 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 period 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 period;
 - (ii) significant changes in accounting policies during the period 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

RAJUL A. BHANSALI
Executive Director & Chief Financial Officer

Place : Mumbai
Dated : 29th June, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Developments :

The continuing high rate of economic growth in India and other parts of the world has underlined the need for all round development in the Construction/Infrastructure Industry resulting in significant changes with emphasis on International Standards of execution, size of projects, timely completion, quality and safety. Private sector participation is increasingly being encouraged in all sectors of infrastructure and is now an integral part of the business model of the Company as a driver of growth.

2. Opportunities and Threats :

Your company is a leader in almost all the sectors of infrastructure in large measure due to its ability to meet ever increasing and stringent qualification requirements. This will enable it to continue to bid for larger and more complex projects comfortably in the coming years.

Urban Infrastructure not only for Tier-I cities but Tier – II cities with population over half a million as well as in the Middle East and Africa is growing at a fast pace. Flyovers, Bridges, Rapid Transit system, Water Treatment Plant etc in which your company operates offer huge potential in these cities and your company has taken measures to tap the same.

Your company has already reached some of the South Eastern markets and hopes to expand further in coming years. As domestic markets in many countries are shrinking, infrastructure companies from there have been taking active interest in the Indian Market which obviously has increased competition.

In the Indian context too, there has been increasing competition which in turn puts pressure on margins.

3. Spectrum of Activity :

Some of the important projects presently being executed by the Company are :

Transportation Engineering :

Your company has bagged a prestigious project for construction of Bridge over river Ganga at Kanpur for a Delhi Metro Rail Corporation contract value of Rs. 159 crores. Your company is also constructing a novel extradosed bridge in the contract with Delhi Metro Rail Corporation (DMRC) which is a new technique in bridge construction. We have been awarded projects for construction of Kosi Bridge which is valued at Rs. 347 crores and also a Cable stayed bridge with overseas joint venture partner at Kota, Rajasthan valued at Rs. 210 crores. A prestigious elevated road project valued at Rs. 173 crores has been awarded to us at Amritsar, Punjab.

Once again your company has been awarded two major contracts for the elevated viaduct for DMRC in Phase -II valued at Rs. 94.5 crores and Rs. 101 crores. A major project for river bridge over Brahmaputra River in Guwahati valued at Rs. 238 crores was also awarded to your company. Thus, your company has been awarded a total contract value of approximately Rs.1500 crores for Bridges and Flyovers.

Your company has secured various road projects in Assam like AS-24 (Rs. 171.62 crores), AS-26 (Rs. 179.24 crores), East West Corridor in Bihar (Rs. 356.51 crores), and the Nashik Project on BOT basis (Rs. 650 crores).

Hydro Electric Projects :

There is boom in the hydroelectric sector as Government is encouraging this segment. Major power sector corporations like NHPC, NEEPCO, NTPC, THDC & other state owned departments have taken up a number of power projects and private participation by way of BOT projects is also encouraged. Your company has bagged the Parbati H .E Project Stage III (Rs. 325 crores) and a 85 MW Hydro Power Project in Sikkim on BOT Basis.

Nuclear Power Plants :

The Nuclear power projects in Kaiga and Kalapakkam are progressing well. A very important milestone i.e completion of reactor building (Unit – III, Kaiga project) has been reached. If India – US Nuclear deal gets through, India will emerge as a very strong player in Nuclear Engineering Field. With the proposal of starting eight Nuclear Reactors in the near future, the scope of Nuclear Power looks very bright and your company is prepared to take up this challenge.

**Chimneys & Cooling Towers :**

We have bagged projects for construction of Chimneys for Jindal Group (Rs. 47.35 crores), Construction of Cooling Tower in Chandrapura (Rs. 24 crores), Sugden Cooling Tower for Siemens (Rs. 47.98 crores), Neyveli Lignite Corporation Cooling Tower & Chimneys (Rs. 55.29 crores) and Paras Cooling Tower (Rs. 10 crores).

Irrigation Projects :

Andhra Pradesh, in particular, has taken up many major irrigation projects. Your company has bagged Modikunta Vagu Reservoir Project (Rs. 118.95 crores) & Kalwakurthy Lift Irrigation System (Rs. 632 crores) during the year.

Tunnel Engineering :

At Teesta Hydroelectric project, the tunnel is under advanced stage of completion and likely to be completed by end of 2006. At Parbati, a world record has been created by Gammon by boring the first inclined pressure shaft of length 1542 m at 30 degrees to the horizontal by TBM (Tunnel Boring Machine). The second pressure shaft is planned to be completed by February, 2007. Tunnels in Koldam are in completion stage. In this project, inclined tunnels (totally 4 nos.) are bored by Raise Climber. In Sewa Project, out of 11,800 mtrs. of tunnel about 60% has been completed.

Multistorey Buildings :

The country is experiencing a boom in the Housing Sector. There is a big market in this segment and your company has entered into Contracts with Godrej Properties Ltd (Rs. 60.53 crores) for construction of 7 towers of 14 storey with basement car parking at Bangalore and with Neelkanth Reality (Rs. 88.75 crores) for construction of 7 towers of 14 storey with basement car parking at Mumbai.

Pipeline Projects:

During the period under review, the company has completed laying of 1875 mm x 94 Km & 1500 mm x 20 Km pipeline project of Chennai Metropolitan Water Supply & Sewage Board (Rs. 335.69 crores). The Company also has almost completed the 170 kms x 30" pipeline work of IOCL (Rs. 33.89 crores) for Paradip - Haldia Project.

The prestigious project of water transmission system at SOHAR by Ministry of Housing, Electricity & Water, Sultanate of Oman (Rs. 642.5 crores) is presently under execution, to be completed during 2006-2007.

Also Oil India Limited has awarded the work of Numaligarh Siliguri Pipeline Expansion Project of 16" X 206.3 Km (Rs. 47.98 crores). The duration of the project is 12 months.

IOCL has awarded the work of laying cross country pipeline and associated facilities for Koyali - Ratlam Pipeline Project of 16" OD X 261 Km (Rs. 42.40 crores) and the company has successfully completed the tendering process for renowned Petroleum Companies like IOCL, GAIL, Reliance Industries and is very likely to succeed in its attempt to be awarded more Pipeline Projects during the next financial year.

4. Financial and Operational Performance :

The turnover of the company stood at Rs. 165918.48 lacs for the fifteen months period ended 31st March, 2006. Operating profit (PBDIT) amounted to Rs. 19536.58 lacs as against Rs. 9619.17 lacs in the previous period. After providing Rs. 3710.37 lacs towards depreciation (Rs. 1645.31 lacs), Rs. 833.00 lacs towards tax for current and deferred taxation (Rs. 868.60 lacs), the net profit amounted to Rs. 10284.17 lacs (Rs. 4290.19 lacs), an increase of 140%. On annualised basis the percentage increase in net profit over previous year amounted to 44%. The order book position of your company as on 31st March, 2006 was Rs. 5568 crores.

Some important financial statistics and ratios are stated below :

Return on Capital Employed (ROCE)	11%
Debt Equity Ratio	0.77:1
Face Value of Share	Rs. 2/- per share
Book Value of Share (Without Revaluation Reserves)	Rs.98.97/- per share
Earnings Per Share	Basic
	Diluted
	Rs. 13.43/-
	Rs. 13.30/-

5. Outlook :

With the economy expected to grow at a higher rate for the next few years and a large number of projects slated to come up in all the sectors of industry, the outlook for infrastructure industry remains quite promising. Your company having rich experience in all these sectors will definitely reap the benefit of the opportunities in every segment of the industry and hopes to maintain its leadership position. Initiatives for focused cost optimization, value engineering, improved efficiency measures, countrywide connectivity and above all, its valuable experience of the past more than eighty years will enable your company to leverage all its strength.

6. Risks and Concerns :

The allround development and growth has led to manpower and input material shortage, which remained an area of concern throughout the period under review. To retain human resource is the biggest challenge facing the industry. Your company is not an exception to this phenomenon. A major problem is the shortage of experienced / skilled personnel. Also due to the sudden boom in this sector most manufacturers of construction machinery are committing very long deliveries which may adversely impact timely project completion.

Stringent Government regulations and policies have also become an area of concern with uncertainty prevailing in the official circles and clarifications on crucial issues not forthcoming creating an atmosphere of confusion.

7. Internal Control Systems and their adequacy :

Your company lays great importance on internal control systems across the organization. It maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transaction of its operations in all material respect and of providing protection against significant misuse or loss of company assets. The company uses an Enterprise Resource Planning (ERP) package, which enhances the internal control mechanism.

Special emphasis is laid on major sites where Internal Audit is carried out on a regular basis. Professionally qualified financial personnel conduct periodic audits to ensure that the company's internal control systems are adequate and complied with.

8. Material Developments in human resources, industrial relations front including number of people employed :

The key functional area of the company has been on developing functional competencies among human resources. Key organization initiatives have gone a long way in infusing new skills and fostering a climate of learning and collaboration. There is a continuous drive to develop and deploy people practices to improve business results through improved employee engagement.

Fundamental HR processes which enable higher performance orientation, speed, skill and competency development, talent management and human asset refreshal are corner stones of the organization.

There are around 1600 employees in the management and staff category and around 6500 skilled personnel engaged at various sites. As in the past the relation of the company with its employees throughout the organization remained cordial.

9. Cautionary Statement :

Statements in this 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.

For GAMMON INDIA LIMITED

ABHIJIT RAJAN

Chairman & Managing Director

Place : Mumbai

Dated : 11th August, 2006



**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 2006 and the Profit and Loss Account of the Company for the fifteen month period ended on that date annexed thereto and the Cash Flow Statement for the fifteen month period ended on that date. 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 - Oman Branch reflecting Total Assets of Rs. 2,300 Lacs and expenditure of Rs. 437.74 Lacs and the financial statements of the Joint Venture in Oman reflecting total assets of Rs. 18,384.56 Lacs and share of profit of Rs. 863.24 Lacs. These financial statements have been audited by other auditors whose reports have been addressed to the shareholders of the company and a copy of which is furnished to us. The company has incorporated the results of the transaction of the above branch and joint venture on the basis of such audited accounts. Our opinion so far as the transactions of the branch and the joint venture are concerned is based solely on such report of the other auditors.
4. 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.
5. 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.
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - iv) 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.
 - v) 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 2006 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.
 - vi) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with the 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 2006,
 - (b) in the case of Profit and Loss Account of the Profit for the fifteen month period ended on 31st March 2006 and
 - (c) in the case of the Cash Flow Statement, of the cash flow for the Fifteen month period ended on that date.

For NATVARLAL VEPARI & CO.
Chartered Accountants

N. JAYENDRAN
Partner
M.No. 40441

Mumbai, Dated : June 29, 2006.

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 programme, the management during the current year has physically verified significant fixed assets and no material discrepancies have been identified on such verification. In respect of the fixed assets lying in Iraq and Libya, the present status thereof is uncertain. Reference is invited to Note B-3 of schedule-16.
- (c) The Company has not disposed off any substantial part of the fixed assets.
- (ii) (a) The company is a construction company having work sites spread all over India and Abroad. The records of materials, stores are maintained at the respective sites, which have been verified by the management during the year at reasonable intervals.
- (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) There are 9 parties covered in the register maintained under section 301 of the Companies Act, 1956 including the subsidiaries to which the company has granted loans. The maximum amount involved during the year was Rs. 23,262.50 lacs and at the end of the year balance of loans granted to such parties were Rs. 1,355.16 lacs.
- (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. The outstanding interest receivable as at 31st March 2006 was Rs. 4.19 lacs.
- (d) The Company has taken loans from two parties listed in the register maintained under section 301 of the Company. The aggregate amount of the maximum outstanding during the year was Rs. 507.90 lacs and the balance outstanding at the end of the year was Rs. Nil.
- (e) The rate of interest and the terms and conditions are not prima facie prejudicial to the interests of the company.
- (f) There are no stipulations for the repayment of principal and the interest.
- (iv) In our opinion and according to the information and explanations given to us there is an adequate 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. We have 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. However in respect of the existing deposits the company has complied with the law framed under section 58A of the Act.



- (vii) In our opinion the Company has an Internal Audit system commensurate with the size of the company and the 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 has been by and large regular in depositing Provident Fund, Employees State Insurance, Income tax, wealth tax and sales tax dues with the appropriate authorities. 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 the following amounts

S. No.	Nature of Dues	Amount (Rs. in Lacs)
1	Sales Tax/Works Contract Tax	0.70
2	Unpaid Dividend	0.79

- (b) 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	Nature of Dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	Want of E-1 Forms	12.83	1987-88	DC-Appeals
Sales Tax	Sales – tax Set off	2.14	1985-86	Tribunal
Sales Tax	Entry Tax	0.53	1992-93/ 1993-94	AC. Appeals
Sales Tax	Disallowance of Labour Charges	11.38	01.04.92 to 31.03.96 01.04.98 to 31.03.03	AC. Appeals
Sales Tax	Disallowance of Labour Charges	29.64	2001-02	Tribunal
Sales Tax	Disallowance of Form G	177.48	2001-02 to 2004-05	DC. Appeals
Sales Tax	Reassessment	49.70	1999-2000	Tribunal
Sales Tax	Disallowance of Stock Transfer	67.00	2002-03	DC-Appeals
Sales Tax	Wrong estimation of Gross Contractual Transfer price	63.86	01.04.94 to 31.03.03	Tribunal
Sales Tax	Benefit of Exemption on pre-cast component	6.05	1993-94/1994-95	Tribunal
Sales Tax	Benefit of Exemption on pre-cast component	72.94	01.04.95 to 31.03.98	AC. Appeals
Sales Tax	Disallowance of labour charges	472.04	2002-03	Tribunal
Sales Tax	Disallowance of labour charges	249.52	2003-04	Tribunal
Sales Tax	Various Disallowance	52.48	2001-02 to 2003-04	AC Appeals
Sales Tax	URD Purchases	21.00	2002-03	AC Appeals
Sales Tax	Form F	3.57	2001-02	C T
Sales Tax	Lease	14.5	1998-99 to 2000-01	AC Appeals
Excise Duty	Disputed demand of Ratnagiri Job	16.24	1994-95	CESTAT, Mumbai.
Custom Duty	Disputed demand of NHAI Project	32.47	2001-02	Supreme Court
ESIC Matter	Old disputed demands	20.54	Nov'92 to Dec'95	Addnl.District Judge, Rourkela.

-
- (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 not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
 - (xiii) The Company is not a nidhi/ mutual benefit fund/societies and accordingly clause (xiii) is not applicable.
 - (xiv) The company has maintained proper records of securities and other investments, which it has traded in and also in respect of shares and other securities, held as investments and the said investments are in the name of the company except in case of certain shares where the company holds beneficial interest as mentioned vide note B-37 to the notes to accounts.
 - (xv) According to the information and explanations the company has given corporate guarantee for loans taken by companies in the group 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 raised by the company have been applied towards Long term assets / investments.
 - (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 created the security / charge and delivered the debentures in respect of debentures issued to the extent of Rs. 5,000 lacs during the year.
 - (xx) The Company has raised money by way of Global Depository Receipts on the Luxemburg Stock Exchange. The management has disclosed the use of proceeds for the issue as well as the issue made during the previous year which was lying unutilized on 31st December 2004 vide note B- 9 of the notes to accounts.
 - (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 : June 29, 2006.

**BALANCE SHEET AS AT 31st MARCH, 2006**

	Schedule No.	As at 31st March, 2006		As at 31st December, 2004	
		Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SOURCES OF FUNDS :					
Shareholders' Funds					
Capital	1	1,769.11		1,557.91	
Reserves & Surplus	2	90,813.62		37,875.17	
			92,582.73		39,433.08
Loan Funds					
Secured Loans	3	14,400.47		15,558.52	
Unsecured Loans	4	2,658.16		14,751.00	
			17,058.63		30,309.52
Deferred Tax Liability			3,451.88		3,658.88
TOTAL			113,093.24		73,401.48
APPLICATION OF FUNDS :					
Fixed Assets					
– Gross Block	5	54,201.13		45,048.90	
Less : Depreciation & Impairment		17,227.19		14,082.46	
– Net Block		36,973.94		30,966.44	
Add : Capital Work-in-progress		731.75		1,280.70	
			37,705.69		32,247.14
Investments	6		11,618.23		8,962.20
Current Assets, Loans and Advances :					
Interest Accrued Receivable		208.19		261.90	
Inventories	7	47,059.35		34,943.88	
Sundry Debtors	8	23,801.39		23,353.65	
Cash & Bank Balances	9	13,426.22		7,280.18	
Loans & Advances	10	30,197.85		16,744.24	
		114,693.00		82,583.85	
Less: Current Liabilities and Provisions :					
Current Liabilities	11	49,703.76		49,476.21	
Provisions		1,219.92		915.50	
		50,923.68		50,391.71	
TOTAL			63,769.32		32,192.14
			113,093.24		73,401.48
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 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 DirectorHIMANSHU PARIKH
Executive DirectorP. S. GUPCHUP
Company Secretary

Mumbai, Dated : June 29, 2006.

Mumbai, Dated : June 29, 2006.

**PROFIT AND LOSS ACCOUNT
FOR THE FIFTEEN MONTH PERIOD ENDED 31st MARCH, 2006**

	Schedule No.	15 Months January 2005 - March 2006		9 Months April 2004 - December 2004	
		Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
INCOME :					
Turnover	12	165,918.48		86,668.04	
Less: Company's Share of Turnover in JV		19,125.14		-	
		<u>146,793.34</u>		<u>86,668.04</u>	
Other Operating Income	12A	852.60		544.74	
Company's Share in Profit of Joint Venture (Refer Note B-35)		863.24		-	
Other Income	12B	214.59		25.75	
			<u>148,723.77</u>		<u>87,238.53</u>
EXPENDITURE :					
Expenditure on Contracts	13	125,214.12		75,391.86	
Establishment Expenses	14	3,973.07		2,227.48	
Financial Costs	15	4,709.04		2,815.09	
Depreciation		3,710.37		1,645.31	
			<u>137,606.60</u>		<u>82,079.74</u>
PROFIT BEFORE TAX					
			<u>11,117.17</u>		<u>5,158.79</u>
Provision for Taxation :					
- Current		925.00		408.00	
- Deferred		(207.00)		460.60	
- Fringe Benefit Tax		115.00		-	
			<u>833.00</u>		<u>868.60</u>
PROFIT AFTER TAX					
			<u>10,284.17</u>		<u>4,290.19</u>
<i>Add / (Less)</i>					
Excess / (Short) Provision of taxation for earlier years			141.41		(475.91)
			<u>10,425.58</u>		<u>3,814.28</u>
NET PROFIT FOR THE YEAR					
Profit Brought Forward from last year			4,240.07		3,543.17
			<u>14,665.65</u>		<u>7,357.45</u>
PROFIT AVAILABLE FOR APPROPRIATION					
Amount Transferred to General Reserve		(2,500.00)		(1,606.08)	
Amount Transferred from Debenture Redemption Reserve		1,716.00		-	
Amount Transferred to Debenture Redemption Reserve		(1,000.00)		(1,072.00)	
Amount Transferred to Special Contingency Reserve		(2,000.00)		-	
Proposed Dividend		(524.82)		(384.55)	
Tax on Dividend		(73.61)		(54.75)	
			<u>(4,382.43)</u>		<u>(3,117.38)</u>
Balance carried to Balance Sheet			<u>10,283.22</u>		<u>4,240.07</u>
Earnings Per Share (Refer Note No. B-18)					
Basic			<u>13.43</u>		<u>5.92</u>
Diluted			<u>13.30</u>		<u>5.85</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 and on behalf of the Board of Directors

For NATVARLAL VEPARI & CO.
Chartered Accountants

ABHIJIT RAJAN
Chairman & Managing Director

C. C. DAYAL
Director

N. JAYENDRAN
Partner
M.No. 40441

RAJUL A. BHANSALI
Executive Director

HIMANSHU PARIKH
Executive Director

P. S. GUPCHUP
Company Secretary

Mumbai, Dated : June 29, 2006.

Mumbai, Dated : June 29, 2006.



**SCHEDULE 1 TO 16 ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31st MARCH, 2006 AND PROFIT AND LOSS ACCOUNT FOR THE
FIFTEEN MONTH PERIOD ENDED 31st MARCH, 2006**

	31.03.2006		31.12.2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 1				
SHARE CAPITAL:				
AUTHORISED :				
25,00,00,000 Equity Shares of Rs 2/- each (Previous Year 5,00,00,000 Equity Shares of Rs. 10/- each)		<u>5,000.00</u>		<u>5,000.00</u>
ISSUED :				
8,83,25,210 Equity Shares of Rs.2/- each fully paid (Previous Year 1,55,53,122 Equity Shares of Rs. 10/- each)		<u>1,766.50</u>		<u>1,555.31</u>
SUBSCRIBED AND PAID-UP :				
8,75,99,410 Equity Shares of Rs 2/- each (Previous Year 1,54,07,962 Equity Shares of Rs. 10/- each)	1,751.99		1,540.79	
Less: Forfeiture of 1,70,948 Equity Shares of Rs. 10/- each	<u>17.09</u>		<u>17.09</u>	
		<u>1,734.90</u>		<u>1,523.70</u>
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.70.68 lacs from Reserves and Rs.45.45 lacs from Share Premium Account				
SHARE FORFEITURE ACCOUNT :				
Money received in respect of 1,70,948 Rights shares forfeited		<u>34.21</u>		<u>34.21</u>
Per Balance Sheet		<u>1,769.11</u>		<u>1,557.91</u>
SCHEDULE 2				
RESERVES AND SURPLUS:				
FOREIGN PROJECTS RESERVE				
As per last Balance Sheet	32.00		32.00	
Add: Transferred from Profit and Loss A/c	-		-	
Less: Transferred to General Reserve A/c	-		-	
		<u>32.00</u>		<u>32.00</u>
GENERAL RESERVE				
As per last Balance Sheet	7,500.00		6,000.00	
Add: Impairment Charge Reversed	5.12		-	
Add: Transferred from Profit and Loss A/c	<u>2,500.00</u>		<u>1,606.08</u>	
	<u>10,005.12</u>		<u>7,606.08</u>	
Less: Impairment Charge of earlier year	-		<u>106.08</u>	
		<u>10,005.12</u>		<u>7,500.00</u>
SHARE PREMIUM				
As per last Balance Sheet	16,183.93		2,415.82	
Add: On account of further Issue of Shares	<u>44,139.13</u>		<u>14,209.32</u>	
	<u>60,323.06</u>		<u>16,625.14</u>	
Less: Expenses in connection with GDR/Preferential Issue of shares	<u>860.35</u>		<u>441.21</u>	
		<u>59,462.71</u>		<u>16,183.93</u>
Carried forward		<u>69,499.83</u>		<u>23,715.93</u>

	31.03.2006		31.12.2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
Brought forward		69,499.83		23,715.93
REVALUATION RESERVE				
As per last Balance Sheet	6,913.17		7,021.59	
Less: Depreciation on Revalued Assets	179.38		108.42	
		6,733.79		6,913.17
DEBENTURE REDEMPTION RESERVE				
As per last Balance Sheet	3,006.00		1,934.00	
Add: Transferred from Profit and Loss A/c	1,000.00		1,072.00	
Less: Transferred to Profit and Loss A/c on repayment of Debentures	1,716.00		-	
		2,290.00		3,006.00
SPECIAL CONTINGENCY RESERVE				
As per last Balance Sheet	-		-	
Add: Transferred from Profit and Loss A/c	2,000.00		-	
		2,000.00		-
FOREIGN CURRENCY TRANSLATION RESERVE				
Arising out of current year		6.78		-
PROFIT AND LOSS ACCOUNT		10,283.22		4,240.07
Per Balance Sheet		90,813.62		37,875.17

	31.03.2006		31.12.2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 3				
SECURED LOANS:				
Non Convertible Debentures placed with Banks and Financial Institutions (Refer Note : B-2)		10,000.00		9,000.00
From Canara Bank Led Consortium:				
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)		3,381.11		6,524.84
Loans (Secured by hypothecation of assets purchased under the scheme):				
Ford Credit Kotak Mahindra Ltd.		11.90		27.92
Kotak Mahindra Primus Ltd.		2.07		5.76
ICICI Bank Ltd.		4.77		-
[Out of the above loans, Rs.12.61 lacs are due for repayment within one year (Previous year Rs. 15.71 lacs)]				
Term Loan from Bank Muscat secured by assets financed under the facility (Amount repayable within one year Rs.1,000.62 Lacs)		1,000.62		-
Per Balance Sheet		14,400.47		15,558.52



SCHEDULE 4

UNSECURED LOANS:

Fixed Deposits (Amounts due within one year Nil ; Previous Year Rs. 659.51 lacs)

External Commercial Borrowings (Previous Year Nil)
(Amount repayable within one year Rs. 2,658.16 lacs)

Other Short Term Loans from Banks :

– Commercial Paper

– Other Loans

Commercial Paper maximum outstanding Rs. 9,500.00 lacs;
(Previous year Rs. 9,500.00 lacs)

Per Balance Sheet

31.03.2006		31.12.2004	
Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
	-		751.00
	2,658.16		-
	-	4,500.00	
	-	9,500.00	
	-		14,000.00
	2,658.16		14,751.00

SCHEDULE 5

FIXED ASSETS

Rs. in Lacs

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK		
	AS AT 01.01.2005	ADDI TIONS	DEDUC- TIONS / ADJUST- MENT	AS AT 31.03.2006	AS AT 01.01.2005	FOR THE YEAR	DEDUC- TIONS / ADJUST MENT	IMPAIR- MENT	AS AT 31.03.2006	AS AT 31.03.2006	AS AT 31.12.2004
LEASEHOLD LAND	4.23	-	0.15	4.09	-	-	-	-	-	4.09	4.23
FREEHOLD PROPERTY	8,658.02	14.47	-	8,672.49	1,127.98	196.07	-	-	1,324.05	7,348.44	7,530.03
PLANT AND MACHINERY	30,707.67	7,860.86	636.78	37,931.74	10,377.05	2,922.22	552.33	(5.12)	12,741.83	25,189.92	20,330.62
MOTOR VEHICLES	4,851.92	1,913.30	195.74	6,569.47	2,235.47	678.38	187.58	-	2,726.28	3,843.20	2,616.44
OFFICE EQUIPMENTS	827.07	196.27	-	1,023.34	341.96	93.08	-	-	435.03	588.30	485.11
TOTAL	45,048.90	9,984.90	832.67	54,201.13	14,082.46	3,889.75	739.91	(5.12)	17,227.19	36,973.93	30,966.44
PREVIOUS YEAR	41,420.10	3,811.72	182.92	45,048.90	12,370.43	1,753.74	147.79	106.08	14,082.46	30,966.44	

ADD : CAPITAL WORK IN
PROGRESS INCLUDING
CAPITAL ADVANCES

	731.75	1,280.70
	37,705.68	32,247.14

NOTES :

- Total of Gross Block of Fixed Assets includes cost of Fixed Assets at Foreign Sites Rs. 2,471.92 lacs (Previous Year Rs. 202.73 lacs).
- Freehold Property includes cost of Freehold Land Rs. 356.11lacs (Previous Nine Months Period Rs. 341.64 lacs).
- Leasehold Land is at cost less amount written off.
- The Company has revalued on 31st March, 1999 all its Freehold Property except three properties existing as on 31st March, 1999 by Approved valuers. The consequent increase in the value of Fixed Assets amounted to Rs. 7,860.00 lacs and has been credited to the Revaluation Reserve A/c.
- Depreciation for the Fifteen Months Period amounts to Rs. 3,889.75 lacs (Previous Nine Months Period Rs. 1,753.74 lacs) from which has been deducted a sum of Rs.179.38 lacs (Previous Nine Months Period Rs. 108.42 lacs) being the Depreciation in respect of Revaluation of Fixed Assets which has been drawn from the Revaluation Reserve A/c.
- Exchange Difference Capitalised/(Decapitalised) during the Period Rs. (22.47 lacs) (Previous Nine Month Period Rs. 7.10 lacs)
- Exchange Valuation difference in respect of Oman Fixed Assets Rs. (3.38 lacs) being transferred to Foreign Currency Translation reserve.

	Face Value Rupees	Nos. as on 31.03.2006	Nos. as on 31.12.2004	31.03.2006 Rs in Lacs	31.12.2004 Rs in Lacs
SCHEDULE 6					
INVESTMENTS :					
1. INVESTMENTS (AT BOOK VALUE)					
a) 6.75% Tax Free US64 Bonds		17,775	17,775	17.79	17.79
MKVDC Bonds	100,000	98	98	98.00	98.00
b) Other Government Securities lodged with Contractees as Deposit:					
Unquoted :					
Sardar Sarovar Narmada Nigam Ltd - Bonds				10.00	10.00
Others				12.05	12.05
Government Securities Others - Unquoted (Indira Vikas Patras and National Savings Certificates)				1.10	1.10
				138.94	138.94
2. INVESTMENT IN SHARES & DEBENTURES :					
a) TRADE INVESTMENTS (FOREIGN)					
Ordinary Shares: (Unquoted,fully paid up)					
Promet Berhad, M\$ 1 each		39,062	39,062	-	-
Gammon Mideast Ltd.,Dhs.1,000 each Dhs.7,85,000		1,142	1,142	17.56	17.56
(Under Liquidation) (Fully Provided)				17.56	17.56
b) TRADE INVESTMENTS: (INDIAN) (Fully paid-up unless otherwise stated)					
Ordinary Shares: (Unquoted)					
Shah Gammon Ltd.	100	835	835	0.89	0.89
Aircrow (India) Ltd.(Rs.5/-paid-up)	100	200	200	0.01	0.01
Bhagirathi Bridge Construction Co. Ltd.	100	300	300	0.30	0.30
STFA Piling (India) Ltd (Fully Provided)	10	217,321	217,321	21.73	21.73
The Freyssinet Prestressed Concrete Co. Ltd. (FPCC)	10	444,744	444,744	43.94	43.94
Gammon Nirman Ltd	100	204	204	0.20	0.20
Gammon Turnkeys Ltd	100	600	600	0.59	0.59
Ordinary Shares:(Quoted)					
Associated Transrail Structures Ltd	10	2,902,340	2,902,340	168.57	168.57
Sadbhav Engineering Ltd.	10	1,100,000	-	660.00	-
				896.23	236.23
c) INVESTMENT IN SUBSIDIARY COMPANIES (Fully paid-up unless otherwise stated)					
Ordinary Shares: (Unquoted)					
Cochin Bridge Infrastructure Company Ltd (Refer Note : B-31 (iii) & B-38)	10	-	3,264,056	-	326.41
Vizag Seaport Private Ltd (Refer Note B-38)	10	-	14,275,000	-	1,427.50
Gammon Infrastructure Projects Ltd	10	105,600,000	40,422,900	10,560.00	4,042.29
Gammon Cooling Towers Ltd	10	49,940	10	4.99	-
Gammon & Billimoria Ltd.	10	50,940	50,940	5.09	5.09
Rajahmundry Expressway Ltd (Refer Note B-31 (i) & B-37)	10	11,092,500	6,732,000	1,353.44	673.20
Andhra Expressway Ltd (Refer Note B-31 (ii) & B-37)	10	11,092,500	6,528,000	1,364.86	652.80
				13,288.38	7,127.29
Add: Acquisition of Beneficial Interest in REL & AEL in lieu of Deposit paid (Refer Note B-37)				565.50	-
				13,853.88	7,127.29
Less: Transfer of Beneficial Interest in REL & AEL in lieu of Deposit received (Refer Note B-37)				(3,283.80)	-
				10,570.08	7,127.29
d) Other Investments (Fully paid-up unless otherwise stated)					
Modern Flats Ltd (Unquoted)					
Equity Shares	10	2,040	2,040	0.22	0.22
Ordinary Shares:(Quoted)					
Centurion Bank Ltd	1	20,160	20,160	0.11	0.11
Housing Development Finance Corporation Ltd	10	8,000	8,000	18.44	18.44
HDFC Bank Ltd	10	1,000	1,000	2.26	2.26
ICICI Bank Ltd	10	2,500	2,500	3.71	3.71
Infosys Ltd	5	200	200	3.05	3.05
Larsen & Toubro Ltd * (Previous Year Face Value Rs.10/-)	2	2,000	2,000	8.51	8.51
Ultratech Cement Ltd.*	10	1,600	1,600	-	-
				36.30	36.30
e) Share Application Money pending Allotment				-	1,446.77
Carried forward				11,659.11	9,003.09



	Face Value Rupees	Nos. as on 31.03.2006	Nos. as on 31.12.2004	31.03.2006 Rs in Lacs	31.12.2004 Rs in Lacs
Brought forward				11,659.11	9,003.09
3 INVESTMENT IN PARTNERSHIP :					
CAPITAL CONTRIBUTION					
Gammon Shah (Fully Provided)				0.25	0.25
GRAND TOTAL				11,659.36	9,003.34
Less: Provisions for Diminution in the value of Investment				41.13	41.14
Per Balance Sheet				11,618.23	8,962.20
SUMMARY OF INVESTMENTS :					
Unquoted:					
Aggregate Book Value of Foreign Investments				17.56	17.56
Aggregate Book Value of Indian Investments (incl. Share Application money)				10,777.14	8,781.12
				10,794.70	8,798.68
Quoted:					
Aggregate value of Investments				864.66	204.66
GRAND TOTAL				11,659.36	9,003.34
Market Value of Quoted Investments				4,492.07	246.10

*As the ratio on demerger of L&T Cement division from L&T is not disclosed, consolidated value of investment is shown in the books.

SCHEDULE 7

INVENTORIES :

	31.03.2006 Rs. in Lacs	31.12.2004 Rs. in Lacs
Stores and Construction Materials at or below Costs as verified and valued by Site Auditors	12,854.04	11,883.96
Less: Value of Materials drawn from Contractees Contra-Refer Schedule 11	563.63	494.25
	12,290.41	11,389.71
Expenditure on Contracts including estimated Profits	34,768.94	23,554.17
Per Balance Sheet	47,059.35	34,943.88

SCHEDULE 8

SUNDRY DEBTORS :

	31.03.2006 Rs. in Lacs	31.12.2004 Rs. in Lacs
Outstanding for over six months (including Retention Money Rs.4,140.33 lacs ; Previous year Rs. 4,907.07 lacs)	6,493.66	7,395.97
Other Debts (including Retention Money Rs. 2,487.24 lacs ; Previous year Rs. 565.37 lacs)	17,307.73	15,957.68
Per Balance Sheet	23,801.39	23,353.65

	31.03.2006		31.12.2004	
	Rs. in Lacs Maximum due at any time during the year	Rs. in Lacs	Rs. in Lacs Maximum due at any time during the year	Rs. in Lacs
SCHEDULE 9				
CASH AND BANK BALANCES				
Cash on Hand (Including at Foreign Site Rs. 3.70 lacs; <i>Previous year Rs. 2.58 lacs</i>)	–	56.19	–	84.09
Funds-in-Transit and in hand	–	421.52	–	413.04
With Scheduled Banks:				
(a) On Current Accounts	–	3,598.89	–	1,147.90
(b) Unpaid Dividend Bank Account	–	29.37	–	29.09
(c) On Fixed Deposit Account	–	9,118.23	–	86.38
With Non-Scheduled Banks:				
(a) On Current Accounts:				
Canara Bank, Nepal	0.35	0.35	0.35	0.35
Bank of Bhutan	0.03	0.03	0.03	0.03
Rafidian Bank, Baghdad	5.80	5.80	5.80	5.80
Umma Bank, Al-Fatah	0.08	0.08	0.08	0.08
Umma Bank, Tripoli	0.08	0.09	0.08	0.08
Nepal Bank Ltd	0.01	0.02	0.01	0.01
Nabil Bank Site Account	0.04	0.04	0.04	0.04
Nabil Bank Collection a/c	0.17	0.17	0.17	0.17
Nabil Bank US \$ Account	0.77	0.77	0.77	0.77
Bank of Foreign Economic Affairs of the USSR.	183.44	183.44	183.44	183.44
Standard Chartered Bank, Bangladesh.	54.77	0.69	82.46	54.78
Allahabad Bank, Dolphin Jetty	15.99	1.09	204.43	15.99
HSBC, Abu Dhabi	1.13	–	9.66	1.13
Canara Bank, London (GDR proceeds)	–	–	5,247.56	5,247.56
(b) On Call Deposits:				
– UCO Bank, London	1.60	1.60	1.60	1.60
(c) On Fixed Deposits:				
– UCO Bank, London	7.85	7.85	7.85	7.85
Per Balance Sheet		13,426.22		7,280.18
SCHEDULE 10				
LOANS AND ADVANCES :				
(Unsecured, considered good, unless otherwise stated)				
Project Advances	15,977.53		3,417.25	
Other Advances recoverable in cash or in kind for value to be received	4,027.65		4,447.40	
Less: Provision made	96.21		96.21	
		19,908.97		7,768.44
Dues from / loans to Subsidiary Companies :				
Gammon & Billmoria Limited	1,354.76		231.65	
Cochin Bridge Infrastructure Company Limited	–		2,693.22	
Gammon Infrastructure Projects Limited	234.99		261.95	
Andhra Expressway Ltd.	28.73		–	
Rajahmundry Expressway Ltd.	3.55		–	
Gammon Cooling Tower Ltd.	0.03		–	
Mumbai Nashik Expressway Ltd.	0.20		–	
		1,622.26		3,186.82
Prepaid Taxes (Net of Provisions) :				
Advance Taxes Paid	6,579.43		5,741.10	
Less: Provision for Taxation	2,965.38		3,445.00	
		3,614.05		2,296.10
Tender Deposits		2,190.42		384.30
Other Deposits		1,146.80		2,207.58
Deposits with Joint Stock Companies :				
– Considered Good	1,715.35		901.00	
– Considered doubtful (including interest)	640.17		640.17	
Less: Provisions made	(640.17)		(640.17)	
		1,715.35		901.00
Per Balance Sheet		30,197.85		16,744.24



	31.03.2006		31.12.2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 11				
CURRENT LIABILITIES:				
Sundry Creditors		25,303.27		30,296.22
Due to Gammon Al Matar J V		302.59		-
Advances from Clients	22,103.99		16,501.64	
Less: Value of Materials drawn from Contractees				
Contra - Refer Schedule 7		563.63	494.25	
		<u>21,540.36</u>	<u>16,007.39</u>	
Interest accrued but not due on Loans		2,484.96		3,139.20
Unpaid Dividends (Refer Note: B-21)		29.47		29.13
Unpaid Matured Fixed Deposits*		43.11		4.27
* Includes amount of Rs.Nil (Previous Year Rs. 0.10 Lacs) to be transferred to Investor Education and Protection Fund				
Per Balance Sheet		<u>49,703.76</u>	<u>49,476.21</u>	
PROVISIONS :				
Proposed Dividend		524.82		384.55
Provision for Tax on Dividend		73.61		53.94
Provision for Staff Benefits		621.49		477.01
Per Balance Sheet		<u>1,219.92</u>	<u>915.50</u>	
SCHEDULE 12				
TURNOVER:				
Contract Revenue		145,011.62		86,659.60
Operation & Maintenance Income		1,781.72		8.44
Company's share in turnover of Joint Venture (Refer Note B-30 c)		19,125.14		-
Per Profit & Loss Account		<u>165,918.48</u>	<u>86,668.04</u>	
SCHEDULE 12A				
OTHER OPERATING INCOME:				
Sundry Balances Written Back (Net)		-		12.00
Foreign Exchange Gain		-		30.55
Consultancy Fees		295.69		50.00
Miscellaneous Receipts		556.91		452.19
Per Profit & Loss Account		<u>852.60</u>	<u>544.74</u>	
SCHEDULE 12B				
OTHER INCOME:				
Dividend Income (Tax Deducted at Source Rs. Nil ; Previous year Rs. Nil)		25.57		7.90
Miscellaneous Income		189.02		17.85
Per Profit & Loss Account		<u>214.59</u>	<u>25.75</u>	

SCHEDULE 13	15 Months		9 Months	
	January 2005 - March 2006		April 2004-December 2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
EXPENDITURE ON CONTRACTS :				
Opening Works-in-progress :				
Stores and Construction Material at Sites and Godowns	11,883.96		9,022.91	
Expenditure on Contracts	23,554.17		17,848.26	
		35,438.13		26,871.17
<i>Add :</i> Purchases of Materials	56,098.56		33,379.95	
Sub Contract Expenses	47,815.94		35,091.64	
Plant Hire Charges	1,439.59		1,238.71	
Consumption of Spares	2,259.80		888.12	
Sales Tax	2,938.22		1,638.80	
Service Tax	1,149.92		147.60	
Power and Fuel	6,796.45		3,506.24	
Site Personnel Expenses	6,588.83		3,259.03	
Operation & Maintenance Expenses	1,350.30		-	
Sundry Expenses (As per schedule 13A annexed)	10,961.36		4,808.73	
		137,398.97		83,958.82
<i>Less :</i> Closing Stock of Stores & Construction Materials including Materials drawn from Contractees Rs.563.63 lacs; (Previous year Rs 494.25 lacs)	12,854.04		11,883.96	
Closing Work-in-progress including estimated profits	34,768.94		23,554.17	
		47,622.98		35,438.13
Per Profit & Loss Account		125,214.12		75,391.86

SCHEDULE 13A	15 Months		9 Months	
	January 2005 - March 2006		April 2004-December 2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SUNDRY EXPENSES INCLUDED UNDER EXPENDITURE ON CONTRACTS:				
Plant Repairs		1,059.79		473.07
Rent		617.49		333.23
Staff Welfare		500.73		332.58
Insurance		331.79		624.96
Rates and Taxes		23.99		1.90
Travelling Expenses		1,423.40		681.10
Fees and Consultations		3,801.34		897.74
Guarantee Bond Commission and Bank Charges		627.58		430.75
Other Site Expenses*		2,575.25		1,033.40
		10,961.36		4,808.73

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



SCHEDULE 14	15 Months January 2005 - March 2006		9 Months April 2004-December 2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
ESTABLISHMENT EXPENSES :				
Electricity Charges		87.96		63.56
Rent		2.71		10.00
Salaries including Provision for Commission and Bonus		1,693.78		835.81
Contribution to Employees' Provident Fund, ESIS & Other Funds		317.56		162.66
Contribution to Gratuity Fund		85.64		79.85
Staff welfare expenses		43.22		24.89
Insurance		233.52		135.26
Rates and Taxes		41.58		9.40
Communication Expenses		192.39		101.84
Travelling, Leave Passage and Motor Car Expenses		152.97		129.43
Professional Fees		464.88		299.02
General Charges		199.63		127.70
Repairs & Maintenance		173.24		95.26
Auditors Remuneration :				
– Audit Fees including Tax Audit Fees & Consolidation	23.63		20.38	
– Limited Review	2.48		1.64	
– Certification	0.54		0.64	
– Managerial Services	1.00		0.54	
– Reimbursement of Out of Pocket Expenses	0.25		0.20	
		27.90		23.40
Directors Sitting Fees		1.48		
Write off against Leasehold Land		0.15		0.09
Bad Debts / Interest written off		47.35		110.44
Donation		0.75		0.35
Provision for Loss in Joint Venture		-		1.04
Exchange Loss		200.72		-
Loss on Sale of Assets		5.64		17.23
Per Profit & Loss Account		3,973.07		2,227.48

SCHEDULE 15	15 Months January 2005 - March 2006		9 Months April 2004-December 2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
FINANCIAL COST:				
INTEREST PAID ON :				
Fixed Period Loans		2,647.57		1,616.25
Other Loans		3,261.11		1,567.17
Other Finance Charges		189.57		115.94
		6,098.25		3,299.36
Less: INTEREST EARNED ON				
Fixed Deposits with Banks (TDS Rs.3.62 lacs; Previous Year 8.59 lacs)	33.17		40.02	
Fixed Deposits with Joint Stock Companies (TDS Rs. 138.63 lacs ; Previous Year Rs. 58.13 lacs)	642.75		240.64	
Others (TDS Rs.44.32 lacs ; Previous year Rs. 10.51 lacs)	713.29		203.61	
		1,389.21		484.27
Per Profit & Loss Account		4,709.04		2,815.09

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of Financial Statements:

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, Provisions of the Companies Act, 1956 and in compliance with mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

2. Use of Estimates:

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

3. Revenue Recognition:

(a) On Construction Contracts:

Long-term contracts including Joint Ventures are progressively evaluated at the end of each accounting period. On contracts under execution which have reasonably progressed, profit is recognised by evaluation of the percentage of work completed at the end of the accounting period, whereas, foreseeable losses are fully provided for in the respective accounting period. Additional claims (including for escalation), which in the opinion of the Management are recoverable on the contract, are recognised at the time of evaluating the job.

(b) Insurance claims are accounted for on cash basis.

4. Turnover:

Turnover represents work certified as determined by taking into consideration the actual cost incurred and profit evaluated by adopting the percentage of the work completion method of accounting. Turnover also includes income from Operation and Maintenance Contracts.

5. Joint Venture:

(a) Joint Venture Contracts under Consortium are accounted as independent contracts to the extent of work completion.

(b) In Joint Venture Contracts under Profit Sharing Arrangement, services rendered to Joint Ventures are accounted as income on accrual basis, profit or loss is accounted as and when determined by the Joint Venture and Net Investment in Joint Venture is reflected as investments or loans & advances or current liabilities.

6. Research and Development Expenses:

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

7. Employee Retirement Benefits:

Provision for liabilities in respect of Gratuity and Leave Encashment are made based on actuarial valuation as at Balance Sheet date. The Company's contribution to recognised Employees' Provident Fund and Superannuation Fund are charged to Profit and Loss Account

8. Fixed Assets and Depreciation:

Fixed Assets are valued and stated at cost of acquisition less accumulated depreciation thereon. Revalued assets are stated at the revalued amount. Foreign exchange fluctuation relating to repayment of foreign currency loan utilized for acquisition of Fixed Assets is adjusted in the carrying amount of Fixed Assets.

Depreciation for the accounting period is provided on:

(a) Straight Line Method, for assets purchased after 2-4-1987, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956

(b) Written Down Value Method, for assets acquired on or prior to 2-4-1987, at the rates as specified in Schedule XIV to the Companies Act, 1956.

(c) Depreciation on revalued component of the assets is withdrawn from the Revaluation Reserve.



(d) The depreciation on assets used for construction has been treated as period cost.

Depreciation on assets in Oman used by the Company's Joint Venture entity in Oman is as per the Omani laws, which are detailed as under. These rates are higher than the rates provided in Schedule XIV to the Companies Act, 1956.

- Plant & Machinery over 7 years
- Motor Vehicles over 3 years
- Site Equipments over 3 years

9. Impairment of Assets:

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

An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired.

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

10. Investments:

Quoted Investments are valued at lower of cost or market value. Unquoted Investments are stated at cost and the cost is inclusive of brokerage, fees and duties. The decline in the value of Unquoted Investments, other than temporary, is provided for.

11. Inventories:

Stores and Construction Materials are valued and stated at lower of cost or net realisable value. The FIFO method of inventory valuation is used to determine the cost. Work-in-Progress on construction contracts reflects value of material inputs and expenses incurred on contracts including estimated profits in evaluated jobs.

12. Foreign Currency Translation:

- (a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions.
- (b) Current Assets and Current Liabilities are translated at the year end rate or forward contract rate.
- (c) Any Gain or Loss on account of exchange difference either on settlement or translation is recognized in the Profit and Loss Account except in cases of acquisition of Fixed Assets purchased from out of India in which case they are adjusted in the carrying cost of such Assets.
- (d) Fixed Assets acquired in foreign currencies are translated at the rate prevailing on the date of Bill of Lading.
- (e) The transactions of Oman branch are accounted as a non-integral operation. The related exchange difference on conversion is accounted under Foreign Currency Translation Reserve Account.

13. Taxation:

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

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

14. Sales Tax / VAT / WCT:

Sales Tax/VAT/Works Contract Tax are accounted on payment basis.

15. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

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

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

16. Earning per share:

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

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

17. Prior Period Items:

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

B. NOTES TO ACCOUNTS:**1. Provident Fund:**

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

However, a provision of Rs.25 lacs is available to cover any liability arising therefrom.

2. 10.75% - Secured Redeemable Non Convertible Debentures of Rs.40 crores secured by hypothecation of specific Plant & Machinery and mortgage of immovable property in Gujarat which were due for repayment at the end of 5th, 6th and 7th year from the date of allotment i.e. 29th June, 2002 are prepaid on 29th June, 2005 by exercising call option as per terms of information Memorandum.

8.75% - Secured Redeemable Non Convertible Debentures of Rs.29 crores are secured by hypothecation of specific Plant & Machinery and pari passu charge by mortgage of immovable property in Gujarat. The Debentures are due for repayment at the end of 8th, 9th and 10th year from the date of allotment. i.e. 30th March, 2003.

7.50% - Redeemable Non Convertible Debentures of Rs.15 crores and 7.25% - Redeemable Non Convertible Debentures of Rs 6 crores are secured by hypothecation of specific Plant & Machinery and pari passu charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non Convertible Debentures of Rs 29 crores. The Debentures are due for repayment at the end of 8th, 9th and 10th year from the date of allotment. i.e. 29th September, 2003. 7.50% - Redeemable Non Convertible Debentures of Rs.38 crores and 7.25% - Redeemable Non Convertible Debentures of Rs 12 crores are secured by hypothecation of specific Plant & Machinery with pari passu charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non Convertible Debentures of Rs 29 crores and 7.50% Secured Non convertible Debenture of Rs. 15 crore and 7.25% Secured Non convertible Debenture of Rs. 6 crores. The Debentures are due for repayment at the end of 8th, 9th and 10th year from the date of allotment i.e. 5th August, 2005.

3. After completion of jobs in Iraq and Libya, the Company has closed its Project Offices in these countries. Consequently, realisability/mobility of Current Assets amounting to Rs.16.94 lacs and Plant & Machinery costing Rs.55.88 lacs (Written Down value Rs. Nil) in Iraq and of Current Assets amounting to Rs.0.32 lacs and Plant & Machinery costing Rs.143.54 lacs (Written Down value Rs. Nil) in Libya, in the immediate future is uncertain.**4. Issued Share Capital includes 7,25,800 (Previous Year 1,45,160 Equity Shares of Rs. 10/- each converted into 5 equity shares of Rs. 2/- each in the Current Year) Equity Shares of Rs. 2/- each kept in abeyance.****5. Share Forfeited account includes Rs. 25.64 lacs (Previous Year Rs 25.64 lacs) of Share Premium collected on application in respect of forfeited shares.****6. Pursuant to the amendment to Schedule VI of the Companies Act, 1956 in March, 1999 regarding disclosure of amount due to creditors which are Small Scale Industries (SSIs) the process of collecting the information regarding the SSI status from creditors by the Company is continuous. However, based on information available, SSI units to whom dues are outstanding for more than 30 days are Anupam Industries Ltd, Hebenkraft, Karveer Engineering Industry, Manta Metal Works, National Radiator, SRMB Udyog Ltd, Structural Waterprofing, Truform Techno Pvt Ltd.****7. The Company has made following Purchases & Sales of units of Mutual funds during the period ended 31st March, 2006. CAN Liquid Fund – 10,25,79,424.3601 units purchased at Rs.10,300 lacs and 10,25,79,424.3601 units sold at Rs 10,300 lacs.**



8. With effect from 28th February, 2005 after stock split, each Equity Share of Rs. 10/- each is sub-divided into 5 equity Shares of Rs. 2/- each. The previous period figures are re-stated for comparison. All earning per share figure in these financial statements related to current year and previous year, are based on the face value of Rs. 2/- per share.

9. (a) During the year, Company has issued 91,86,900 Global Depository Receipts (GDRs) along with green shoe option of 13,72,700 additional GDRs representing aggregate of 1,05,59,600 Equity Shares of nominal value Rs. 2/- each at issue price of US\$9.47 per GDR for an aggregate amount of Rs. 44,350.32 lacs.

The utilization of the net proceeds of GDR after adjusting GDR issue expense of Rs. 860.35 lacs is as below.

Objects of issue	Rs. in Lacs Actual Deployment
Procurement of Plant and Equipment	Nil
Repayment/Pre-payment of Debt	24,569.97
Meeting Working Capital requirement	11,420.00
Mobilization of recently awarded projects	Nil
Funding of BOT projects	Nil
Total	<u>35,989.97</u>

The balance amount not applied to objects of the issue amounting to Rs. 7,500 lacs are lying in Fixed Deposit/Mutual Fund and will be applied towards objects of the issue in due course.

Expenses of Rs. 860.35 lacs incurred in connection with above referred GDRs are adjusted against Share Premium Account.

- (b) In respect of GDRs issued during December, 2004 of Rs. 5,267.17 lacs, the utilization of the net proceeds of GDR after adjusting GDR issue expense of Rs. 19.51 lacs is as below.

Objects of issue	Rs. in Lacs Actual Deployment
Towards BOT business model & variants	3,935.88
Funding growth in EPC business	1,311.78
Total	<u>5,247.66</u>

However, pending deployment of funds for meeting Working Capital requirement, the same were temporarily utilized for repaying debt.

10. Foreign currency exposure un-hedged as at 31st March, 2006 is Rs. 8,487.89 lacs receivables and Rs. 5,028.83 lacs payable. The outstanding Derivative contracts as at 31st March, 2006 are as below:-

Contract	Number of Contracts	Rs. In Lacs	Purpose
Options	1	3,232.89	Hedging

11. Sundry Creditors include Rs.223.54 Lacs (*Previous Year – Rs.223.54 Lacs*) due to Vizag Seaport Pvt. Ltd., a Joint Venture company and Rs. 111.38 lacs due to Gammon Infrastructure Projects Ltd., a subsidiary company.

Sundry Debtors include Rs. 464.18 lacs due from Rajahmundry Expressway Ltd. and Rs. 236.29 lacs due from Andhra Expressway Ltd., both subsidiary companies.

Loans and Advances include Rs. Nil (*Previous Year – Rs 2,693.22 lacs*) due from Cochin Bridge Infrastructure Company Limited, Rs. Nil- (*Previous Year – Rs. 261.95 lacs*) due from Gammon Infrastructure Projects Ltd, Rs. 1,354.76 lacs (*Previous Year – Rs. 231.65 lacs*) due from Gammon & Billimoria Ltd, subsidiary Companies and Rs. 39.48 lacs (*Previous Year – Rs. 1169.12 lacs*) due from Vizag Seaport Private Ltd., a Joint Venture company.

Advances from clients include Rs. Nil (*Previous Year – Rs. 907.00 lacs*) due from Vizag Seaport Private Limited, a Joint Venture company.

Interest payable includes Rs. Nil (*Previous Year – Rs. 0.86 lacs*) due to Gammon Infrastructure Projects Ltd., a subsidiary Company and Rs. Nil (*Previous Year – Rs. 5.89 lacs*) due to Vizag Seaport Pvt. Ltd., a Joint Venture company.

Interest receivables include Rs. Nil (*Previous Year – Rs. 8.24 lacs*) due from Gammon Infrastructure Projects Ltd., Rs. Nil (*Previous Year – Rs. 54.82 lacs*) due from Cochin Bridge Infrastructure Company Ltd., Rs. 31.07 lacs (*Previous Year – Rs. 8.21 lacs*) due from Gammon & Billimoria Ltd, subsidiary Companies and Rs. Nil (*Previous Year – Rs. 21.79 lacs*) due from Vizag Seaport Pvt. Ltd., a Joint Venture company.

Investment includes Rs. 3,283.80 lacs received from Gammon Infrastructure Projects Ltd., on account of deposit for acquisition of shares.

12. Balances in Foreign Bank Accounts are as per ledger.

13. MANAGERIAL REMUNERATION:

Particulars	Period ended March 2006 (Rs. in lacs)	<i>Period ended December 2004 (Rs. in lacs)</i>
Managerial remuneration for Directors included in the Profit and Loss Account comprises :		
Salaries, contribution to Provident Fund and Other Funds	190.30	49.83
Commission *	0.00	0.00
Sitting fees to Independent Directors	1.20	0.00
Perquisites (at monetary value)	2.80	1.80
Total	194.30	51.63
Computation of remuneration payable to Managing and Whole-time Directors as per Schedule XIII to the Companies Act, 1956		
Profit before taxation as per Profit and Loss Account	11,117.16	5,158.78
Add: Directors' remuneration	194.30	51.63
Directors' fees	0.28	0.25
Depreciation	3,710.37	1,645.32
Loss on sale of assets (net)	5.64	17.23
Less: Depreciation under section 350	3,710.37	1,645.32
Loss on sale of assets (net)-as per section 350	5.64	17.23
Net Profit under section 349 of the Companies Act, 1956	11,311.74	5,210.66
Managerial Remuneration at 10% thereof	1,131.17	521.07
* No Commission to the Directors is proposed for the current period.		

14. Foreign Exchange Earnings:

Revenue from overseas Project and receipts from World Bank aided projects	3,998.50	3,653.14
---	----------	----------

15. (a) Remittance of Dividend in Foreign Currency

For the year	Non resident shareholders	No of shares	Amount (Net) Rs. In Lacs
2005-2006	7	2,10,11,795	105.06
Previous Year 2003-04	6	2,442,559	61.06

(b) Expenditure in Foreign Currency

Particulars	Period ended March 2006 (Rs. in lacs)	<i>Period ended December 2004 (Rs. in lacs)</i>
(i) Expenditure at Foreign Sites / Foreign Branches	205.30	459.03
(ii) Other Expenditure :		
Books and Periodical / Membership and Subscription	18.04	5.03
Travelling	37.68	29.40
Royalty and Technical /Professional fees	2,143.78	605.76
Computer Maintenance	-	2.67
Tender fees etc	28.49	14.66
Share Department Expenses	5.37	1.47
Bank charges	8.77	0.02
Total	2,447.43	1,118.04

(c) C I F Value of Imports :

Particulars	Period ended March 2006 (Rs. in lacs)	<i>Period ended December 2004 (Rs. in lacs)</i>
Capital goods	950.31	1,105.59
Material	3,148.52	1,473.36
Consumables, Components and Spares	442.97	451.34
Total	4,541.80	3,030.29



16. (a) The Income Tax Assessments of the Company are completed up to the accounting year 31st March, 2003 and various appeals filed by the Company in this regard are pending before Statutory Appellate Authorities.
- (b) The break up of Deferred Tax Liability and Assets are as follows.

Particulars	Period ended March 2006 (Rs. in lacs)	<i>Period ended December 2004 (Rs. in lacs)</i>
Deferred Tax Liability		
– On Account of Depreciation	3,615.05	3,796.74
Deferred Tax Assets		
– On Account of Gratuity/Leave Encashment Provision	109.64	81.50
– On Account of Interest on NCD	20.87	56.34
– On Account of Delay in payment of TDS	33.66	-
Net Balance	3,451.88	3,658.90

- (c) In respect of infrastructure projects undertaken by the Company, the Company has been advised by a senior tax counsel that following the decision of Income Tax Appellate Tribunal of Mumbai, the company is eligible for deduction u/s 80IA in respect of profits from such projects. Accordingly, the Company has made provision under the Minimum Alternate Tax u/s 115JB for the fifteen months period ended 31st March, 2006. The Income Tax provisions already made for the earlier year for such infrastructure projects will be reviewed in the future years based on revised claims to be filed.
17. Hitherto, the company was considering the market value of material supplied by the client as part of its Turnover to reflect the actual value of work done, including in all the interim financial statements prepared up to 31st December 2005. Subsequently, company has decided to discontinue the said practice and accordingly in the preparation of these financial statements no effect has been taken for such Turnover. On account of this change, the Turnover and expenditure on contracts is lower by Rs.988.54 lacs including Rs.604.35 lacs considered in the interim financial statements. There is however no effect on the profits of the company. In the previous period, the Turnover and Expenditure on contracts as per the earlier practice was Rs. 227.53 lacs.
18. Earning per Share (EPS):
Earnings Per Share (EPS) = Net Profit attributable to shareholders / Weighted Number of Shares Outstanding

Particulars	Period ended March 2006 (Rs. in lacs)	<i>Period ended December 2004 (Rs. in lacs)</i>
Net Profit After Tax for the period (Rs.in lacs)	10,425.57	3,814.28
Weighted Number of Shares during the period - Basic	7,76,37,190	6,44,38,290
Weighted Number of Shares during the period - Diluted	7,83,62,990	6,51,64,090
Earning Per Share – Basic (Rs.)	13.43	5.92
Earning Per Share – Diluted (Rs.)	13.30	5.85

Weighted average number of Equity Shares is computed considering 91,86,900 & 13,72,700 no. of new Equity Shares allotted under the Global Depository Receipts, on 27th January, 2006 & 7th February, 2006 respectively.

There are no potential Dilutive Equity Shares outstanding except 7,25,800 equity shares kept in abeyance from earlier equity offerings.

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

Particulars	Period ended March 2006 (Rs. in lacs)	<i>Period ended December 2004 (Rs. in lacs)</i>
Turnover	72,278.98	26,424.12
Expenditure (Net of inventory adjustments)	62,825.32	23,590.12
Profits/Losses recognized	9,453.66	2,834.00
Contract Advances (Net)	16,740.13	7,022.39
Gross Amount due from Customers for contract work	9,032.88	5,240.69
Gross Amount due to customers for contract work	Nil	Nil

20. The Company has deposited customs duty of Rs 219.88 lacs (*Previous Year – Rs 219.88 lacs*) under protest in respect of certain machineries imported for the project in Sikkim. The Company contends that the import of machinery is duty free as per the Project Import regulations prevailing then. The Company has preferred an appeal against the levy of Custom Duty. Pending outcome of the appeal, the said amount is carried under Advances recoverable in cash or in kind.
21. Unpaid dividend includes Rs. 0.79 lacs (*Previous year – Rs. 2.88 lacs*) to be transferred to the Investor Education & Protection Fund.
Unpaid Interest includes Rs. Nil (*Previous Year Rs. 0.04 lacs*) to be transferred to the Investor Education & Protection Fund.
Unpaid matured Fixed Deposits includes Rs. Nil (*Previous Year Rs. 0.10 lacs*) to be transferred to the Investor Education & Protection Fund.
22. On a further assessment of the impairment of Fixed Assets of the Company as at the Balance Sheet date as required by Accounting Standard (AS) 28 – “Impairment of Assets “ issued by the Institute of Chartered Accountants of India, Company is of the view that no further provision for impairment of Fixed Assets is required.
23. The Company has extended its closing date for preparation of Financial Statements to 31st March, 2006 and therefore the Accounts for the current period of Fifteen Months from 1st January, 2005 to 31st March, 2006 are strictly not comparable with the previous period ending 31st December, 2004 of nine months from 1st April, 2004 to 31st December, 2004.
24. The balance with The Freyssinet Prestressed Concrete Company Limited is as per books of accounts and subject to reconciliation.

25. **CONTINGENT LIABILITIES :**

Particulars	As at 31.03.06 Rs. Lacs	As at 31.12.04 Rs. Lacs
(a) Liability on contracts remaining to be executed on Capital Accounts	5,942.47	1,559.65
(b) Counter Guarantees given to Bankers for Guarantees given by them and Corporate Guarantees, on behalf of subsidiary, erstwhile subsidiary, associate companies stand at	69,600.79	66,121.18
(c) Corporate Guarantees and Counter Guarantees given to Bankers towards company's share in the joint Ventures for guarantees given by them to the Joint Venture Project clients	37,455.03	29,121.91
(d) Capital commitments towards equity contributions of Joint Venture companies Andhra Expressway Limited	Nil	381.52
Rajahmundry Expressway Limited	Nil	64.85
(e) Disputed Sales Tax liability for which the Company has gone into Appeal is	1,306.66	377.08
(f) Claims against the Company not acknowledged as debts	4,574.56	1,874.74
(g) Claim against the company by Al Manara International LLC not acknowledged as debt - – Towards commission and related costs	1,904.79	Nil
– Towards damages	11,623.40	Nil
(h) Counter claims in arbitration matters referred by the Company - liability unascertainable.	-	-
(i) Disputed Excise Duty liability	16.25	19.49
(j) Disputed Customs Duty liability	32.47	32.47
(k) Ex-employees claims, disputes-liability unascertainable.	-	-
(l) Contingent Liability on partly paid shares	0.19	0.19
(m) Disputed Income Tax - Demand for which the Company Appeals are pending before Appellant Authority -	Nil	Nil
(n) There is a disputed demand of UCO Bank pending since 1986, of US\$ 436251 i.e. Rs.171.88 lacs. Against this, UCO Bank has unilaterally adjusted the Company's Fixed Deposit of US\$ 30584 i.e. Rs.12.14 lacs, which adjustment has not been accepted by the Company.		
(o) In respect of Joint Venture and operations in Oman, Gammon India Limited-AL Matar JV, refer note no. 35.		



26. Disclosure pertaining to Accounting Standard -29 is as below.

Account Head	Rs. In Lacs			
	Opening Balance	Provisions made during the year	Paid / Utilized during the year	Closing Balance
Gratuity	232.31	7.64	78.00	161.95
Leave Encashment	223.15	112.03	Nil	335.18
Taxation	3,445.00	783.59	1,378.21	2,850.38
Proposed Dividend	384.55	524.82	384.55	524.82

* The unpaid amount of Rs.5.89 lacs has been transferred to unpaid dividend account.

27. Since the principal business of the Company is construction activities, quantitative data as required by Part II para ii, 4c, 4d of Schedule VI to the Companies Act, 1956 is not furnished.

28. Cash & Bank balances include Rs 198.87 lacs (*Previous Year Rs 198.87 lacs*) with bank branches in foreign countries relating to certain foreign projects which are not readily available for use by the Company and are subject to exchange control regulation of the respective countries. The Fixed Deposit related interest and principal account as at the year-end are as per ledger and are subject to reconciliation, which is under progress.

29. Disclosure of transactions with Related Parties, as required by Accounting Standard (AS) - 18 "Related Party Disclosures" has been set out in a separate statement annexed to this Schedule.

30. Joint Venture

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

Sr No	Name of Joint Venture	Description of Interest	% of involvement
1	Gammon & Sew	Jointly Controlled Operation	70.00%
2	Gammon AL Matar	Jointly Controlled Entity	85.00%
3	Gammon Atlanta	Jointly Controlled Operation	50.00%
4	Gammon BBJ	Jointly Controlled Operation	50.00%
5	Gammon Delco	Jointly Controlled Operation	50.00%
6	Gammon Limak	Jointly Controlled Operation	97.00%
7	Gammon OAO Stroytransgaz	Jointly Controlled Operation	50.00%
8	Gammon OSE	Jointly Controlled Operation	50.00%
9	Gammon Progressive	Jointly Controlled Operation	60.00%
10	Gammon Rizzani	Jointly Controlled Operation	50.00%
11	Gammon Sadbhav	Jointly Controlled Operation	70.00%
12	Gammon Sadbhav Billimoria Consortium	Jointly Controlled Operation	70.00%
13	Gammon Soma	Jointly Controlled Operation	80.00%
14	Gammon Srinivas	Jointly Controlled Operation	80.00%
15	GIL Archirodon	Jointly Controlled Operation	98.50%
16	GIL CEC	Jointly Controlled Operation	51.00%
17	OSE GIL	Jointly Controlled Operation	50.00%
18	BBJ GIL	Jointly Controlled Operation	30.50%
19	Gammon Videocon Sadbhav Consortium	Jointly Controlled Operation	25.50%
20	GIL ENCEE RAIL	Jointly Controlled Operation	90.00%
21	GIL GIPL ATSL Consortium	Jointly Controlled Operation	26.00%
22	GIL GIPL Consortium	Jointly Controlled Operation	12.00%
23	GIL JMC	Jointly Controlled Operation	70.00%
24	GIL Sadbhav GIPL Consortium	Jointly Controlled Operation	51.00%
25	JAGER GIL	Jointly Controlled Operation	50.00%
26	Limak Gammon	Jointly Controlled Operation	50.00%
27	SSANGYONG GIL	Jointly Controlled Operation	40.00%
28	Limak GIL Consortium	Jointly Controlled Operation	97.00%
29	GIL EIL Consortium	Jointly Controlled Operation	97.00%
30	Gammon STG	Jointly Controlled Operation	99.00%
31	STG Gammon	Jointly Controlled Operation	99.00%

(b) During the year Rajahmundry Expressway Limited and Andhra Expressway Limited ceased to be Joint Venture consequent to transfer of shares by the Joint Venture partner.

(c) Details of Income & Expenditure and Assets & Liabilities of Joint Venture Gammon India Limited-AL Matar JV as per the audited accounts of the Joint venture entity are as under.

Income & Expenditure	Rs. In Lacs
Contract Revenue	19,125.14
Contract Costs	(17,924.37)
Interest Income	25.29
Finance Cost	(207.75)
Administration Expenses	(188.50)
Income Tax Expenses	(96.05)
Assets & Liabilities	Rs. In Lacs
Fixed Assets	679.05
Current Assets	
Inventories	4,014.57
Contract Work in Progress	2,325.83
Account receivable and prepayments	8,693.52
Bank balances and cash	592.96
Current Liabilities	
Accounts payables and accruals	(9,758.49)
Short term loans	(6,689.47)
Income tax payable	(96.90)
	<u>(917.98)</u>
	<u>(238.93)</u>
Represented by – JV partner’s account	(257.21)
Non-Current Liability	18.28
	<u>(238.93)</u>

31. The company has pledged the following shares in favour of the lenders to the projects as part of the terms of financial closure of the respective companies:
- i. Rajahmundry Expressway Limited – 6,732,000 (*Previous Year – 6,732,000*) Equity shares of Rs 10/- each
 - ii. Andhra Expressway Limited – 6,528,000 (*Previous Year – 6,528,000*) Equity shares of Rs 10/- each
 - iii. Cochin Bridge Infrastructure Company Limited – Nil (*Previous Year – 3,264,056*) Equity shares of Rs 10/- each
32. The Company is engaged in only one reportable segment viz. ,”Construction and Engineering” and therefore Accounting Standard AS-17 on segment reporting is not applicable to the company.
33. Previous year’s figures are regrouped and rearranged with those of the current year to make them comparable.
34. Disclosure under Accounting Standard (AS) - 19 “Leases”, issued by the Institute of chartered Accountants of India.
The company has taken various residential/godowns/offices premises (including Furniture and Fittings if any) under leave and license agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the company has given refundable security deposits. The lease payments are recognized in Profit and Loss Account under Rent, rates and Taxes.
- 35 Joint venture and operations in Oman :
- (a) The Company’s Joint Venture in Oman Gammon India Limited – Al Matar JV is accounted under the profit sharing method. In the interim financial statements, the Company’s project, Gammon India Limited-AL Matar JV, was accounted in accordance with accounting policy 5(a) and accordingly the Turnover and Expenditure were considered up to December 2005. No profit was recognized, as the job had not crossed the stage where the same can be reliably estimated. On a review of the exact status of the Joint Venture project during the preparation of the final accounts, the same is accounted in accordance with accounting policy 5(b) under profit sharing arrangement. Accordingly, Turnover and Expenditure on contract of Rs. 11,277.20 lacs previously recognized in the interim financial statements are de-recognized at the time of preparation of these financial statements.
 - (b) The company’s share of profit under Joint Venture is accounted under other income as per the audited accounts of the Joint Venture. This profit assumes that the extension of time for completion of the project beyond 26th August, 2006 is received by the company, failing which Liquidated Damages of RO 40,000 (Rs. 46.49 lacs) for each day would apply.
 - (c) The banking facilities including fund and other non-fund based borrowings utilized by the Joint Venture entity are in the name of the company but have been accounted in the books of Joint Venture. The borrowings have been guaranteed by the company and are secured by assignment of the Joint Venture contract receivable and Joint registration and insurance of all equipments. The total of such borrowings as at 31st March, 2006 is RO 1,90,79,907(Rs.22,177.34 lacs) which consists of Fund based RO 67,70,790 (Rs. 7,869.96 lacs) and Non-fund based RO 1,23,09,117 (Rs. 14,307.38 lacs). However, the term loan for equipments provided to the Joint Venture entity by the company has been considered in these financial statements.



- (d) The transactions of the Oman branch of the company have been included in these financial statements on the basis of the report of local auditors of the branch.
36. Remuneration to Auditor does not include Rs. 16.83 lacs (including Service Tax) paid to Statutory Auditors towards fees paid in connection with the GDR Issue, which is debited to Share Premium Account.
37. The company had during the year acquired voting rights and other beneficial interests in two companies Rajahmundry Expressway Limited and Andhra Expressway Limited in respect of 43,60,500 equity shares and 45,64,500 equity shares respectively from its Joint Venture partner in these entities in consideration of payment of deposit for the acquisition of shares of Rs. 565.50 lacs. Subsequently the company transferred its voting rights and other beneficial interests so acquired along with the voting rights and beneficial interests in respect of 1,10,92,500 equity shares of Rajahmundry Expressway Limited and 1,10,92,500 equity shares of Andhra Expressway Limited to its then wholly owned subsidiary Gammon Infrastructure Projects Limited against receipt of consideration being deposit for sale of equity shares in these companies of Rs.3,283.80 lacs from the subsidiary. The deposit made and deposit received as aforesaid are reflected under the Investment Schedule. In respect of these shares where the voting rights and beneficial rights are so transferred, the holder continues to be the original allottees as per the records of the respective companies.
38. During the year the company has transferred its entire stake in Cochin Bridge Infrastructure Company Limited, a subsidiary and Vizag Seaport Private Limited, a Joint Venture company in favour of its then wholly owned subsidiary Gammon Infrastructure Projects Limited. Subsequent thereto the company does not hold any direct interest in these companies.
39. Details of loans and advances in the nature of loans :

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

(Rs in Lacs)

	Amount Outstanding at period end	Maximum Amount outstanding
Subsidiaries/Fellow Subsidiaries :		
1. Andhra Expressway Ltd	—	8110.59
2. Cochin Bridge Infrastructure Company Ltd	—	2723.00
3. Gammon & Billimoria Ltd	1354.76	1354.74
4. Gammon Infrastructure Projects Ltd	—	1598.77
5. Rajahmundry Expressway Ltd	—	7758.00
6. Vizag Seaport Pvt. Ltd	—	467.00
Associates & Group Companies:		
1. Associated Transrail Structures Ltd	—	1000.00
2. Alliance Agro India Ltd	—	1.61
3. Freyssinet Prestressed Concrete Co. Ltd	—	250.00
4. STFA Pilling India Ltd	0.40	0.40

As per our attached report of even date.

For NATVARLAL VEPARI & CO.
Chartered Accountants

N. JAYENDRAN
Partner
M.No. 40441

Mumbai, Dated : June 29, 2006.

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

C. C. DAYAL
Director

RAJUL A. BHANSALI
Executive Director

HIMANSHU PARIKH
Executive Director

P. S. GUPCHUP
Company Secretary

Mumbai, Dated : June 29, 2006.

Annexure**Related party Disclosure as required by AS 18 "Related Party Disclosures"****A) Related Parties and their Relationships :**

Entities where control exists:
1. Pacific Energy Pvt. Ltd.
2. Nikhita Estate Developers Pvt. Ltd.
3. Masayor Enterprises Ltd.
4. Prospect Investment Ltd.
5. First Asian Capital Resources Pvt. Ltd.
6. Devyani Estate & Properties Pvt. Ltd.
Subsidiaries/Fellow Subsidiaries:
1. Gammon Cooling Towers Ltd. (w.e.f. 31.03.06)
2. Cochin Bridge Infrastructure Company Ltd
3. Gammon Infrastructure Projects Ltd
4. Rajahmundry Expressway Ltd.
5. Andhra Expressway Ltd.
6. Gammon & Billimoria Ltd.
7. Mumbai Nasik Expressway Ltd.
8. Sikkim Hydro Power Ventures Ltd.
9. Gammon Projects Developers Ltd.
Associates & Group Companies:
1. Freyssinet Prestressed Concrete Co. Ltd.
2. Freyssinet (India) Private Ltd.
3. Gammon Estates Ltd.
4. Gammon Information Technologies Ltd.
5. Associated Transrail Structures Ltd.
6. Gammon Housing & Estate Developers Ltd.
7. STFA Piling (India) Ltd.
8. Weltex Cables (India) Ltd.
9. Airscrew (India) Ltd.
10. Alliance Agro India Ltd.
11. Gammon Overseas Engineers Pvt. Ltd.
12. Gilcon Project Services Ltd.
13. Gammon Billimoria LLC
14. Gammon L&T Infra MRTS Ltd.
Joint Ventures:
1. Vizag Seaport Pvt. Ltd. (w.e.f. 4 th July 2005)
2. Gammon & Sew
3. Gammon AL Matar
4. Gammon Atlanta
5. Gammon BBJ
6. Gammon Delco
7. Gammon Limak
8. Gammon OAO Stroytransgaz
9. Gammon OSE
10. Gammon Progressive



11. Gammon Rizzani
12. Gammon Sadbhav
13. Gammon Sadbhav Billimoria Consortium
14. Gammon Soma
15. Gammon Srinivas
16. GIL Archirodon
17. GIL CEC
18. OSE GIL
19. BBJ GIL
20. Gammon STG
21. Gammon Videocon Sadbhav Consortium
22. GIL EIL Consortium
23. GIL ENCEE RAIL
24. GIL GIPL ATSL Consortium
25. GIL GIPL Consortium
26. GIL JMC
27. GIL Sadbhav GIPL Consortium
28. JAGER GIL
29. Limak Gammon
30. Limak GIL Consortium
31. SSANGYONG GIL
32. STG Gammon
Key Management Personnel & Relatives
1. Mr. Abhijit Rajan
2. Mr. Himanshu Parikh
3. Mr. Rajul A. Bhansali
4. Late Mr. Jagdish Rajan

B) Transactions with Related Parties:

(Rs. in lacs)

Transactions	Subsidiaries	Associates	Key Management Personnel	Entities Where Control Exits	Joint Ventures	Total
Subcontracting Income	546.17 (1,404.41)	- (-)	- (-)	- (-)	22,622.89 (19,252.66)	23,169.06 (20,657.07)
Subcontracting expenditure	1,350.30 (-)	6,144.88 (2,382.22)	- (-)	- (-)	- (-)	7,495.18 (2,382.22)
Purchase of Goods	- (-)	44.59 (20.75)	- (-)	- (-)	- (-)	44.59 (20.75)
Sale of Goods	- (-)	579.63 (-)	- (-)	- (-)	- (-)	579.63 (-)
Purchase of Fixed assets incl. incl Capital Adv.	- (-)	19.25 (18.32)	- (-)	- (-)	- (-)	19.25 (18.32)
Purchase of Shares / Advances towards Equity	660.00 (472.50)	- (-)	- (-)	- (-)	- (-)	660.00 (472.50)
Sale of Investment/ advance consideration of Sale of Investment	5,037.71 (-)	- (-)	- (-)	- (-)	- (-)	5,037.71 (-)

b) Transactions with Related Parties (Contd.):

(Rs. in lacs)

Transactions	Subsidiaries	Associates	Key Management Personnel	Entities Where Control Exits	Joint Ventures	Total
Rendering of Services	1,712.57 (188.48)	150.39 (277.97)	- (-)	- (-)	318.41 (-)	2,181.37 (466.45)
Receiving of Services	66.12 (23.76)	95.29 (117.33)	- (-)	- (-)	- (-)	161.41 (141.09)
Hire charges received	- (-)	9.66 (-)	- (-)	- (-)	- (-)	9.66 (-)
Hire charges Paid	- (-)	10.24 (7.16)	- (-)	- (-)	- (-)	10.24 (7.16)
Finance provided (incl. Loans and equity contribution in cash or in kind)	33,116.78 (8,524.61)	2,300.40 (3,204.00)	- (-)	- (-)	398.50 (1,336.09)	35,815.68 (13,064.70)
Finance provided for expenses & on a/c payments	802.03 (8.40)	397.20 (17.52)	- (-)	- (-)	286.79 (50.14)	1,486.02 (76.06)
Amount liquidated towards the finance provided	30,355.93 (4,258.53)	3,051.58 (3,043.44)	- (-)	- (-)	529.27 (642.71)	33,936.78 (7,944.68)
Interest income during the year	295.46 (101.87)	92.75 (108.75)	- (-)	- (-)	23.16 (20.74)	411.37 (231.36)
Finance received (incl. Loans and equity contribution in cash or in kind)	507.90 (1,044.33)	- (-)	- (-)	- (-)	- (-)	507.90 (1,044.33)
Amount liquidated towards the above finance	507.90 (1,044.33)	- (-)	- (-)	- (-)	- (-)	507.90 (1,044.33)
Interest paid during the year	17.96 (5.90)	- (-)	- (-)	- (-)	458.61 (183.49)	476.57 (189.39)
Write off of balances	- (-)	47.35 (-)	- (-)	- (-)	- (-)	47.35 (-)
Contract advance received	- (-)	- (17.70)	- (-)	- (-)	2,286.99 (73.77)	2,286.99 (91.47)
Contract advance Given/ Refund of Advance	21.54 (-)	3,643.09 (300.00)	- (-)	- (-)	3,829.20 (1,085.26)	7,493.83 (1,385.26)
Refund received against contract advance	- (-)	2,476.26 (411.64)	- (-)	- (-)	- (-)	2,476.26 (411.64)
Deposits	- (-)	- (522.00)	- (-)	- (-)	0.12 (-)	0.12 (522.00)
Dividend paid to Shareholders	- (-)	- (-)	0.17 (0.28)	146.58 (148.21)	- (-)	146.75 (148.49)
Dividend income	- (-)	- (4.45)	- (-)	- (-)	- (-)	- (4.45)
Remuneraion paid	- (-)	- (-)	193.10 (51.63)	- (-)	- (-)	193.10 (51.63)
Margin Money	- (223.54)	- (-)	- (-)	- (-)	223.54 (-)	223.54 (223.54)
Guarantees and Collaterals Outstanding	507.90 (19,856.32)	65,963.03 (22,021.57)	- (-)	- (-)	35,357.82 (51,142.44)	101,828.75 (93,020.33)
Outstanding Balances Receivable	2,398.63 (4,429.64)	1,504.69 (1,948.34)	- (-)	- (-)	5,231.03 (5,562.41)	9,134.34 (11,940.39)
Outstanding Balances Payable	3,642.31 (913.77)	2,480.42 (388.38)	- (14.73)	- (-)	2,517.73 (4,622.89)	8,640.46 (5,939.77)

Note: Figures in brackets are of previous year.



C) Disclosure of Material Transactions with Related Parties:

Disclosure in respect of transactions, which are more than 10% of the total transactions of the same type with related parties during the year -

Transactions	1st Jan 05 To 31st Mar 06 (15 Months)	1st Apr 04 To 31st Dec 04 (9 Months)
(Rs. in lacs)		
Subcontracting Income		
Gammon OSE	4,666.39	1,987.31
Gammon Srinivas	4,733.31	1,483.82
OSE Gammon	4,867.96	2,712.38
Subcontracting expenditure		
Freyssinet Prestressed Concrete Co. Ltd	6,144.88	2,382.22
Gammon Infrastructure Projects Ltd	1,350.30	-
Purchase of Goods		
Freyssinet Prestressed Concrete Co. Ltd	44.59	20.75
Sale of Goods		
Freyssinet Prestressed Concrete Co. Ltd	579.63	-
Purchase of Fixed assets incl Capital Adv.		
Freyssinet Prestressed Concrete Co. Ltd	19.25	18.32
Purchase of Investments / Advances towards Equity		
Gammon Infrastructure Projects Ltd	660.00	472.50
Sale of Investment/ advance consideration of Sale of Investment		
Gammon Infrastructure Projects Ltd	5,037.71	-
Rendering of Services		
Andhra Expressway Ltd	818.23	-
Rajahmundry Expressway Ltd	864.06	-
Vizag Seaport Pvt. Ltd	318.41	179.48
Receiving of Services		
Gammon Information Technologies Ltd	50.54	17.09
Gammon Infrastructure Projects Ltd	66.10	15.32
Gilcon Project Services Ltd	36.60	97.51
Hire charges Received		
Freyssinet Prestressed Concrete Co. Ltd	9.66	-
Hire charges Paid		
Freyssinet Prestressed Concrete Co. Ltd	10.24	-
Finance provided (incl. Loans and equity contribution in cash or in kind)		
Andhra Expressway Ltd	9,503.19	246.95
Gammon Infrastructure Projects Ltd	10,438.66	788.07
Rajahmundry Expressway Ltd	9,489.98	489.13
Finance provided for expenses & on a/c payments		
Alliance Agro India Ltd	314.70	1.22
Gammon AL Matar	221.77	-
Gammon Infrastructure Projects Ltd	636.56	2.00
Amount liquidated towards the finance provided		
Andhra Expressway Ltd	10,115.99	2.27
Cochin Bridge Infrastructure Company Ltd	5,231.00	137.00
Gammon Infrastructure Projects Ltd	4,593.21	534.22
Rajahmundry Expressway Ltd	10,411.86	40.44
Interest income during the year		
Cochin Bridge Infrastructure Company Ltd	123.96	60.38
Freyssinet Prestressed Concrete Co. Ltd	73.74	-
Gammon Infrastructure Projects Ltd	56.34	8.24
Finance received (incl. Loans and equity contribution in cash or in kind)		
Andhra Expressway Ltd	242.30	-
Rajahmundry Expressway Ltd	265.60	-

C) Disclosure of Material Transactions with Related Parties (Contd.):

(Rs. in lacs)

Transactions	1st Jan 05 To 31st Mar 06 (15 Months)	1st Apr 04 To 31st Dec 04 (9 Months)
Amount liquidated towards the above finance		
Andhra Expressway Ltd	242.30	-
Rajahmundry Expressway Ltd	265.60	-
Interest paid during the year		
Gammon Archirodon	55.67	-
Gammon Srinivas	340.86	177.67
Write off of balances		
STFA Piling (India) Ltd	47.35	-
Contract advance /Deposits received		
Gammon Archirodon	507.45	-
Gammon BBJ	556.16	-
Gammon Srinivas	810.00	-
Contract advance Given/ Refund of Advance		
Freyssinet Prestressed Concrete Co. Ltd	3,643.09	17.70
Gammon Srinivas	1,935.15	-
Refund received against Contract advance		
Freyssinet Prestressed Concrete Co. Ltd	2,476.26	-
Deposits		
Gammon Atlanta	0.12	-
Dividend paid to Shareholders		
Devyani Estate & Properties Pvt. Ltd	26.41	26.41
Masayor Enterprises Limited	15.43	15.43
Nikhita Estate Developers Pvt. Ltd.	17.43	17.43
Pacific Energy Pvt. Ltd.	75.07	75.07
Remuneration paid		
Mr Abhijit Rajan	140.59	19.45
Mr H.V. Parikh	24.30	-
Mr R A Bhansali	28.20	10.64
Margin Money		
Vizag Seaport Pvt. Ltd	223.54	223.54
Guarantees and Collaterals Outstanding		
Associated Transrail Structures Ltd	28,107.73	21,367.87
Gammon Billimoria LLC	37,475.79	21,608.38
Outstanding Balances Receivables		
Freyssinet Prestressed Concrete Co. Ltd	1,496.29	40.27
Gammon & Billimoria Ltd	1,385.83	238.14
Gammon OSE	1,966.74	819.82
OSE Gammon	958.59	783.75
Outstanding Balances Payable		
Freyssinet Prestressed Concrete Co. Ltd	2,415.92	363.89
Gammon Infrastructure Projects Ltd	3,632.13	0.86
Gammon OSE	1,097.24	1,325.35
Gammon Srinivas	873.04	2,153.17

**CASH FLOW FOR THE FIFTEEN MONTH PERIOD ENDED 31st MARCH, 2006**

	01.01.2005 to 31.03.2006 (Rs. in Lacs) (Rs. in Lacs)	01.04.2004 to 31.12.2004 (Rs. in Lacs) (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and extraordinary items	11,117.16	5,158.79
Adjustments for :		
Depreciation	3,710.37	1,645.40
Profit/Loss on Sale of Assets	5.64	17.23
Dividend Income	(25.57)	(7.90)
Interest (Net)	4,709.05	2,815.09
Foreign Exchange loss /gain	12.13	(22.80)
Write off again of Leasehold Land	0.15	-
Amount written off	47.35	110.44
Operating Profit before Working Capital Changes	19,576.29	9,716.24
Adjustments for :		
Trade and Other Receivables	(495.09)	(6,284.14)
Inventories	(12,115.47)	(8,193.16)
Trade Payables & Working Capital Finance	1,026.26	12,216.51
Loan and Advances	(12,135.64)	(4,706.65)
CASH GENERATED FROM THE OPERATIONS	(4,143.65)	2,748.80
Direct Taxes paid	(2,216.55)	(726.50)
NET CASH FROM OPERATING ACTIVITIES	(6,360.20)	2,022.31
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Purchase of Fixed Assets	(9,435.94)	(4,611.23)
Sale of Fixed Assets	86.97	17.83
Share Application Money Pending Allotment	1,446.76	(739.91)
Purchase of Investments :		
- Subsidiary, Joint Ventures & Associates	(8,575.00)	(672.50)
- Deposit paid on acquisition of Shares	(565.50)	-
- Others	(11,300.00)	(1,200.00)
Sale of Investments :		
- Subsidiary, Joint Ventures & Associates	1,753.91	499.00
- Deposit received on transfer of beneficial interest	3,283.80	-
- Others	11,300.00	1,200.00
Interest received	1,442.92	434.78
Dividend received	25.57	7.90
NET CASH AFTER INVESTMENT ACTIVITIES	(16,896.71)	(3,041.82)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest Paid	(6,752.49)	(3,351.64)
Proceeds from issue of Share Capital with Share Premium	43,489.97	14,042.21
Foreign Currency Translation Reserve	6.78	-
Proceeds from / (Repayment of) borrowings	(13,250.89)	(2,829.48)
Proposed Dividend (Including Tax)	(438.49)	(357.33)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,158.17	4,461.94
Balance as on 31.12.2004	7,269.90	2,807.96
Balance as on 31.03.2006	13,428.07	7,269.90
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,158.17	4,461.94

Note: - Figure in brackets denote outflows

- Cash and Cash Equivalents include Rs.198.87 lacs as on 31.03.2006 (Previous Year - Rs. 198.87 lacs) with Bank Branch in Foreign countries relating to certain Foreign Projects which are not readily available for use by the Company.

	As at 31.03.2006	As at 31.12.2004
As Per Balance Sheet	13,426.22	7,280.18
Effect of Exchange Rate Charges	1.85	(10.28)
Balance Restated above	13,428.07	7,269.90

As per our attached report of even date.

For and on behalf of the Board of Directors

For NATVARLAL VEPARI & CO.
Chartered Accountants

ABHIJIT RAJAN
Chairman & Managing Director

C. C. DAYAL
Director

N. JAYENDRAN
Partner
M.No. 40441

RAJUL A. BHANSALI
Executive Director

HIMANSHU PARIKH
Executive Director

P. S. GUPCHUP
Company Secretary

Mumbai, Dated : June 29, 2006.

Mumbai, Dated : June 29, 2006.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">-</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">7</td></tr> </table>	1	1	-	9	9	7	State Code	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">1</td></tr> </table>	1	1				
1	1	-	9	9	7										
1	1														
Balance Sheet Date	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">6</td></tr> <tr><td style="text-align: center; font-size: 8px;">Date</td><td></td><td style="text-align: center; font-size: 8px;">Month</td><td></td><td style="text-align: center; font-size: 8px;">Year</td><td></td></tr> </table>	3	1	0	3	0	6	Date		Month		Year			
3	1	0	3	0	6										
Date		Month		Year											

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

Public Issue	Right Issue														
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">9</td></tr> </table>			2	1	1	1	9	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr> </table>			N	I	L		
		2	1	1	1	9									
		N	I	L											
Bonus Issue	Private Placements														
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr> </table>			N	I	L			<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr> </table>			N	I	L		
		N	I	L											
		N	I	L											

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

Total Liabilities	Total Assets																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">2</td></tr> </table>		1	6	4	0	1	6	9	2	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">2</td></tr> </table>		1	6	4	0	1	6	9	2
	1	6	4	0	1	6	9	2											
	1	6	4	0	1	6	9	2											

Sources of Funds

Paid-Up Capital	Reserves & Surplus																	
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">1</td></tr> </table>			1	7	6	9	1	1	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">2</td></tr> </table>			9	0	8	1	3	6	2
		1	7	6	9	1	1											
		9	0	8	1	3	6	2										
Secured Loans	Unsecured Loans																	
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">7</td></tr> </table>			1	4	4	0	0	4	7	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">6</td></tr> </table>			2	6	5	8	1	6
		1	4	4	0	0	4	7										
		2	6	5	8	1	6											
Deferred Tax Liability																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">8</td></tr> </table>			3	4	5	1	8	8										
		3	4	5	1	8	8											

Application of Funds

Net Fixed Assets	Investments																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">9</td></tr> </table>			3	7	7	0	5	6	9	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">3</td></tr> </table>			1	1	6	1	8	2	3
		3	7	7	0	5	6	9											
		1	1	6	1	8	2	3											
Net Current Assets	Misc. Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">2</td></tr> </table>			6	3	7	6	9	3	2	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr> </table>						N	I	L	
		6	3	7	6	9	3	2											
					N	I	L												
Accumulated Losses																			
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td></tr> </table>						N	I	L											
					N	I	L												

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">7</td></tr> </table>		1	4	8	7	2	3	7	7	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">0</td></tr> </table>		1	3	7	6	0	6	6	0
	1	4	8	7	2	3	7	7											
	1	3	7	6	0	6	6	0											
Profit Before Tax	Profit After Tax																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">7</td></tr> </table>		1	1	1	1	7	1	7	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">7</td></tr> </table>		1	0	2	8	4	1	7		
	1	1	1	1	7	1	7												
	1	0	2	8	4	1	7												
Earning Per Share in Rs.	Dividend Rate %																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">.</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">3</td></tr> </table>		1	3	.	4	3	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr> </table>		3	0									
	1	3	.	4	3														
	3	0																	

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

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



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO THE SUBSIDIARY COMPANIES
(Rs. in Lacs)

Name of Subsidiaries	Cochin Bridge Infrastructure Co. Ltd.	Gammon Infrastructure Projects Limited	Gammon & Billimoria Ltd.	Andhra Expressway Ltd.	Rajahmundry Expressway Ltd.	Mumbai Nasik Expressway Ltd.	Sikkim Hydro Power Ventures Ltd.	Gammon Projects Developers Ltd.	Gammon Cooling Towers Ltd.
The Financial Year of the Subsidiaries ended	31st March, 2006	31st March, 2006	31st March, 2006	31st March, 2006	31st March, 2006	31st March, 2006	31st March, 2006	31st March, 2006	31st March, 2006
1									
2	62,50,070 * 97.66%*	10,56,00,000 82.50%	50,940 50.94%	2,71,15,000* 93.50%*	2,71,15,000* 93.50%*	35,000* 70%*	50,000* 100%*	49,930* 99.86%*	49,940 99.88%
3									
<p>The net aggregate amount of Profit/Losses of the Subsidiaries Companies so far as they concern the members of Gammon India Ltd. were :</p> <p>(i) Dealt with in the accounts of Gammon India Ltd amounted to:</p> <p>(a) For subsidiaries' financial year ended on 31st March, 2006</p> <p>(b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon India Ltd.</p> <p>(ii) Not dealt with in the accounts of Gammon India Ltd. amount to :</p> <p>(a) For subsidiaries' financial year ended on 31st March, 2006</p> <p>(b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon India Ltd.</p>									
<p>* Subsidiaries of Gammon Infrastructure Projects Ltd. (Subsidiary of Gammon India Ltd.)</p> <p>** Gammon Cooling Towers Ltd. became subsidiary of Gammon India Ltd. on 31.03.2006</p> <p>*** Since the Company is in the Project implementation stage, no Profit & Loss account is being prepared.</p> <p>**** Gammon Project Developers Ltd. is formed on 20.01.2006, therefore figures of previous financial year are not given</p>									

For and on behalf of the Board of Directors
ABHIJIT RAJAN
Chairman & Managing Director
RAJUL A. BHANSALI
Executive Director
P. S. GUPCHUP
Company Secretary
Mumbai, Dated : June 29, 2006.

DETAILS OF SUBSIDIARIES OF GAMMON INDIA LIMITED

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

(Amount in Rs.)

Sr. No.	Particulars	Cochin Bridge Infrastructure Co. Ltd	Gammon Infrastructure Projects Limited	Gammon & Billimoria Ltd.	Andhra Expressway Ltd.	Rajahmundry Expressway Ltd.	Mumbai Nasik Expressway Ltd.	Sikkim Hydro Power Ventures Ltd.	Gammon Projects Developers Ltd.	Gammon Cooling Towers Ltd.
a	Capital	6,40,00,700	1,28,00,00,000	10,00,000	2,90,00,000	2,90,00,000	5,00,000	5,00,000	5,00,000	5,00,000
b	Reserves	72,02,444	1,07,35,72,825	25,160	24,90,82,787	22,93,89,765	***	***	****	**
c	Total Assets	33,88,34,892	2,42,07,58,855	21,95,57,434	72,32,31,408	3,01,27,23,652	49,78,34,085	21,74,904	5,05,000	5,04,190
d	Total Liabilities	26,75,31,748	6,71,86,030	3,29,00,352	2,18,41,48,621	2,49,33,33,887	49,73,34,085	16,74,904	35,412	83,768
e	Investment (except in case of Investment in subsidiaries)*	-	34,14,71,853	-	-	-	-	-	-	-
f	Turnover	6,21,81,562	14,64,89,718	-	66,78,94,286	70,87,40,357	-	-	-	-
g	Profit / (Loss) before Taxation	2,22,23,614	8,42,10,348	1,56,480	16,82,65,877	19,53,66,982	-	-	-	(5,565)
h	Provision For Taxation including Deferred Tax	(1,00,74,416)	(1,31,10,716)	(50,042)	(1,49,22,500)	(1,63,00,000)	-	-	-	-
i	Profit / (Loss) After Taxation	1,21,49,198	7,10,99,632	1,06,438	15,33,43,377	17,90,66,982	-	-	-	(5,565)
j	Proposed Dividend	-	-	-	-	-	-	-	-	-
	Details of Investment *									
	I) Joint Ventures									
	Vizag Seaport Pvt. Ltd.	-	33,48,31,837	-	-	-	-	-	-	-
	Punjab Biomass Power Ltd.	-	2,49,940	-	-	-	-	-	-	-
	Gammon L & T Infra MRTS Ltd.	-	5,00,000	-	-	-	-	-	-	-
	II) Others									
	a) Canara Bank	-	26,88,000	-	-	-	-	-	-	-
	b) Vijaya Bank	-	76,800	-	-	-	-	-	-	-
	c) IDFC Co. Ltd.	-	17,68,816	-	-	-	-	-	-	-
	d) TCS Ltd.	-	4,93,000	-	-	-	-	-	-	-
	e) Allahabad Bank	-	8,63,460	-	-	-	-	-	-	-

** Profit & Loss Account Debit Balance as on 31/03/2006 Rs. 79,578

*** Since the Company is in the Project implementation stage, no Profit & Loss account is prepared.

**** Profit & Loss Account Debit Balance as on 31/03/2006 Rs. 30,412



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

We have examined the attached consolidated balance sheet of **GAMMON INDIA LIMITED** and its subsidiaries, associates and joint ventures (GIL Group) as at 31st March 2006 and the Consolidated Profit and Loss Account and the consolidated cash flow statement for the fifteen month period ended 31st March 2006. These financial statements are the responsibility of the management of Gammon India Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principle used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of some of the subsidiaries and joint venture companies, which were audited by other auditors, whose financial statements reflect total assets of Rs. 123,662.62 lacs as at 31st March 2006 and total revenues of Rs. 66,812.68 lacs for the period then ended except in the case of the Joint Venture Companies Vizag Seaport Private Limited and Gammon L & T Infra MRTS Limited the financial statements of which are audited upto 31st December 2005. In respect of these joint venture companies, the consolidated financial statements include total assets of Rs. 26462.29 lacs and total revenues of Rs. 323.29 lacs for the three month period from 1st January 2006 to 31st March 2006 which is as per the un-audited accounts certified by the management. Apart from the aforementioned, the aforesaid financial statements have been audited by other auditors whose report(s) have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries and joint venture companies, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21- Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for investments in associates in the consolidated financial statements and Accounting Standard (AS) 27 - Financial reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India and on the basis of the separate audited/ un-audited financial statements of the company, its subsidiaries, Jointly controlled entities and Associates included in the consolidated financial statements.

We report that on the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Gammon India Limited and its aforesaid subsidiaries, associates and joint ventures, we are of the opinion that the Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the consolidated Cash Flow statement read with and subject to the notes thereon including the significant accounting policies gives a true and fair view:

- a) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the GIL Group as at 31st March 2006; and
-

-
- b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of GIL Group for the Fifteen Month period then ended.
 - c) In the case of the Consolidated Cash Flow statement of the consolidated cash flow of the GIL group for the fifteen month period then ended

For Natvarlal Vepari & Co.
Chartered Accountants.

P. N. Vepari
Partner
M. No. 4954.

Mumbai, Dated : 11th August 2006.

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2006**

	Schedule No.	31st March, 2006		31st December, 2004	
		Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SOURCES OF FUNDS :					
Shareholders' Funds					
Capital	1	1,769.11		1,557.91	
Reserves & Surplus	2	99,192.17		34,658.21	
			100,961.28		36,216.12
Minority Interest	3		4,923.51		86.50
Warrants issued in Cochin Bridge Infrastructure Co. Ltd.			1.00		-
Loan Funds					
Secured Loans	4	71,289.05		36,345.68	
Unsecured Loans		9,994.53		20,130.19	
			81,283.58		56,475.87
Deferred Tax Liability (Refer Note B-16 b)			3,582.04		3,659.21
TOTAL			190,751.41		96,437.70
APPLICATION OF FUNDS :					
Fixed Assets	5				
- Gross Block		112,706.60		73,827.61	
Less : Depreciation & Impairment		23,272.72		14,906.79	
- Net Block		89,433.88		58,920.82	
Add : Capital Work-in-progress		2,620.49		3,782.62	
			92,054.37		62,703.44
Goodwill on Consolidation		736.06		-	
Less : Amortisation (Refer Note B-18)		147.21	588.85	-	-
Investments	6		2,795.49		1,776.08
Current Assets, Loans and Advances					
Interest Accrued Receivable		214.18		204.48	
Inventories	7	57,157.58		35,213.80	
Sundry Debtors	8	45,140.57		25,883.86	
Cash & Bank Balances	9	31,905.32		7,549.42	
Loans & Advances	10	29,525.90		14,971.91	
		163,943.55		83,823.47	
Less: Current Liabilities and Provisions	10 A				
Current Liabilities		67,418.55		51,023.35	
Provisions		1,343.37		933.72	
		68,761.92		51,957.07	
			95,181.63		31,866.40
Miscellaneous Expenses	11		131.07		91.78
TOTAL			190,751.41		96,437.70
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 and on behalf of the Board of Directors

For NATVARLAL VEPARI & CO.
Chartered AccountantsABHIJIT RAJAN
Chairman & Managing DirectorC. C. DAYAL
DirectorP. N. VEPARI
Partner
M.No. 4954RAJUL A. BHANSALI
Executive DirectorHIMANSHU PARIKH
Executive Director

Mumbai, Dated : August 11, 2006.

Mumbai, Dated : August 11, 2006.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE FIFTEEN MONTH PERIOD ENDED 31st MARCH, 2006**

	Schedule No.	15 Months January 2005 - March 2006		9 Months April 2004 - December 2004	
		Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
INCOME					
Turnover	12	203,404.97		86,853.78	
Other Operating Income	12 A	1,000.07		871.63	
Other Income	12 B	145.41		8.95	
			204,550.45		87,734.36
EXPENDITURE					
Expenditure on Contracts	13	164,173.45		75,198.21	
Establishment Expenses	14	5,842.23		2,528.67	
Financial Costs	15	10,022.56		3,553.43	
Depreciation		8,391.10		2,152.98	
Preliminary / Deferred Revenue Expenses Written Off		48.20		-	
Goodwill Amortised		147.21	188,624.75	-	83,433.29
PROFIT BEFORE TAX & SHARE IN ASSOCIATES			15,925.70		4,301.07
Add : Share of Profit in Associates (Refer Note B-1c)			902.73		113.58
PROFIT BEFORE TAX & AFTER SHARE IN ASSOCIATES			16,828.43		4,414.65
Provision for Taxation :					
- Current		1,471.79		492.48	
- Deferred		(19.09)		603.70	
- Fringe Benefit Tax		117.34		-	
			1,570.04		1,096.18
PROFIT AFTER TAX			15,258.39		3,318.47
Transferred to Minority Interest			(906.03)		103.99
Prior Period Adjustments (Refer Note B-31)			106.35		(758.64)
NET PROFIT FOR THE YEAR			14,458.71		2,663.82
Profit Brought Forward from last year			1,023.12		1,476.68
PROFIT AVAILABLE FOR APPROPRIATION			15,481.83		4,140.50
Transferred to General Reserve		2,682.00		(1,606.08)	
Transferred to Debenture Redemption Reserve		1,000.00		-	
Transferred from Debenture Redemption Reserve		(1,716.00)		(1,072.00)	
Unrealised Profits relating to prior periods after acquisition of further stake in SPVs (Refer Note B-3)		2,201.09		-	
Minority Interest for earlier year		232.20		-	
Special Contingency Reserve		2,000.00		-	
Amount Transferred to Other Reserve		19.68		-	
Proposed Dividend		524.82		(384.55)	
Provision for Tax on Dividend		73.61		(54.75)	
			7,017.40		(3,117.38)
BALANCE CARRIED TO BALANCE SHEET			8,464.43		1,023.12
Earnings per Share (Refer Note B-19)					
Basic			18.62		4.13
Diluted			18.45		4.09

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 and on behalf of the Board of Directors

For NATVARLAL VEPARI & CO.
Chartered Accountants

ABHIJIT RAJAN
Chairman & Managing Director

C. C. DAYAL
Director

P. N. VEPARI
Partner
M.No. 4954

RAJUL A. BHANSALI
Executive Director

HIMANSHU PARIKH
Executive Director

Mumbai, Dated : August 11, 2006.

Mumbai, Dated : August 11, 2006.



**SCHEDULE 1 TO 16 ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT 31st MARCH, 2006 AND CONSOLIDATED PROFIT AND LOSS
ACCOUNT FOR THE FIFTEEN MONTH PERIOD ENDED 31st MARCH, 2006**

	31.03.2006		31.12.2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 1				
SHARE CAPITAL:				
AUTHORISED :				
25,00,00,000 Equity Shares of Rs 2/- each. (Previous Year 5,00,00,000 Equity Shares of Rs 10/- each)				
		5,000.00		5,000.00
ISSUED :				
8,83,25,210 Equity Shares of Rs 2/- each fully Paid (Previous Year 1,55,53,122 Equity Shares of Rs 10/- each.)				
		1,766.50		1,555.31
SUBSCRIBED AND PAID-UP :				
8,75,99,410 Equity Shares of Rs 2/- each (Previous Year 1,54,07,962 Equity Shares of Rs 10/- each) Less : Forfeiture of 1,70,948 Equity Shares				
	1,751.99		1,540.79	
	17.09		17.09	
		1,734.90		1,523.70
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 70.68 lacs from Reserves and Rs.45.45 lacs from Share Premium Account)				
SHARE FORFEITURE ACCOUNT :				
Money received in respect of 1,70,948 Rights shares forfeited				
		34.21		34.21
Per Balance Sheet		1,769.11		1,557.91
SCHEDULE 2				
RESERVES AND SURPLUS:				
FOREIGN PROJECTS RESERVE ACCOUNT				
		32.00		32.00
GENERAL RESERVE ACCOUNT :				
As per last Balance Sheet				
	7,500.00		6,000.00	
Add : Impairment Charge reversed				
	5.12		-	
Add : Transferred from Profit and Loss A/c				
	2,682.00		1,606.08	
	10,187.12		7,606.08	
Less: Impairment Charge of Earlier Year				
	-	10,187.12	106.08	7,500.00
SECURITIES PREMIUM ACCOUNT :				
As per last Balance Sheet				
	16,183.92		2,415.82	
Add : On account of further issue of Shares				
	54,679.93		14,209.32	
	70,863.85		16,625.14	
Less : Expenses in connection with Issue of Shares				
	1,398.70	69,465.15	441.22	16,183.92
REVALUATION RESERVE ACCOUNT :				
As per last Balance Sheet				
	6,913.17		7,021.59	
Less : Depreciation on Revalued Assets				
	179.38	6,733.79	108.42	6,913.17
DEBENTURE REDEMPTION RESERVE ACCOUNT :				
As per last Balance Sheet				
	3,006.00		1,934.00	
Add : Transferred from Profit and Loss A/c				
	1,000.00		1,072.00	
Less : Transferred to Profit and Loss A/c on repayment of Debentures				
	1,716.00	2,290.00	-	3,006.00
OTHER RESERVES (As per Subsidiary Accounts)				
		19.68		
SPECIAL CONTINGENCY RESERVE				
As per last Balance Sheet				
	-		-	
Add : Transferred from Profit and Loss A/c				
	2,000.00	2,000.00	-	-
PROFIT AND LOSS ACCOUNT				
		8,464.43		1,023.12
Per Balance Sheet		99,192.17		34,658.21

SCHEDULE 3**MINORITY INTEREST**

Opening Balance
 Add : Fresh Credits
 Add : Share of Profit / (Loss) during the Year
 Add : Share of Profit / (Loss) - Prior Period
 Less: Transferred from Foreign Fluctuation Reserve

31.03.2006
 Rs. in Lacs Rs. in Lacs

31.12.2004
 Rs. in Lacs Rs. in Lacs

86.50	11.87
3,698.78	285.16
906.03	(206.35)
232.20	(4.18)
-	-
<u>4,923.51</u>	<u>86.50</u>
<u>4,923.51</u>	<u>86.50</u>

Per Balance Sheet

SCHEDULE 4**SECURED LOANS**

Non Convertible Debentures placed with
 Banks and Financial Institutions (Refer Note B - 8)
 Working Capital Loan from Banks (Refer Note B - 8)
 Term Loans from Banks (Refer Note B - 8)
 Project Loans - SPVs From Banks & Institutions (Refer Note B - 8)

31.03.2006
 Rs. in Lacs Rs. in Lacs

31.12.2004
 Rs. in Lacs Rs. in Lacs

10,000.00	9,000.00
9,091.93	7,536.97
1,019.36	68.97
51,177.76	19,739.74
<u>71,289.05</u>	<u>36,345.68</u>

Per Balance Sheet

UNSECURED LOANS

Fixed Deposits (Amounts due within one year Nil;
Previous year Rs. 659.51 lacs)
 External Commercial Borrowings
 Loans :

-	751.00
2,658.16	-
-	-
646.90	646.90
-	-
-	4,500.00
6,689.47	14,879.19
<u>9,994.53</u>	<u>20,130.19</u>

Per Balance Sheet

SCHEDULE 5**FIXED ASSETS**

Rs. In Lacs

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK		
	AS AT 01.01.2005	ADDITIONS	DEDUCTIONS / ADJUSTMENTS	AS AT 31.03.2006	AS AT 01.01.2005	FOR THE YEAR	DEDUCTIONS / ADJUSTMENTS	IMPAIRMENT	AS AT 31.03.2006	AS AT 31.03.2006	AS AT 31.12.2004
LEASEHOLD LAND	4.23	0.00	0.15	4.09	0.00	0.00	0.00	0.00	0.00	4.09	4.23
FREEHOLD PROPERTY	8,664.48	69.50	0.00	8,733.98	1,128.22	196.16	0.00	0.00	1,324.38	7,409.59	7,536.25
PLANT AND MACHINERY	32,038.37	8,749.55	664.13	40,123.79	10,396.31	3,149.33	554.52	(5.12)	12,986.00	27,137.79	21,642.07
MOTOR VEHICLES	4,875.78	2,021.10	195.74	6,701.13	2,238.24	705.53	187.58	0.00	2,756.20	3,944.93	2,637.53
OFFICE EQUIPMENTS	1,263.64	1,146.85	0.00	2,410.49	369.61	524.57	0.00	0.00	894.18	1,516.30	894.02
ROAD & PROJECT BRIDGES	24,591.44	28,432.77	4,136.89	48,887.32	736.19	3,823.32	(523.53)	0.00	5,083.05	43,804.27	23,855.25
PROJECT BERTH	2,389.68	5,660.09	2,203.97	5,845.81	38.22	171.58	(19.11)	0.00	228.90	5,616.90	2,351.47
TOTAL	73,827.62	46,079.86	7,200.88	112,706.60	14,906.79	8,570.50	199.45	(5.12)	23,272.72	89,433.88	58,920.82
PREVIOUS YEAR	43,753.50	30,254.57	180.46	73,827.62	12,833.96	2,261.67	294.91	106.08	14,906.80	58,920.82	

ADD : CAPITAL WORK IN
 PROGRESS INCLUDING
 CAPITAL ADVANCES

2,620.49	3,782.62
<u>92,054.37</u>	<u>62,703.45</u>

NOTES :

- Total of Gross Block of Fixed Assets includes cost of Fixed Assets at Foreign Sites Rs. 4738.54 lacs (*Previous Year Rs. 773.69 lacs*)
- Freehold Property includes cost of Freehold Land Rs. 356.11 lacs (*Previous Nine Months Period Rs. 341.64 lacs*)
- Leasehold Land is at cost less amount written off.
- The Company has revalued on 31st March, 1999 all its Freehold Property except three properties existing as on 31st March, 1999 by Approved valuers. The consequent increase in the value of Fixed Assets amounted to Rs. 7860.00 lacs and has been credited to the Revaluation Reserve A/c.
- Depreciation for the Fifteen Months Period amounts to Rs. 8570.50 lacs (*Previous Nine Months Period Rs. 2261.67 lacs*) from which has been deducted a sum of Rs. 179.38 lacs (*Previous Nine Months Period Rs. 108.42 lacs*) being the Depreciation in respect of Revaluation of Fixed Assets which has been drawn from the Revaluation Reserve A/c.
- Exchange Difference Capitalised/(Decapitalised) during the Period Rs. (29.01 lacs) (*Previous Nine Month Period Rs. 7.10 lacs*)
- Exchange Valuation difference in respect of Oman Fixed Assets Rs. (3.38 lacs) being transferred to Foreign Currency Translation reserve.
- Additions includes increased value of assets consolidated pursuant to increase in stake in Joint ventures.



	31.03.2006		31.12.2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 6				
INVESTMENTS				
INVESTMENTS (AT BOOK VALUE)				
1. INVESTMENT IN GOVERNMENT SECURITIES :		138.93		138.94
2. INVESTMENT IN SHARES & DEBENTURES :				
a) TRADE INVESTMENTS (FOREIGN)		17.56		17.56
b) TRADE INVESTMENTS: (INDIAN)				
Associates Accounted as per AS-23 (Refer Note B-1c)		1,476.51		599.44
Others		1.09		1.09
Vizag Seaport Ltd.		-		879.02
c) NON TRADE INVESTMENTS				
- Unquoted		0.22		0.22
- Quoted		754.99		68.66
3. INVESTMENT IN PARTNERSHIP - CAPITAL CONTRIBUTION		0.25		0.25
Gammon Shah (Fully Provided)				
4. Share Application Money Pending Allotment		425.35		90.31
GRAND TOTAL		2,814.90		1,795.49
Less : Provisions		19.41		19.41
Per Balance Sheet		2,795.49		1,776.08
SUMMARY OF INVESTMENTS :				
Unquoted:				
Aggregate Book Value of Foreign Investments		17.56		17.56
Aggregate Book Value of Indian Investments (incl. Share Application money)		2,042.35		1,401.61
		2,059.91		1,419.17
Quoted:				
Aggregate value of Investments		754.99		376.32
GRAND TOTAL:		2,814.90		1,795.49
Market Value of Quoted Investments		4,753.15		419.46

	31.03.2006		31.12.2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 7				
INVENTORIES				
Stores and Construction Materials at or below Costs as verified and valued by Site Auditors		17,165.43		11,883.96
Less : Value of Materials drawn from Contractees Contra - Refer Schedule 10 A		563.63		494.25
		16,601.80		11,389.71
Expenditure on Contracts including estimated Profits		40,555.78		23,824.09
Per Balance Sheet		57,157.58		35,213.80

	31.03.2006		31.12.2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 8				
SUNDRY DEBTORS				
Outstanding for over six months (including Retention Money Rs. 5,812.96 lacs; Previous year Rs. 4,907.07 lacs)		9,921.85		7,402.64
Other Debts (including Retention Money Rs. 6,481.17 lacs; Previous year Rs. 565.37 lacs)		35,218.72		18,481.22
Per Balance Sheet		45,140.57		25,883.86

	31.03.2006		31.12.2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 9				
CASH AND BANK BALANCES				
Cash on Hand		61.90		92.29
Funds-in-Transit and in hand		449.52		413.04
With Scheduled Banks:				
(a) On Current Accounts		11,284.79		1,283.90
(b) Unpaid Dividend Bank Account (Refer Note B - 22)		29.37		29.09
(c) On Fixed Deposit Account		16,618.22		86.38
With Non-Scheduled Banks:		3,461.52		5,644.72
Per Balance Sheet		31,905.32		7,549.42
SCHEDULE 10				
LOANS AND ADVANCES :				
(Unsecured, considered good, unless otherwise stated)				
Project Advances		15,977.53		3,417.25
Advances recoverable in cash or in kind for value to be received		4,479.47		4,991.38
Less : Provision made		96.21		96.21
		20,360.79		8,312.42
Prepaid Taxes (Net of Provisions) :				
Advance Taxes Paid		7,299.58		5,782.60
Less : Provision for Taxation		3,687.60		3,530.48
		3,611.98		2,252.12
Loan to Joint Venture Company		462.22		492.61
Tender Deposits		2,190.42		384.30
Other Deposits		1,185.14		2,245.23
Deposits with Joint Stock Companies :				
– Considered Good		1,715.35		1,285.23
– Considered Doubtful (including interest)		640.17		640.17
Less : Provisions made		(640.17)		(640.17)
		1,715.35		1,285.23
Per Balance Sheet		29,525.90		14,971.91
SCHEDULE 10A				
CURRENT LIABILITIES				
Sundry Creditors		42,617.23		31,524.30
Advances from Clients		22,103.99		15,942.36
Less : Value of Materials drawn from Contractees				
Contra - Refer Schedule 7		563.63		494.25
		21,540.36		15,448.11
Equity Contribution Refundable (Refer Note B-4 & B-5)		703.42		879.02
Interest accrued but not due on Loans		2,484.96		3,138.52
Unpaid Dividends		29.47		29.13
Unpaid Matured Fixed Deposits		43.11		4.27
Per Balance Sheet		67,418.55		51,023.35
PROVISIONS :				
Proposed Dividend		524.82		384.55
Provision for Tax on Dividend		73.61		53.93
Provision for Staff Benefits		744.94		495.24
Per Balance Sheet		1,343.37		933.72



	31.03.2006		31.12.2004	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 11				
MISCELLANEOUS EXPENSES				
Preliminary Expenses		30.45		23.77
Deferred Revenue Expenses		6.97		63.65
Foreign Fluctuation Reserve	93.65		8.54	
Less: Transferred to Minority Interest	-	93.65	4.18	4.36
Per Balance Sheet		131.07		91.78
	01.01.2005 to 31.03.2006		01.04.2004 to 31.12.2004	
	15 Months		9 Months	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 12				
TURNOVER				
Construction Activities		188,326.45		85,045.84
Toll Proceeds		429.32		271.06
Annuity Income		13,958.85		659.77
Annuity Bonus		-		808.53
Project Berth Revenue		690.35		68.58
Per Profit & Loss Account		203,404.97		86,853.78
	01.01.2005 to 31.03.2006		01.04.2004 to 31.12.2004	
	15 Months		9 Months	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 12A				
OTHER OPERATING INCOME				
Sundry Balances Written Back (Net)		-		12.00
Foreign Exchange Gain		-		30.55
Consultancy Fees		37.56		-
Miscellaneous Receipts		962.51		519.08
Liquidated Damages		-		310.00
Per Profit & Loss Account		1,000.07		871.63
	01.01.2005 to 31.03.2006		01.04.2004 to 31.12.2004	
	15 Months		9 Months	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 12B				
OTHER INCOME				
Dividend Income		50.97		5.44
Miscellaneous Income		64.95		3.51
Profit on Sale of Investments		29.49		-
Per Profit & Loss Account		145.41		8.95

	01.01.2005 to 31.03.2006		<i>01.04.2004 to 31.12.2004</i>	
	15 Months		<i>9 Months</i>	
	Rs. in Lacs	Rs. in Lacs	<i>Rs. in Lacs</i>	<i>Rs. in Lacs</i>
SCHEDULE 13				
EXPENDITURE ON CONTRACTS :				
Opening Works-in-progress :				
Stores and Construction Material at Sites and Godowns	11,883.96		<i>9,022.91</i>	
Expenditure on Contracts	23,824.08		<i>17,848.25</i>	
		35,708.04		<i>26,871.16</i>
Add :				
Purchases of Materials	84,596.89		<i>33,997.30</i>	
Sub Contract Expenses	55,451.49		<i>33,543.98</i>	
Plant Hire Charges	5,068.58		<i>1,331.15</i>	
Consumption of Spares	2,259.80		<i>888.12</i>	
Sales Tax	2,938.13		<i>1,633.47</i>	
Service Tax	1,149.92		<i>147.60</i>	
Power and Fuel	7,403.95		<i>3,534.21</i>	
Site Personnel Expenses	13,615.22		<i>3,957.73</i>	
Operation & Maintenance Exp.	638.37		<i>36.37</i>	
Sundry Expenses (As per Schedule 13A annexed)	13,064.27		<i>4,976.06</i>	
		186,186.62		<i>84,045.99</i>
Less :				
Closing Stock of Stores & Construction Materials including Materials drawn from Contractees Rs 563.63 lacs; (Previous year Rs 494.25 lacs)	17,165.43		<i>11,883.96</i>	
Closing Work-in-progress including estimated profits	40,555.78		<i>23,834.98</i>	
		57,721.21		<i>35,718.94</i>
Per Profit & Loss Account		164,173.45		<i>75,198.21</i>

	01.01.2005 to 31.03.2006		<i>01.04.2004 to 31.12.2004</i>	
	15 Months		<i>9 Months</i>	
	Rs. in Lacs	Rs. in Lacs	<i>Rs. in Lacs</i>	<i>Rs. in Lacs</i>
SCHEDULE 13A				
SUNDRY EXPENSES INCLUDED UNDER EXPENDITURE OF CONTRACT :				
Plant Repairs		1,083.44		<i>464.01</i>
Rent		615.79		<i>355.03</i>
Staff Welfare		486.30		<i>377.85</i>
Insurance		528.24		<i>627.23</i>
Rates and Taxes		90.09		<i>1.87</i>
Travelling Expenses		1,508.26		<i>731.20</i>
Fees and Consultations		4,481.04		<i>922.94</i>
Guarantee Bond Commission and Bank Charges		782.12		<i>461.28</i>
Other Site Expenses *		3,488.99		<i>1,034.65</i>
		13,064.27		<i>4,976.06</i>

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



	01.01.2005 to 31.03.2006 15 Months		01.04.2004 to 31.12.2004 9 Months	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 14				
ESTABLISHMENT EXPENSES :				
Electricity Charges		104.10		66.65
Rent		50.16		10.20
Salaries incl. Provision for Commission and Bonus		2,396.75		995.58
Contribution to Employees' Provident Fund, ESIS & Other Funds		317.56		163.49
Contribution to Gratuity Fund		85.64		79.85
Staff welfare expenses		52.06		29.23
Insurance		350.17		158.56
Rates and Taxes		41.69		20.61
Communication Expenses		247.83		112.77
Travelling, Leave Passage and Motor Car Expenses		194.86		141.60
Professional Fees		659.19		308.78
Management Fees		496.11		-
General Charges		427.55		164.62
Repairs & Maintenance		188.86		95.87
Auditors Remuneration :				
- Audit Fees including Tax Audit Fees & Consolidation	24.10		20.38	
- Limited Review	2.48		1.64	
- Certification	0.54		0.64	
- Managerial Services	1.00		0.54	
- Reimbursement of Out of Pocket Expenses	0.25	28.37	0.20	23.40
Directors Sitting Fees		1.48		0.25
Write off against Leasehold Land		0.15		0.09
Bad Debts / Interest written off		47.35		110.44
Donation		0.75		0.35
Provision for Loss in Joint Venture		-		1.04
Exchange Loss		200.72		-
Loss on Sale of Assets		5.64		17.23
Preliminary / Deferred Revenue Expenses				28.06
Less : Expenses Transferred to Capital WIP		(54.76)		-
Per Profit & Loss Account		5,842.23		2,528.67

	01.01.2005 to 31.03.2006 15 Months		01.04.2004 to 31.12.2004 9 Months	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SCHEDULE 15				
FINANCIAL COST				
INTEREST PAID ON :				
On Fixed Period Loans		6,747.17		2,284.56
Other Loans		4,118.93		1,574.93
Other Finance Charges		671.57		145.80
		11,537.67		4,005.29
Less : INTEREST EARNED ON				
Fixed Deposits with Banks		85.05		40.02
Others		1,094.72		411.84
		1,179.77		451.86
Less : Amount Transferred to Capital WIP		335.34		-
Per Profit & Loss Account		10,022.56		3,553.43

Schedule 16 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**A. ACCOUNTING POLICIES:****1. Principles of consolidation**

The consolidated financial statements relate to Gammon India Ltd. ("The Company"), its subsidiary companies, Associates and Joint Ventures in the form of Jointly controlled entities "collectively referred to as the Group". The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the company, its subsidiary companies and jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) – 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b) The difference between company's cost of investment in the subsidiaries / Joint Venture and its share of net assets in the subsidiaries / Joint Venture is recognised as Goodwill or Capital Reserve as the case may be.
- c) The Interests in Joint Ventures which are in the nature of jointly controlled entities have been consolidated by using the proportionate consolidation method as per the Accounting Standard (AS)-27 "Financial Reporting of Interests in Joint Venture" issued by the Institute of Chartered Accountants of India.
- d) Investments in Associates are accounted under the equity method as per the Accounting Standard (AS)-23 "Accounting for Investment in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. The Company's share of pre-acquisition losses/gains is reflected as Goodwill / Capital Reserve in the carrying value of the Investments.
- e) Consolidated financial statements are prepared using uniform policies for like transaction and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.
- f) Significant accounting policies and notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the company. Recognising this purpose, the company has disclosed only such policies and notes from the individual financial statements, which fairly presents the needed disclosure. Further, in the opinion of the management, the accounting policies and notes could be better viewed when referred from the individual financial statements.

2. Use of Estimates:

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

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

Long-term contracts including Joint Ventures Projects are progressively evaluated at the end of each accounting period. On contracts under execution which have reasonably progressed, profit is recognised by evaluation of the percentage of work completed at the end of the accounting period, whereas, foreseeable losses are fully provided for, in the respective accounting period.

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

b) Insurance claims are accounted for on cash basis.**c) On Infrastructure Development Business:**

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

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

Revenue by way of Berth Hire Charges, dust suppression charges, cargo handling charges, plot rent, Wharf age, barge freight, other charges etc. are recognized on an accrual basis and is billed as per the terms of the contract with the customers at the rates approved by Tariff Authority for Marine Ports (TAMP) as the related services are performed.

Other income is recognized on an accrual basis when the same is due.

d) Advisory Services:

Revenue on Professional services rendered is recognised only on completion of the services when the income thereon accrues to the company.

e) Operations and Maintenance Revenues:

Revenue on Operations & Maintenance (O & M) contracts is recognized proportionately over the period for which the contract is received.



4. Turnover

Turnover represents work certified as determined by taking into consideration the actual cost incurred and profit evaluated by adopting the percentage of the work completion method of accounting. Turnover also includes income from Operation and maintenance Contracts.

5. Research and Development Expenses

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

6. Employee Retirement Benefits

Provision for liabilities in respect of Gratuity and Leave Encashment are made based on actuarial valuation as at Balance Sheet date.

The Company's contribution to recognised Employees' Provident Fund and Superannuation Fund are charged to the Profit and Loss Account.

In case of Gammon Al Matar Joint Venture, entitlement of employee's retirement benefit is based upon the employee's final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

In case of Gammon & Billimoria (L.L.C) provision for employee terminal benefits has been made under the U.A.E. Labour Law based on employees' salaries and number of years of service. The terminal benefits are paid to employees' on their termination or leaving employment. Accordingly, the Company does not expect settlement against terminal benefit obligation in the near future.

7. Goodwill

Goodwill arising on consolidation is amortised over a period of 5 years.

8. Fixed Assets and Depreciation

Fixed Assets are valued and stated at cost of acquisition less accumulated depreciation thereon. Revalued assets are stated at the revalued amount. Foreign exchange fluctuation relating to repayment of foreign currency loan utilized for acquisition of Fixed Assets is adjusted in the carrying amount of Fixed Assets.

Depreciation for the accounting period is provided on:

- (a) Straight Line Method, for assets purchased after 2-4-1987, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956
- (b) Written Down Value Method, for assets acquired on or prior to 2-4-1987, at the rates as specified in Schedule XIV to the Companies Act, 1956.
- (c) Depreciation on revalued component of the assets is withdrawn from the Revaluation Reserve.
- (d) The depreciation on assets used for construction has been treated as period cost.
- (e) Depreciation on assets in Oman used by the company's Joint Venture entity in Oman is as per the Omani laws, which are detailed as under. These rates are higher than the rates provided in Schedule XIV to the Companies Act, 1956.
 - Ø Plant & Machinery over 7 years
 - Ø Motor Vehicles over 3 years
 - Ø Site Equipments over 3 years.
- (f) The Infrastructure Projects Assets are amortized over a period of the rights given under the various Concession Agreements to which they relate.
- (g) The assets lying in the books of Gammon & Billimoria (L.L.C.) are depreciated in equal annual installments over the estimated useful lives of the assets. The estimated useful lives of the assets for calculating depreciation are as follows:

Plant & Machinery	3 years
Furniture & fixtures	3 years
Office Equipment	3 years
Motor Vehicle	3 years

9. Impairment of Assets

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

An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired.

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

10. Investments

Quoted Investments are valued at lower of cost or market value. Unquoted Investments are stated at cost and the cost is inclusive of brokerage, fees and duties. The decline in the value of Unquoted Investments, other than temporary, is provided for.

11. Inventories

Stores and Construction Materials are valued and stated at lower of cost or net realisable value. The FIFO method of inventory valuation is used to determine the cost.

Work-in-Progress on construction contracts reflects value of material inputs and expenses incurred on contracts including estimated profit in evaluated jobs.

In case of Gammon Al Matar Joint Venture, Stores & spares and Construction materials are valued at weighted average cost method.

12. Foreign Currency Translation

- (a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions.
- (b) Current Assets and Current Liabilities are translated at the year end rate or forward contract rate.
- (c) Any Gain or Loss on account of exchange difference either on settlement or translation is recognized in the Profit and Loss Account except in cases of acquisition of Fixed Assets purchased from out of India in which case they are adjusted in the carrying cost of such Assets.
- (d) Fixed Assets acquired in foreign currencies are translated at the rate prevailing on the date of Bill of Lading.
- (e) The transactions of Oman branch are accounted as a non-integral operation. The related exchange difference on conversion is accounted under Foreign Currency Translation Reserve Account.

13. Taxation:

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

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

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

Timing differences arising and expected to reverse during the tax holiday period u/s 80 IA are not recognized by the Company in accordance with the Accounting Standard Interpretation ('ASI') – 3 issued by the Institute of Chartered Accountants of India.

In case of Gammon Al Matar Joint Venture, taxation is provided in accordance with Omani fiscal regulations.

14. Sales Tax / VAT / WCT

Sales Tax/VAT/Works Contract Tax are accounted on payment basis.

15. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

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

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

16. Earning per share

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

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

17. Prior Period Items

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

**B. NOTES TO ACCOUNTS**

1. a) The following subsidiaries companies have been consolidated in the Financial Statements :

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership interest	Effective Interest of Parent Co.
Gammon Infrastructure Projects Ltd.(GIPL)	India	82.50%	82.50%
Gammon Cooling Towers Ltd.	India	99.86%	99.86%
Gammon & Billimoria Ltd.	India	50.94%	50.94%
Rajahmundry Expressway Ltd.(REL)	India	93.50%*	77.14%
Andhra Expressway Ltd.(AEL)	India	93.50%*	77.14%
Cochin Bridge Infrastructure Co. Ltd.(CBICL)	India	97.66%*	80.57%
Mumbai Nasik Expressway Ltd.(MNEL)	India	70.00%*	57.75%
Sikkim Hydro Power Ventures Ltd.(SHPVL)	India	100.00%*	82.50%
Gammon Projects Developers Ltd.(GPDL)	India	100.00%*	82.50%

* Shareholding is through subsidiary Gammon Infrastructure Projects Ltd.

Gammon & Billimoria Limited, holds 49% of the equity of Gammon & Billimoria (LLC), a limited liability company registered in Dubai hereafter referred as G&B LLC. Since the Management and Operational control of G&B LLC is with Gammon & Billimoria Limited, G&B LLC is being consolidated as a subsidiary under Accounting Standard (AS) - 21 issued by the Institute of Chartered Accountants of India.

During the year the company has transferred its entire stake in Cochin Bridge Infrastructure Company Limited, a subsidiary and Vizag Seaport Private Limited, a Joint Venture company in favour of its then wholly owned subsidiary Gammon Infrastructure Projects Limited. Subsequent thereto the company does not hold any direct interest in these companies but holds it through its subsidiary GIPL.

The company had during the year acquired voting rights and other beneficial interests in two Joint Ventures Rajahmundry Expressway Limited and Andhra Expressway Limited in respect of 43,60,500 equity shares and 45,64,500 equity shares respectively from its Joint Venture partner in these entities in consideration of payment of deposit for the acquisition of shares of Rs. 565.50 Lacs. Consequently these companies became subsidiaries. Subsequently the company transferred its voting rights and other beneficial interests so acquired along with the voting rights and beneficial interests in respect of 1,10,92,500 equity shares of Rajahmundry Expressway Limited and 1,10,92,500 equity shares of Andhra Expressway Limited to its then wholly owned subsidiary Gammon Infrastructure Projects Limited against receipt of consideration being deposit for sale of equity shares in these companies of Rs.3,283.80 Lacs from the subsidiary. In respect of these shares where the voting rights and beneficial rights are so transferred, the holder continues to be the original allottees as per the records of the respective companies.

Mumbai Nasik Expressway Ltd. and Sikkim Hydro Power Ventures Ltd. are SPVs for projects where the shares are held through subsidiary GIPL.

GPDL is a 100% subsidiary of GIPL for the purpose of developing infrastructure projects on a BOT, BOOT or Build Operate Lease and Transfer ('BOLT') basis.

- b) The following Jointly Controlled Entities are consolidated applying Accounting Standard (AS) - 27 "Financial reporting of interests in Joint Venture."

Name of Jointly Controlled Entity	Country of Incorporation	Proportion of ownership interest	Effective interest of Parent Co.
Gammon Al Matar	Oman	85.00%	85.00%
Gammon L & T Infra MRTS Ltd.	India	50.00%*	41.25%
Punjab Biomass Power Ltd.	India	50.00%*	41.25%
Vizag Seaport Pvt. Ltd.	India	42.22%*	34.83%

* Shareholding is through subsidiary Gammon Infrastructure Projects Ltd.

- c) The following Associates have been accounted on one line basis applying the Equity Method in accordance with Accounting Standard (AS) – 23 “Accounting for Investment in Associates in Consolidated Financial Statements”.

The particulars of Investments in Associates are as under:

Rs. In Lacs

Name of the Company	% Share held	Original Cost of Investment	Goodwill / (Capital Reserve)	Adjusted/ Accumulated Profit /(Loss) at the period end 31-12-2004 post acquisition	Dividend / Prior period adjustments	Profit for the Fifteen Month ended on 31-03-2006	Carrying Amount of Investments as on 31-03-2006
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
							(3) + (5) + (6) + (7)
The Freyssinet Prestressed Concrete Co. Ltd.	36.64%	43.93	–	247.85	(6.58)	236.71	521.91
STFA Piling (India) Limited	50.00%	21.73	–	(21.73)	–	–	–
Associated Transrail Structures Limited	28.87%	168.57	70.71	139.09	(19.09)	666.03	954.60
Total		234.23	70.71	365.21	(25.67)	902.74	1,476.51

- d) The proportionate share of assets, liabilities, income and expenditure of the Joint Ventures consolidated in the accounts is tabulated as below.

Rs. In Lacs

ASSETS		
Fixed Assets	10,009.92	
Less : Depreciation	481.53	9,528.39
Capital WIP		1,829.22
Current Assets		
Inventories	4,020.81	
Sundry Debtors	8,738.67	
Cash & Bank Balances	640.16	
Loan & Advances	295.46	
Contract WIP	2,325.83	
Total Current Assets (A)	16,020.93	
Current Liabilities (B)	10,211.34	
Net Current Assets (A-B)		5,809.59
Preliminary & Share Issue Exp		7.04
Total Assets		17,174.24
LIABILITIES		
Loan Funds		
Secured Loans	6,708.64	
Unsecured Loans	6,689.47	13,398.11
Deferred Tax Liability		213.89
Reserves & Surplus		
Opening balance of retained earnings	(132.65)	
Profit / (Loss) for the period	322.97	190.31
Total Liabilities		13,802.31



REVENUE ITEMS		
Turnover		19,687.03
Less : Expenditure		
Contract expenditure & other expenditure	17,848.27	
Port Operation Expenses	231.20	
Administration Expenses	129.75	
Finance Cost	590.54	
Depreciation	358.54	
Preliminary/Share Exp. written Off	13.01	
Total Expenses		19,171.98
Profit / (Loss) Before Tax		515.05
Provision for Tax		(192.08)
Profit / (Loss) After tax		322.97

In respect of following entities, the consolidation is carried out on the basis of un-audited accounts prepared by the management for the respective periods.

Name of the company	Period
Vizag Seaport Pvt. Ltd	01.01.2005 to 31.03.2006
Gammon L & T Infra MRTS Ltd.	01.01.2005 to 31.03.2006

2. Brief backgrounds of Subsidiaries & SPVs are as under.

Andhra Expressway Limited (AEL) During the year, the Group has acquired further stake in the SPV making it a subsidiary from 50% Joint Venture. The effect on the financial position as on 31st March, 2006, post acquisition as a subsidiary is given hereunder before Minority Interest:

Particulars	Rs. in Lacs
Assets Increase / (Decrease)	14,526.15
Liabilities Increase / (Decrease)	10,744.19
Revenue Profit / (Loss) after tax	1,227.15

Rajahmundry Expressway Limited (REL) During the year, the Group has acquired further stake in the SPV making it a subsidiary from 50% Joint Venture. The effect on the financial position as on 31st March, 2006, post acquisition as a subsidiary is given hereunder before Minority Interest:

Particulars	Rs. in Lacs
Assets Increase / (Decrease)	13,651.63
Liabilities Increase / (Decrease)	12,190.62
Revenue Profit / (Loss) after tax	1,532.78

Vizag Seaport Private Limited (VSPL) The accounts of VSPL is consolidated in accordance with AS-27 based on the percentage of holdings of the Company for the respective periods where the Company further acquired/invested in shares of the Joint Venture. The net assets as of the date of additional acquisition/investment are given hereunder.

Period	Percentage of Consolidation (%)
01.01.2005 to 22.07.2005	38.42%
23.07.2005 to 31.03.2006	42.22%

Date	Net Assets as of the date of acquisition / investment (Rs. in Lacs)
22.07.2005	2,887.34

3. During the year the Group has acquired further interest in its Joint Venture REL & VSPL. REL has ceased to be a Joint Venture and has become a subsidiary. Unrealised profits of earlier years of Rs. 2,201.09 Lacs of Contracting income arising out of project assets consolidated by the group relating to the increased stake has been written back from retained earnings and adjusted in the carrying cost of the project assets.

-
4. As per original agreement with REL's lenders, the sponsors (being the shareholders / joint venture partners of REL) had contributed Equity Obligations by way of subscription to equity shares of the Company or by way of advances towards such subscription amounting to Rs. 3,196.41 Lacs as at March 31, 2005.

Under the new refinancing done by the lenders, there is no requirement of Equity Obligation. The Group has refunded part of the Equity Obligation of Rs. 2,695.36 Lacs and the balance of Rs. 501.05 Lacs has been disclosed as a current liability and would be refunded in due course.

5. As per original agreement with AEL's lenders, the sponsors (being the shareholders / joint venture partners of AEL) had contributed Equity Obligations by way of subscription to equity shares of the Company or by way of advances towards such subscription amounting to Rs. 2,403.78 Lacs as at March 31, 2005.

Under the new refinancing done by the lenders, there is no requirement of Equity Obligation. The Group has refunded part of the Equity Obligation of Rs. 2,201.42 Lacs and the balance of Rs. 202.36 Lacs has been disclosed as a current liability and would be refunded in due course.

6. CBICL has extended a Term Loan of Rs 800.00 Lacs (Rs 337.76 Lacs proportionate share of the Company in Joint Venture in the form of jointly controlled entity) to VSPL, which is convertible at par into equity shares of Rs 10/- each on 1st April, 2008.

7. Provident Fund

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

However, a provision of Rs.25 Lacs is available to cover any liability arising there from.

8. **Security for loan availed by the Group :**

GIL :

NCD -

10.75% - Secured Redeemable Non Convertible Debentures of Rs.40 crores secured by hypothecation of specific Plant & Machinery and mortgage of immovable property in Gujarat which were due for repayment at the end of 5th, 6th and 7th year from the date of allotment i.e. 29th June, 2002 are prepaid on 29th June, 2005 by exercising call option as per terms of information Memorandum.

8.75% - Secured Redeemable Non Convertible Debentures of Rs.29 crores are secured by hypothecation of specific Plant & Machinery and pari passu charge by mortgage of immovable property in Gujarat. The Debentures are due for repayment at the end of 8th, 9th and 10th year from the date of allotment. i.e. 30th March, 2003.

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

7.50% - Redeemable Non Convertible Debentures of Rs.38 crores and 7.25% - Redeemable Non Convertible Debentures of Rs 12 crores are secured by hypothecation of specific Plant & Machinery with pari passu charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non Convertible Debentures of Rs 29 crores and 7.50% Secured Non convertible Debenture of Rs. 15 crore and 7.25% Secured Non convertible Debenture of Rs. 6 crore. The Debentures are due for repayment at the end of 8th, 9th and 10th year from the date of allotment. i.e. 5th August, 2005.

Secured loan -

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.

Gammon Al Matar Joint Venture :

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

Gammon Bilimoria LLC :

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



AEL AND REL :

Term Loans availed from Banks are :

To be secured by Legal Mortgage in English Form over immovable properties, both present & future.

To be secured by hypothecation / Charge over :

- (a) AEL's / REL's other properties, present or future, both tangible and intangible, whether immovable or moveable.
- (b) All the rights , title, interest, benefits, claims and demands whatsoever of AEL/REL in, to, under and/in respect of project documents including all Guarantees and Bonds issued / to be issued in terms thereof including the Contractor Warranties, Liquidated damages, Performance Guarantees and Bonds.
- (c) All the rights, title, interest, benefits, claims and demands whatsoever of AEL/REL, in, to, under and/in respect of insurance related to or in any manner connected with the Project, both present and future, and all rights, claims and benefits to all monies receivable there under and all other claims there under.
- (d) All the rights, title, interest, benefits, claims and demands whatsoever of AEL/REL, in, to, under and/in respect of Project Accounts and all banks, all amount lying therein or to be credited therein, all proceeds, investment made out of the amounts received and / or lying in the accounts including all assets securities and records, documents and instruments which represents all amounts in the Accounts.
- (e) All amounts owing / payable / to and / or received by, AEL/REL and / or by any person on behalf of the AEL/REL including without limitation any payment from NHAI and / or any other person under the project documents or otherwise.
- (f) Floating Charges on all other assets of AEL/REL, both present and future, other than assets described above.
- (g) Pledge of 51% of equity shares of AEL/REL held by GIL and GIPL.

VSPL :

Secured Loans are mortgaged by charge on both movable and immovable assets of the Company. Vehicle loan is secured by hypothecation of car purchased under the scheme from ICICI Bank Ltd.

9. After completion of jobs in Iraq and Libya, the Company has closed its Project Offices in these countries. Consequently, realisability / mobility of Current Assets amounting to Rs.16.94 Lacs and Plant & Machinery costing Rs.55.88 Lacs (Written Down value Rs. Nil) in Iraq and of Current Assets amounting to Rs.0.32 Lacs and Plant & Machinery costing Rs.143.54 Lacs (Written Down value Rs. Nil) in Libya, in the immediate future is uncertain.
10. Issued Share Capital includes 7,25,800 (Previous Year 1,45,160 Equity Shares of Rs. 10/- each converted into 5 equity shares of Rs. 2/- each in the Current Year) Equity Shares of Rs. 2/- each kept in abeyance.
11. Share Forfeited account includes Rs. 25.64 Lacs (Previous Year Rs. 25.64 Lacs) of Share Premium collected on application in respect of forfeited shares.
12. With effect from 28th February 2005 after stock split, each Equity Share of Rs. 10/- each is sub-divided into 5 equity Shares of Rs. 2/- each. The previous period figures are re-stated for comparison. All earning per share figure in these financial statements related to current year and previous year, are based on the face value of Rs. 2/- per share.
13. (a) During the year, company has issued 91,86,900 Global Depository Receipts (GDRs) along with green shoe option of 13,72,700 additional GDRs representing aggregate of 1,05,59,600 Equity Shares of nominal value Rs. 2/- each at issue price of US\$ 9.47 per GDR for an aggregate amount of Rs. 44,350.32 Lacs.

The utilization of the net proceeds of GDR after adjusting GDR issue expense of Rs. 860.35 Lacs is as below.

Rs. in Lacs

Objects of issue	Actual Deployment
Procurement of plant and equipment	Nil
Repayment/Pre-payment of Debt	24,569.97
Meeting Working Capital requirement	11,420.00
Mobilization of recently awarded projects	Nil
Funding of BOT projects	Nil
Total	35,989.97

The balance amount not applied to objects of the issue amounting to Rs. 7,500 Lacs are lying in Fixed Deposit/Mutual Fund and will be applied towards objects of the issue in due course.

Expenses of Rs. 860.35 Lacs incurred in connection with above referred GDRs are adjusted against Share Premium Account.

- (b) In respect of GDRs issued during December, 2004 of Rs. 5,267.17 Lacs, the utilization of the net proceeds of GDR after adjusting GDR issue expense of Rs. 19.51 Lacs is as below.

Rs. in Lacs

Objects of issue	Actual Deployment
Towards BOT business model & variants	3,935.88
Funding growth in EPC business	1,311.78
Total	5,247.66

However, pending deployment of funds for meeting Working Capital requirements, the same were temporarily utilized for repaying debt.

14. During the year, GIPL has made preferential issue of shares for an aggregate amount of Rs. 12,781.00 Lacs including share premium of Rs. 10,541.00 Lacs to Minority share holders. The share premium so collected is part of the Group's Security premium account. The expenditure in connection with the preferential issue of the proposed IPO of GIPL are debited to the Share premium account.
15. Balances in Foreign Bank Accounts are as per ledger.
16. Deferred Taxation
- a) Credit for deferred tax assets are not provided in cases where the management is of the opinion that the same are not likely to be recovered in future following the prudent accounting practice.
- b) The break up of deferred Tax liability and Assets are as follows.

Rs. In Lacs

Particulars	As at 31 st March, 2006	As at 31 st December, 2004
Deferred Tax liability-On Account of Depreciation	3,830.60	3,963.78
Deferred Tax Assets-On Account of Gratuity/Leave Encashment Provision	109.64	81.50
-On Account of Interest on NCD	20.87	56.35
-On Account of Unabsorbed Depreciation	84.39	-
-On Account of Unabsorbed Losses	-	166.70
-On Account of delay in payment of TDS	33.66	-
Net Balance	3,582.04	3,659.23

17. Hitherto, the company was considering the market value of material supplied by the client as part of its Turnover to reflect the actual value of work done, including in all the interim financial statements prepared up to 31st December 2005. Subsequently, company has decided to discontinue the said practice and accordingly in the preparation of these financial statements no effect has been taken for such Turnover. On account of this change, the Turnover and expenditure on contracts is lower by Rs.988.54 Lacs including Rs.604.35 Lacs considered in the interim financial statements. There is however no effect on the profits of the company. In the previous period, the Turnover and Expenditure on contracts as per the earlier practice was Rs. 227.53 Lacs.
18. Hitherto, the company was writing off the Goodwill on consolidation in the first year since the Goodwill amounts were not significant requiring amortization over a period. From the current year, the company has decided to amortize Goodwill on consolidation over a period of 5 years.
- Accordingly, the Goodwill charged to the profit & loss account is lower by Rs. 588.85 Lacs and consequently net profit for the period is higher by the same amount.
19. Earning per Share (EPS) :

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

Particulars	As at 31 st March, 2006	As at 31 st December, 2004
Net Profit After Tax for the period (Rs.in Lacs)	14,458.71	2,663.82
Weighted Number of Shares during the period-Basic	7,76,37,190	6,44,38,290
Weighted Number of Shares during the period-Diluted	7,83,62,990	6,51,64,090
Earning Per Share – Basic (Rs.)	18.62	4.13
Earning Per Share – Diluted (Rs.)	18.45	4.09



Weighted average number of Equity Shares is computed considering 91,86,900 & 13,72,700 no. of new Equity Shares allotted under the Global Depository Receipts, on 27th January, 2006 & 7th February, 2006 respectively.

There are no potential Dilutive Equity Shares outstanding except 7,25,800 equity shares kept in abeyance from earlier equity offerings.

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

Particulars	Period ended March, 2006 Rs. Lacs	Period ended Dec, 2004 Rs. Lacs
Turnover	72,278.98	26,424.12
Expenditure (Net of inventory adjustments)	62,825.32	23,590.12
Profits/Losses recognized	9,453.66	2,834.00
Contract Advances (Net)	16,740.13	7,022.39
Gross Amount due from Customers for contract work	9,032.88	5,240.69
Gross Amount due to customers for contract work	Nil	Nil

21. The Company has deposited customs duty of Rs 219.88 Lacs (Previous Year – Rs 219.88 Lacs) under protest in respect of certain machineries imported for the project in Sikkim. The Company contends that the import of machinery is duty free as per the Project Import regulations prevailing then. The company has preferred an appeal against the levy of custom duty. Pending outcome of the appeal, the said amount is carried under Advances recoverable in cash or in kind.
22. Unpaid dividend includes Rs. 0.79 Lacs (*Previous year – Rs. 2.88 Lacs*) to be transferred to the Investor Education & Protection Fund.
- Unpaid Interest includes Rs. Nil (*Previous Year Rs. 0.04 Lacs*) to be transferred to the Investor Education & Protection Fund.
- Unpaid matured Fixed Deposits includes Rs. Nil (*Previous Year Rs. 0.10 Lacs*) to be transferred to the Investor Education & Protection Fund.
23. On a further assessment of the impairment of Fixed Assets of the company as at the Balance Sheet date as required by Accounting Standard (AS) 28 – “Impairment of Assets “ issued by the Institute of Chartered Accountants of India, company is of the view that no further provision for impairment of Fixed Assets is required.
24. The company has extended its closing date for preparation of Financial Statements to 31st March, 2006 and therefore the accounts for the current period of Fifteen Months from 1st January, 2005 to 31st March, 2006 are strictly not comparable with the previous period ending 31st December, 2004 of nine months from 1st April, 2004 to 31st December, 2004. Previous period figures are regrouped and rearranged wherever necessary to facilitate limited comparability with that of current period.
25. The balance with The Freyssinet Prestressed Concrete Company Limited is as per books of accounts & subject to reconciliation.
26. The outstanding inter company balances between Gammon India Ltd. and M/s Rajahmundry Expressway Ltd. have been adjusted in the gross block of the infrastructure project pending final settlement.
27. Contingent Liabilities :

	As at 31.03.06 Rs. Lacs	As at 31.12.04 Rs. Lacs
(a) Counter Guarantees given to Bankers for Guarantees given by them and Corporate Guarantees, on behalf of subsidiary, erstwhile subsidiary, associate companies stand at	69,600.79	66,121.18
(b) Corporate Guarantees and Counter Guarantees given to Bankers towards company's share in the joint Ventures for guarantees given by them to the Joint Venture Project clients	37,455.03	29,121.91
(c) Capital commitments towards equity contributions of Joint Venture companies Andhra Expressway Limited and Rajahmundry Expressway Limited	Nil Nil	381.52 64.85
(d) Disputed Sales Tax liability for which the Company has gone into Appeal is	1,306.66	377.08

	As at 31.03.06 Rs. Lacs	<i>As at 31.12.04 Rs. Lacs</i>
(e) Claims against the Company not acknowledged as debts	4,574.56	1,874.74
(f) Claim against the company by Al Manara International LLC not acknowledged as debt - - Towards commission and related costs	1,904.79	Nil
- Towards damages	11,623.40	Nil
(g) Counter claims in arbitration matters referred by the Company – liability unascertainable		
(h) Disputed Excise Duty liability	16.25	19.49
(i) Disputed Customs Duty liability	32.47	32.47
(j) Ex-employees claims, disputes-liability unascertainable.		
(k) Contingent Liability on partly paid shares	0.19	0.19
(l) Disputed Income Tax - Demand for which the Company Appeals are pending before Appellant Authority -	Nil	Nil
(m) There is a disputed demand of UCO Bank pending since 1986, of US\$ 436251 i.e. Rs.171.88 Lacs. Against this, UCO Bank has unilaterally adjusted the Company's Fixed Deposit of US\$ 30584 i.e. Rs.12.14 Lacs, which adjustment has not been accepted by the Company.		
(n) In respect of Joint Venture and operations in Oman, Gammon India Limited-AL Matar JV, refer note no.37.		
(o) (i) Group's share in Contingent Liability not provided for in respect of Jointly Controlled Entity :		

Rs. in Lacs

Particulars	Period ended March, 2006
VSPL :	
Bank Guarantees	329.39
Disputed Liquidated Damages	84.44
Others	84.44
Total	498.27

(ii) Disputed liquidated damages pertain to amounts paid by VSPL under dispute to Vizag Port Trust (VPT). VSPL during the previous period received a claim from VPT for liquidated damages aggregating to Rs 200.00 Lacs (Rs 84.44 Lacs proportionate share of the Company in Joint Venture in the form of jointly controlled entity), on account of delay in completion of East Quay (EQ) 8. VSPL is disputing the liquidated damages claim and has paid the claim under protest. The amount paid has been included in 'advances recoverable in cash or in kind or for value to be received' under 'loans and advances'.

Discussions between VSPL and VPT are ongoing. The management expects to resolve the dispute amicably and obtain a refund of the amount paid. Pending the outcome of the dispute, significant uncertainties exist vis-à-vis the ultimate refund of the amounts paid under protest. Hence the management has not considered a provision for the amounts paid and included the same under advances recoverable in these financial statements.

(iii) An amount of Rs 1,777.00 Lacs claimed by the Collector and District Registrar, Rajahmundry, pursuant to an Order dated March 15, 2005, as deficit stamp duty payable on the Concession Agreement entered into between REL and National Highway Authority of India ('NHAI'), classifying the Concession Agreement as a 'lease' under Article 31(d) of the Indian Stamp Act. REL has impugned the Order by way of a writ petition before the High Court of Andhra Pradesh at Hyderabad. No provision is considered necessary in respect of the said demand, as the management believes that there is no contravention of the Indian Stamp Act.

(p) Capital commitment :

Rs. in Lacs

Contracts, (net of advances) remaining to be executed on capital account and not provided for	Period ended March, 2006	Period ended December, 2004
GIL	5,942.47	1,559.65
GIPL	23.76	-
MNEL	75,300.00	-
SHVPL	45,000.00	-
PBPL	362.73	-
VSPL	1,454.31	4,013.98
Total	1,28,083.27	5,573.63



(q) Export Commitments in Joint Venture VSPL:

Rs. in Lacs

Particulars	Period ended March, 2006
Under EPCG Scheme	2,389.14

28. Disclosure pertaining to Accounting Standard -29 is as below.

Rs. in Lacs

Account Head	Opening Balance	Provisions made during the year	Paid / Utilized during the year the year	Closing Balance
Gratuity	232.31	10.14	78.00	164.45
Leave Encashment	223.15	114.27	-	337.42
Taxation	3,530.48	1,570.04	1,412.92	3,687.60
Proposed Dividend	384.55	524.82	384.55	524.82

* The unpaid amount of Rs.5.89 Lacs has been transferred to unpaid dividend account.

29. Cash & Bank balances include Rs.198.87 Lacs (*Previous Year Rs.198.87 Lacs*) with bank branches in foreign countries relating to certain foreign projects which are not readily available for use by the Company and are subject to exchange control regulation of the respective countries.

30. The details of foreign fluctuation reserves created as per AS-11 is as under.

Particulars	Rs. in Lacs
Opening balance as on 01.01.2005	(4.36)
Less : Transferred during the period	4.36
Add : Net credit during the period	(93.65)
Closing balance as on 31.03.2006	(93.65)

31. The details of Prior Period Adjustments made are as under.

Rs. in Lacs

Particulars	As at 31 st March, 2006	As at 31 st December, 2004
Provision for taxation of earlier year written back / (short provision)	99.86	(475.61)
Deferred tax liability written back	69.95	-
Other adjustments	(63.46)	(298.01)
Depreciation written back	-	150.92
Profit / (Loss) on disposal of Subsidiaries / Associates	-	(135.94)
Total	106.35	(758.64)

32. Details of Joint Ventures entered into by the Company

Sr. No	Name of Joint Venture	Description of Interest	% of involvement
1	Gammon & Sew	Jointly Controlled Operation	70.00%
2	Gammon AL Matar	Jointly Controlled Entity	85.00%
3	Gammon Atlanta	Jointly Controlled Operation	50.00%
4	Gammon BBJ	Jointly Controlled Operation	50.00%
5	Gammon Delco	Jointly Controlled Operation	50.00%
6	Gammon Limak	Jointly Controlled Operation	97.00%
7	Gammon OAO Stroytransgaz	Jointly Controlled Operation	50.00%
8	Gammon OSE	Jointly Controlled Operation	50.00%
9	Gammon Progressive	Jointly Controlled Operation	60.00%
10	Gammon Rizzani	Jointly Controlled Operation	50.00%
11	Gammon Sadbhav	Jointly Controlled Operation	70.00%
12	Gammon Sadbhav Billimoria Consortium	Jointly Controlled Operation	70.00%

Sr. No	Name of Joint Venture	Description of Interest	% of involvement
13	Gammon Soma	Jointly Controlled Operation	80.00%
14	Gammon Srinivas	Jointly Controlled Operation	80.00%
15	GIL Archirodon	Jointly Controlled Operation	98.50%
16	GIL CEC	Jointly Controlled Operation	51.00%
17	OSE GIL	Jointly Controlled Operation	50.00%
18	BBJ GIL	Jointly Controlled Operation	30.50%
19	Gammon Videocon Sadbhav Consortium	Jointly Controlled Operation	25.50%
20	GIL ENCEE RAIL	Jointly Controlled Operation	90.00%
21	GIL GIPL ATSL Consortium	Jointly Controlled Operation	26.00%
22	GIL GIPL Consortium	Jointly Controlled Operation	12.00%
23	GIL JMC	Jointly Controlled Operation	70.00%
24	GIL Sadbhav GIPL Consortium	Jointly Controlled Operation	51.00%
25	JAGER GIL	Jointly Controlled Operation	50.00%
26	Limak Gammon	Jointly Controlled Operation	50.00%
27	SSANGYONG GIL	Jointly Controlled Operation	40.00%
28	Limak GIL Consortium	Jointly Controlled Operation	97.00%
29	GIL EIL Consortium	Jointly Controlled Operation	97.00%
30	Gammon STG	Jointly Controlled Operation	99.00%
31	STG Gammon	Jointly Controlled Operation	99.00%

33. The Group has pledged the following shares in favour of the lenders to the projects as part of the terms of financial closure of the respective companies
- Rajahmundry Expressway Limited – 80,58,000 (Previous Year – 67,32,000) Equity shares of Rs. 10/- each.
 - Andhra Expressway Limited – 82,62,000 (Previous Year – 65,28,000) Equity shares of Rs. 10/- each.
 - Cochin Bridge Infrastructure Company Limited – Nil (*Previous Year – 32,64,056*) Equity shares of Rs. 10/- each.

34. The Segment Reporting as required by Accounting Standard (AS)-17 'Segment Reporting' is annexed to these Notes as Annexure - I.

35. The Related Party Disclosure pertaining to the group related parties as required by Accounting Standard (AS)-18 'Related Party Disclosures' is annexed to these Notes as Annexure - II.

36. Disclosure under Accounting Standard (AS) – 19 "Leases", issued by the Institute of chartered Accountants of India.

The company has taken various residential/godowns/offices premises (including Furniture and Fittings if any) under leave and license agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the company has given refundable security deposits. The lease payments are recognized in Profit and Loss Account under Rent, Rates and Taxes.

37. Joint venture and operations in Oman :

- Gammon Al Matar Joint Venture is formed through a Joint Venture agreement between Gammon India Ltd. (company registered in India) and Al Matar Trading and Contracting Co. LLC. (company registered in Sultanate of Oman). The Joint Venture was incorporated and commenced its commercial operations on 1st January, 2005.
- The company's share of profit under Joint Venture is accounted on proportionate basis. This profit assumes that the extension of time for completion of the project beyond 26th August, 2006 is received by the company, failing which Liquidated Damages of RO 40,000 (Rs. 46.49 Lacs) for each day would apply.
- The banking facilities including fund and other non-fund based borrowings utilized by the Joint Venture entity are in the name of the company but have been accounted in the books of Joint Venture. The borrowings have been guaranteed by the company and are secured by assignment of the Joint Venture contract receivable and Joint registration and insurance of all equipments. The total of such borrowings as at 31st March, 2006 is RO 1,90,79,907 (Rs.22,177.34 Lacs) which consists of Fund based RO 67,70,790 (Rs. 7,869.96 Lacs) and Non-fund based RO 1,23,09,117 (Rs. 14,307.38 Lacs). However, all the loans have been considered in these financial statements.
- The transactions of the Oman branch of the company and Gammon AL Matar Joint Venture have been included in these financial statements on the basis of the report of local auditors of the branch.

38. Remuneration to Auditor does not include Rs. 33.66 Lacs (including Service Tax) paid to Statutory Auditors towards fees paid in connection with the GDR Issue, which is debited to Share Premium Account. Remuneration to Auditor of the subsidiaries / Joint Ventures are grouped with general charges.



39. Pursuant to the approval of the members of Cochin Bridge Infrastructure Ltd. (CBICL) at an Extra Ordinary General Meeting, a Warrant Subscription Agreement between CBICL, Gammon India Ltd and AMIF I Ltd ('the investor') has been executed on 30th November, 2005. Based on the agreement, CBICL has issued an Optionally Convertible Warrant on a preferential basis which gives the investor an option to subscribe to 25% of the issued and paid share capital of CBICL on a fully diluted basis, on a preferential allotment basis, at any time after 1st January, 2011 but before 31st March, 2011, by paying CBICL fair value therefore.
40. In respect of infrastructure projects undertaken by the Company, the Company has been advised by a senior tax counsel that following the decision of Income Tax Appellate Tribunal of Mumbai, the company is eligible for deduction u/s 80IA in respect of profits from such projects. Accordingly, the Company has made provision under the Minimum Alternate Tax u/s 115JB for the fifteen months period ended 31st March, 2006. The Income Tax provisions already made for the earlier year for such infrastructure projects will be reviewed in the future years based on revised claims to be filed.
41. Annexure I & II form an integral part of these financial statements.

As per our attached report of even date.

For NATVARLAL VEPARI & CO.
Chartered Accountants

P. N. VEPARI
Partner
M.No. 4954

Mumbai, Dated : August 11, 2006.

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

C. C. DAYAL
Director

RAJUL A. BHANSALI
Executive Director

HIMANSHU PARIKH
Executive Director

Mumbai, Dated : August 11, 2006.

Annexure - I

Segment Information as required under AS-17 'Segment Reporting'

Segment Information

The company and its subsidiaries have identified three reportable segments viz. Construction Activity, Infrastructure Development and others. The Group has disclosed Business segment as the primary segment. Segment has been identified and reported taking into account the nature of activities of the Parent company, its Subsidiaries and Joint Ventures, the differing risks and returns and internal business reporting systems.

The accounting policies adopted or segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting.

- Segment revenue includes Turnover and Other operating income directly identifiable with / allocable to the segment including inter-segment revenue.
- Expenses that are directly identifiable with / allocable to the segments are considered for determining the Segment Result. Expenses which relate to the Group as a whole and not allocable to segments are disclosed as 'Unallocable' or shown separately.
- Segment assets and segment liabilities include those directly identifiable with the respective segments. Assets and Liabilities which relate to the Group as a whole and not allocable to the segment are disclosed as 'Unallocable'.

Segment Report

Particulars	Rs. in Lacs				
	Construction activities	Infrastructure Development	Others / Unallocable	Eliminations	Total
Revenue & Result					
External Revenue	189,263.21 (85,529.00)	15,104.27 (2,118.00)	37.56 (78.00)		204,405.04 (87,725.00)
Inter segment Revenue	2,627.94 (3,438.00)	1,350.30 -	78.01 (48.00)	4,056.25 (3,486.00)	- -
Total Revenue	191,891.15 (88,967.00)	16,454.57 (2,118.00)	115.57 (126.00)	4,056.25 (3,486.00)	204,405.04 (87,725.00)
Segment expenditure	173,013.62 (79,200.79)	5,393.60 (678.57)	0.11 (0.09)		178,407.33 (79,879.45)
Segment Result	16,249.59 (6,328.21)	9,710.67 (1,439.43)	37.45 (77.91)		25,997.71 (7,845.55)
Add : Other income					145.41 (8.95)
Less : Finance cost					10,022.56 (3,553.43)
Preliminary expense w/o					47.65 (0.00)
Goodwill amortised					147.21 (0.00)
Profit before Tax & Share of profit in Associates					15,925.70 (4,301.07)
Add : Share of profit in Associates					902.73 (113.58)
Profit before Tax					16,828.43 (4,414.65)
Less : Provision for Tax					1,570.04 (1,096.18)
Profit after Tax					15,258.39 (3,318.47)
Other Information					
Segment Assets	180,918.41 (114,785.00)	74,854.29 (33,056.00)	3,646.97 (555.00)		259,419.67 (148,396.00)
Segment Liabilities	100,090.88 (82,268.00)	52,884.19 (26,149.00)	653.47 (15.00)		153,628.54 (108,432.00)
Capital Expenditure	11,131.61 (5,182.00)	27,445.23 (6,932.00)			38,576.84 (12,114.00)
Depreciation	4,307.03 (1,674.00)	4,084.07 (478.00)			8,391.10 (2,152.00)
Other Non-cash expenditure		194.86 (17.00)	- (11.00)		194.86 (28.00)

Previous year figures are in brackets.



Annexure II

Related Party Disclosures as required by AS 18 “ Related Party Disclosures”

A) Related Parties & their Relationships:

Entities where control exists:
1 Pacific Energy Pvt. Ltd.
2 Nikhita Estate Developers Pvt. Ltd.
3 Masayor Enterprises Ltd.
4 Prospect Investment Ltd.
5 First Asian Capital Resources Pvt. Ltd.
6 Devyani Estate & Properties Pvt. Ltd.
Associates & Group Companies:
1 Freyssinet Prestressed Concrete Co. Ltd.
2 Gammon Information Technologies Ltd.
3 Associated Transrail Structures Ltd.
4 STFA Piling (India) Ltd.
5 Alliance Agro India Ltd.
6 Gilcon Project Services Ltd.
Joint Ventures:
1 Vizag Seaport Pvt. Ltd.
2 Gammon & Sew
3 Gammon AL Matar
4 Gammon Atlanta
5 Gammon BBJ
6 Gammon Delco
7 Gammon Limak
8 Gammon OAO Stroytransgaz
9 Gammon OSE
10 Gammon Progressive
11 Gammon Rizzani
12 Gammon Sadbhav
13 Gammon Sadbhav Billimoria Consortium
14 Gammon Soma
15 Gammon Srinivas
16 GIL Archirodon
17 GIL CEC
18 OSE GIL
19 BBJ GIL
20 Gammon STG

21 Gammon Videocon Sadbhav Consortium
22 GIL EIL Consortium
23 GIL ENCEE RAIL
24 GIL GIPL ATSL Consortium
25 GIL GIPL Consortium
26 GIL JMC
27 GIL Sadbhav GIPL Consortium
28 JAGER GIL
29 Limak Gammon
30 Limak GIL Consortium
31 SSANGYONG GIL
32 Gammon L&T Infra MRTS Ltd.
33 Punjab Biomass Power Ltd.
34 STG Gammon
Key Management Personnel & Relatives
1 Mr. Abhijit Rajan
2 Mr. Himanshu Parikh
3 Mr. Rajul A. Bhansali
4 Mr. Parvez Umrigar



B) Transactions with Related Parties :

(Rs. in lacs)

Transactions	Associates	Key Management Personnel	Entities Where Control Exits	Joint Ventures	Total
Subcontracting Income	-	-	-	22,238.71	22,238.71
	(-)	(-)	(-)	(13,594.10)	(13,594.10)
Subcontracting expenditure	6,144.88	-	-	-	6,144.88
	(2,382.22)	(-)	(-)	(-)	(2,382.22)
Purchase of Goods	44.59	-	-	-	44.59
	(20.75)	(-)	(-)	(-)	(20.75)
Sale of Goods	579.63	-	-	-	579.63
	(-)	(-)	(-)	(-)	(-)
Purchase of Fixed assets incl Capital Adv.	19.25	-	-	-	19.25
	(18.32)	(-)	(-)	(-)	(18.32)
Purchase of Shares / Advances towards Equity	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Sale of Investment/ advance consideration of Sale of Investment	-	-	-	-	-
Rendering of Services	150.39	-	-	201.51	351.91
	(277.97)	(-)	(-)	(-)	(277.97)
Receiving of Services	95.29	-	-	-	95.29
	(117.33)	(-)	(-)	(-)	(117.33)
Hire charges received	9.66	-	-	-	9.66
	(-)	(-)	(-)	(-)	(-)
Hire charges Paid	10.24	-	-	-	10.24
	(7.16)	(-)	(-)	(-)	(7.16)
Finance provided (incl. Loans and equity contribution in cash or in kind)	2,688.40	1,568.89	-	1,527.92	5,785.21
	(4,204.00)	(-)	(-)	(600.00)	(4,804.00)
Finance provided for expenses & on a/c payments	394.04	-	-	265.65	659.69
	(17.52)	(-)	(-)	(7.42)	(24.94)
Amount liquidated towards the finance provided	3,439.58	431.11	-	306.12	4,176.81
	(3,043.44)	(-)	(-)	(600.00)	(3,643.44)
Interest income during the year	103.07	-	-	85.41	188.47
	(141.68)	(-)	(-)	(20.74)	(162.42)
Finance received (incl. Loans and equity contribution in cash or in kind)	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Amount liquidated towards the above finance	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Interest paid during the year	-	-	-	458.61	458.61
	(-)	(-)	(-)	(183.49)	(183.49)
Write off of balances	47.35	-	-	-	47.35
	(-)	(-)	(-)	(-)	(-)
Contract advance received	-	-	-	2,286.99	2,286.99
	(17.70)	(-)	(-)	(43.86)	(61.56)
Contract advance Given/ Refund of Advance	3,643.09	-	-	3,829.20	7,472.29
	(300.00)	(-)	(-)	(815.34)	(1,115.34)
Refund received against contract advance	2,476.26	-	-	-	2,476.26
	(411.64)	(-)	(-)	(-)	(411.64)
Deposits	-	-	-	0.12	0.12
	(522.00)	(-)	(-)	(-)	(522.00)
Dividend paid to Shareholders	-	0.17	146.58	-	146.75
	(-)	(0.28)	(148.21)	(-)	(148.49)
Dividend income	-	-	-	-	-
	(4.45)	(-)	(-)	(-)	(4.45)
Remuneraion paid	-	207.33	-	-	207.33
	(-)	(99.19)	(-)	(-)	(99.19)
Margin Money	-	-	-	129.16	129.16
	(-)	(-)	(-)	(-)	(-)
Guarantees and Collaterals Outstanding	28,478.12	-	-	35,324.72	63,802.84
	(22,021.57)	(-)	(-)	(48,362.44)	(70,384.01)
Outstanding Balances Receivable	1,504.67	-	-	5,682.63	7,187.30
	(1,962.86)	(-)	(-)	(5,562.40)	(7,525.26)
Outstanding Balances Payable	2,477.28	-	-	2,517.73	4,995.00
	(-)	(18.48)	(-)	(4,162.10)	(4,180.58)

Note: Figures in brackets are of previous year.

C) Disclosure of Material Transactions with Related Parties :

Disclosure in respect of transactions, which are more than 10% of the total transactions of the same type with related parties during the year -

(Rs. in Lacs)

Transaction	Name of Party	1st Jan 05 To 31st Mar 06 (15 Months)
Subcontracting Income	OSE-Gammon JV	4,867.96
	Gammon Srinivas JV	4,733.31
	Gammon OSE JV	4,666.39
Subcontracting expenditure	Freyssinet Prestressed Concrete Co. Ltd	6,144.88
Purchase of Goods	Freyssinet Prestressed Concrete Co. Ltd	44.59
Sale of Goods	Freyssinet Prestressed Concrete Co. Ltd	579.63
Purchase of Fixed assets incl Capital Adv.	Freyssinet Prestressed Concrete Co. Ltd	19.25
Rendering of Services	Vizag Seaport Pvt. Ltd	201.51
	Associated Transrail Structures Ltd	141.63
Receiving of Services	Gammon Information Technologies Ltd	50.54
	Gilcon Project Services Ltd	36.60
Hire charges received	Freyssinet Prestressed Concrete Co. Ltd	9.66
Hire charges Paid	Freyssinet Prestressed Concrete Co. Ltd	10.24
Finance provided (incl. Loans and equity contribution in cash or in kind)	Associated Transrail Structures Ltd	2,338.00
	Vizag Seaport Pvt. Ltd	1,322.92
	Mr. Abhijit Rajan	1,568.89
Finance provided for expenses & on a/c payments	Alliance Agro India Ltd	314.70
	Gammon-AI Matar JV	221.77
Amount liquidated towards the finance provided	Associated Transrail Structures Ltd	2,755.40
	Mr. Abhijit Rajan	431.11
Interest income during the year	Vizag Seaport Pvt. Ltd	85.41
	Freyssinet Prestressed Concrete Co. Ltd	73.74
	Associated Transrail Structures Ltd	29.29
Interest paid during the year	Gammon Srinivas JV	340.86
	GIL- Archidon JV	55.67
Write off of balances	STFA Piling (India) Ltd	47.35
Contract advance received	Gammon Srinivas JV	810.00
	Gammon BBJ JV	556.16
	GIL- Archidon JV	507.45
Contract advance Given/ Refund of Advance	Freyssinet Prestressed Concrete Co. Ltd	3,643.09
	Gammon Srinivas JV	1,935.15
Refund received against Contract advance	Freyssinet Prestressed Concrete Co. Ltd	2,476.26
Deposits	Gammon Atlanta JV	0.12
Dividend paid to Shareholders	Pacific Energy Pvt. Ltd	75.07
	Devyani Estate & Properties Pvt. Ltd	26.41
	Nikhita Estate Developers Pvt. Ltd	17.43
	Masayor Enterprises Ltd	15.43
Remuneraion paid	Mr. Abhijit Rajan	140.59
	Mr. R A Bhansali	28.20
	Mr. H.V. Parikh	24.30
Margin Money	Vizag Seaport Pvt. Ltd	129.16
Guarantees and Collaterals Outstanding	Associated Transrail Structures Ltd	28,107.73
	GIL GIPL Consortium	6,407.70
Outstanding Balances Receivables	Gammon OSE JV	1,966.74
	Freyssinet Prestressed Concrete Co. Ltd	1,496.29
	OSE-Gammon JV	958.59
	Gammon OAO Stroytransgaz	857.24
Outstanding Balances Payable	Freyssinet Prestressed Concrete Co. Ltd	2,415.92
	Gammon OSE JV	1,097.24
	Gammon Srinivas JV	873.04



CONSOLIDATED CASH FLOW FOR THE FIFTEEN MONTH PERIOD ENDED 31ST MARCH, 2006

	(Rs. in Lacs) 01.01.2005 to 31.03.2006 Fifteen Months	(Rs. in Lacs) 01.04.2004 to 31.12.2004 Nine Months
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extraordinary Items	15,925.70	4,301.07
Adjustments for :		
Depreciation & Amortisation	8,391.25	2,153.07
Profit / Loss on Sale of Investments (Net)	(29.49)	-
Profit/Loss on Sale of Assets	5.64	17.23
Dividend Income	(50.97)	(5.44)
Interest (Net)	10,022.57	3,553.43
Foreign Exchange Loss / Gain	12.13	(22.80)
Preliminary Expenses written off	73.18	28.06
Goodwill Amortised	147.21	-
Amount written off	-	110.44
Operating Profit before Working Capital Changes	18,571.52	5,833.99
Adjustments for :		
Trade and Other Receivables	34,497.22	10,135.06
Inventories	(17,419.90)	(8,850.21)
Trade Payables & Working Capital Finance	(21,943.78)	(8,463.10)
Loan and Advances	9,276.37	11,337.37
Preliminary Expenses / Goodwill	(12,765.19)	(1,926.42)
	-	(128.70)
CASH GENERATED FROM THE OPERATIONS	(8,355.28)	2,104.00
Direct Taxes paid	(2,849.13)	(731.54)
Cash Flow before Extraordinary Items	(11,204.41)	1,372.46
Profit / (Loss) on Disposal of Associates	-	(135.94)
Share of Profit / (Loss) from Associates	-	95.11
Prior Period Adjustments relating to Preliminary Expenses	-	105.12
Prior Period Adjustments relating to Subsidiaries	(42.56)	(71.08)
Prior Period Adjustments relating to Joint Ventures	11.87	(305.11)
	(30.69)	(311.90)
NET CASH FROM OPERATIONS	(11,235.10)	1,060.56
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Goodwill on acquisition of stake in Joint Venture	(41.87)	-
Purchase of Fixed Assets	(15,531.68)	(12,297.28)
Sale of Fixed Assets	86.97	17.83
Share Application Money Pending Allotment	(335.03)	(90.31)
Purchase of Investments	(17,265.73)	(1,204.93)
Sale of Investments	16,608.89	1,200.00
Change in Investment in Associates	-	542.09
Change in Investment in Joint Ventures	879.02	893.26
Cash & Cash Equivalents on acquisition of a Subsidiary	20.78	-
Consideration paid on acquisition of Subsidiary	(3,935.88)	-
Interest received	1,170.07	456.40
Dividend received	55.74	5.44
	(18,288.72)	(10,477.50)
Net Cash after Investment Activities	(29,523.82)	(9,416.94)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest Paid	(11,855.90)	(3,953.69)
Proceeds from Issue of Share Capital & Share Premium	53,492.42	14,042.20
Minority Interest Contribution	3,214.40	182.80
Foreign Currency Translation Reserve	(89.57)	-
Proceeds from / (Repayment of) Borrowings	9,567.98	3,483.03
Proposed Dividend (Including Tax)	(438.48)	(357.33)
Proceeds from Issue of warrants	1.00	-
	53,891.85	615.29
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,368.03	4,595.36
Balance as on 31.12.2004	7,539.14	2,943.78
Balance as on 31.03.2006	31,907.17	7,539.14
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,368.03	4,595.36
Note:		
- Figure in brackets denote outflows		
- Cash and Cash Equivalents include Rs.198.87 lacs as on 31.03.2006 (Previous Year-Rs. 198.87 lacs) as on 31.12.2004 with Bank Branch in Foreign countries relating to certain Foreign Projects which are not readily available for use by the Company.		
	Rs. In Lacs	Rs. In Lacs
As Per Balance Sheet	31,905.32	7,549.42
Effect of Exchange Rate Charges	1.85	(10.28)
Balance Restated above	31,907.17	7,539.14

As per our attached report of even date.

For NATVARLAL VEPARI & CO.
Chartered Accountants

P. N. VEPARI
Partner
M.No. 4954

Mumbai, Dated : August 11, 2006.

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Director

RAJUL A. BHANSALI
Executive Director

Mumbai, Dated : August 11, 2006.

C. C. DAYAL
Director

HIMANSHU PARIKH
Executive Director



Hebbal Grade Separator



Paradip Haldia Pipeline



Bellary Cooling Tower & Chimney



www.gammonindia.com



GAMMON INDIA LIMITED

Head Office :

Gammon House,
Veer Savarkar Marg,
Prabhadevi,
Mumbai 400 025
India



Tel : 91-22-6661 4000

Fax : 91-22-2430 0221

E-mail : gammon@gammonindia.com