



GAMMON

Builders to the nation

Annual Report 2006 - 2007

Report

Laying Tracks of perfection



Tunnel boring machine (Parbati Tunnel)



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Bellary Cooling Tower & Chimney

Chairman's letter

Dear Shareholders,

We have completed one more eventful year and recorded 57 % growth in our revenue coupled with 20% growth in profit for the year 2006-07.

The year gone by has also been one of unique achievements on the technology front for your Company. We could successfully complete two inclined pressure shaft at 30 degree incline to the horizontal, which is the first in the world at the Parbati Hydroelectric Project for NHPC Ltd. We also completed India's first extra dosed bridge for the Delhi Metro Rail Corporation.

Public and Private sector emphasis on different segments of infrastructure viz, mass urban transportation, the golden quadrilateral, power, ports and water ways, airports etc continues to have a salutary effect on the Company's fortunes. There is also an increasing emphasis on shortening the execution period to global standards which augurs well for construction Companies in general but at the same time puts increasing demands on resources without commensurate margins due to inference competition. This undergoes the need for equitable and internationally accepted conditions of contract and contract management processes both of which continue to lag behind in the country. Urgent remedial measures are necessary in this regard to protect the interests of all stakeholders.

Having said that, the Company looks forward to the coming years with optimism. It continues its focus on Overseas markets especially in Middle East, North & West Africa & Saarc Countries. The Company is also expanding its presence in the Realty segment to reinforce top and bottom line growth. The Company is also evaluating options for inorganic growth in areas of its core and allied competencies. By way of diversification, the Company has entered into Hydrocarbon exploration business through a joint venture in the US and will also be participating in the Nelp-VII program of the Government of India.

The current order book of the Company is over Rs. 7,000 Crores and continues to grow. With the economy on the upswing, I am confident that the pace of the growth in the current year will remain healthy.

I take this opportunity to thank you, our shareholders, all our stakeholders and supporters and our entire dedicated team for their unlimited support in concluding another successful year and looking forward to another eventful year.

Abhijit Rajan
Chairman & Managing Director



B o a r d o f D i r e c t o r s

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

Dr. Naushad Forbes

Director

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C o n s o r t i u m

B a n k e r s

Canara Bank

Punjab National Bank

Allahabad Bank

ICICI Bank

Syndicate Bank

IDBI Bank

ING Vysya Bank

Auditors

Natvarlal Vepari & Co.

Consolidating position as an industry leader

Balance Sheet (Rs. In Crores)

Particulars	As at 31st March 2007	As at 31st March 1998	Particulars	As at 31st March 2007	As at 31st March 1998
SOURCES OF FUNDS:			APPLICATION OF FUNDS:		
Own Funds	897.47	39.52	Fixed Assets	448.68	46.22
Borrowed Funds	371.49	36.66	Investments	150.44	7.24
Deferred Tax Liability	37.92	-	Working Capital	707.76	22.72
	1306.88	76.18		1306.88	76.18

Profit & Loss Account (Rs. In Crores)

Particulars	2006-2007	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
Turnover	2084.33	1645.69	866.60	1119.72	726.65	513.99	503.76	451.67	327.68
Profit Before Tax	143.06	111.16	51.59	54.46	35.28	31.58	20.16	18.20	12.41

Strong Financial Ratings

CARE has assigned the following ratings:

	TENURE (Months)	AMOUNT (Rs. In Crores)	RATINGS
Short Term	12	225	PR1 +
Long Term	120	40	AA+
Long Term	120	100	AA+

CRISIL has assigned "AA, stable rating" for Non Convertible Debenture of Rs. 50 Crores.

Projects being executed as on 31st March, 2007

Areas of Specialization	North	South	East	West	Foreign	Total
Transport Engineering	11	4	10	4	-	29
Energy Projects & High-rise Structures	4	5	4	2	-	15
Hydro Power/ Tunnel/ Irrigation Projects	5	4	1	-	-	10
Building Works	1	-	-	3	-	4
Ground Engineering & Environment Protection	-	-	-	1	-	1
Pipelines	-	1	1	2	1 #	5
Total	21	14	16	12	1	64

#Offshore Project



Ten years

Financial Highlights

	1997-98	1998-99	1999-00
A. FINANCIAL POSITION :			
LIABILITIES :			
Share Capital	2.16	6.30	6.31
Reserves & surpluses (Excluding Revaluation of Assets)	37.36	58.46	69.36
Revaluation Reserve	-	78.60	76.75
SHAREHOLDERS' FUNDS	39.52	143.36	152.42
Loan Funds	36.66	39.10	65.58
Deferred Tax Liability	-	-	-
TOTAL CAPITAL EMPLOYED	76.18	182.46	218.00
ASSETS:			
Fixed Assets (Net) (Excluding Revaluation of Assets)	46.22	58.91	82.13
Amount of Revaluation	-	78.60	76.75
Total Net Fixed Assets (Including Revaluation of Assets)	46.22	137.51	158.88
Current Assets (Net)	22.72	28.32	41.37
Investments	7.24	16.63	17.75
TOTAL ASSETS	76.18	182.46	218.00
B. OPERATING RESULTS:			
TURNOVER	215.01	327.68	451.67
Other Income	2.52	2.96	5.09
TOTAL INCOME :	217.53	330.64	456.76
Net Profit After Tax	7.01	10.01	13.98
Dividend Distributed	0.76	0.95	1.17
Tax on Dividend	0.08	0.10	0.13
Cash Profits	10.92	14.92	20.69
C. EQUITY SHARE DATA:			
Earning Per Share (Rs) (On Base Capital 1997-98)	32.00	46.00	65.00
Earning Per Share (Rs) (On Weighted Average Capital)	32.00	25.00	22.00
D. IMPORTANT RATIOS:			
Debt Equity Ratio	0.93	0.60	0.87
Sales / Average of Net Fixed Assets (Number of Times)	5.19	6.23	6.40
Sales / Average of Net Working Capital (Number of Times)	8.27	12.84	12.96
Book Value of Share (Without Revaluation Reserve)	-	-	-
Book Value of Share (With Revaluation Reserve)	-	-	-

Agra
Makhanpur
Road



DDA Housing

