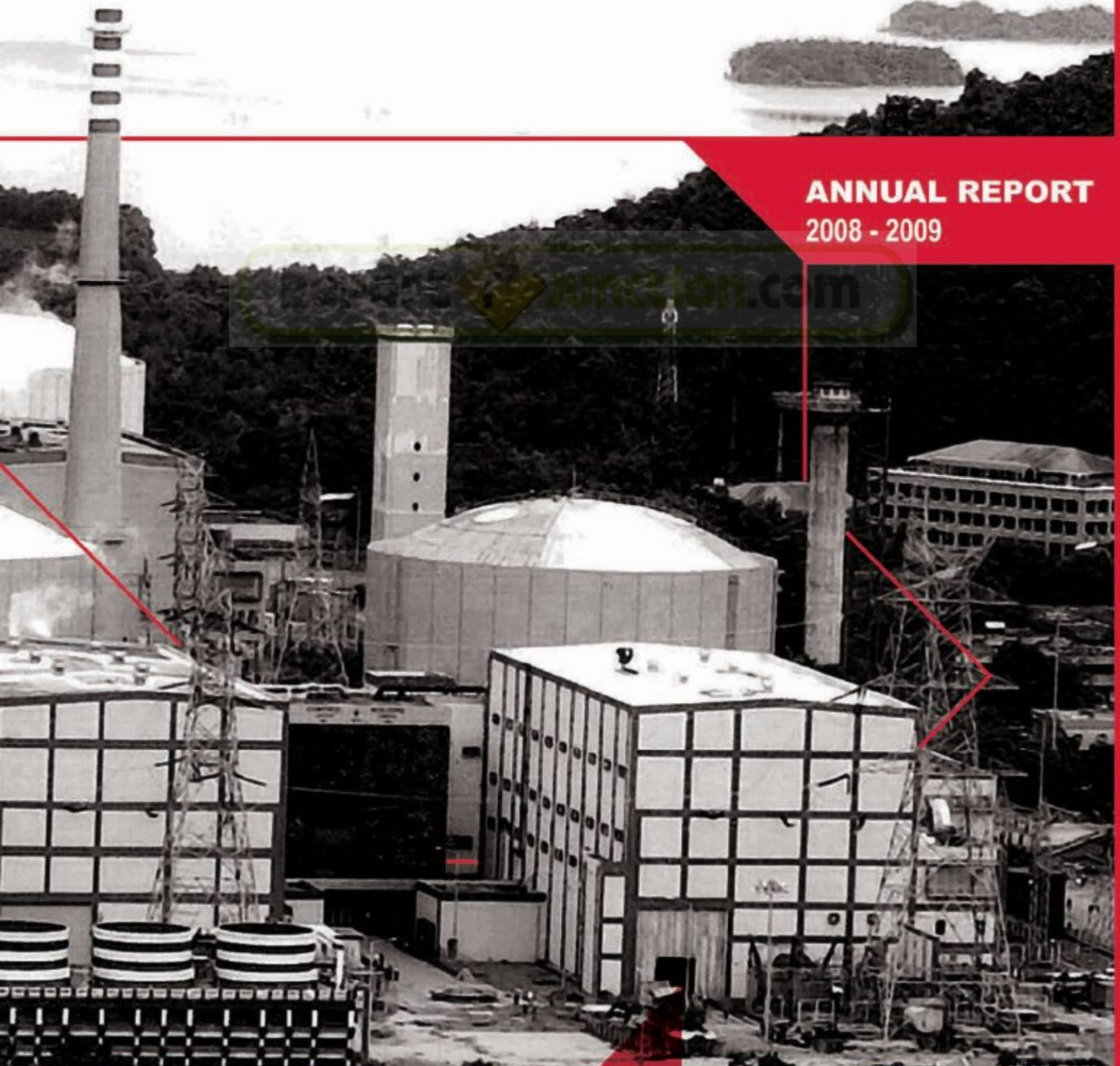




**GAMMON**

BUILDERS TO THE NATION

**ANNUAL REPORT**  
2008 - 2009



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Dear Shareholder

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

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

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

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

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

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

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

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

Abhijit Rajan  
Chairman & Managing Director



## CHAIRMAN'S ADDRESS

Saharanpur Pipeline



## BOARD OF DIRECTORS

**PETER GAMMON**

Chairman Emeritus

**ABHIJIT RAJAN**

Chairman & Managing Director

**ROHIT MODI**

Dy. Managing Director

**HIMANSHU PARIKH**

Executive Director

**RAJUL A. BHANSALI**

Executive Director  
International Operations

**DIGAMBAR C. BAGDE**

Director & CEO - (T&D Business)

**CHANDRAHAS C. DAYAL**

Non-Executive Director

**PARVEZ UMRIGAR**

Non-Executive Director

**ATUL DAYAL**

Non-Executive Director

**DR. NAUSHAD FORBES**

Non-Executive Director

**JAGDISH C. SHETH**

Non-Executive Director

**URVASHI SAXENA**

Non-Executive Director

**ATUL KUMAR SHUKLA**

Non- Executive Director

**NAVAL CHOUDHARY**

Non- Executive Director



Kol Dam

## CONSORTIUM BANKERS

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

## COMPANY SECRETARY

Gita Bade

## AUDITORS

Natvarlal Vepari & Co.

### REGISTERED OFFICE

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

Tel: +91 - 22- 6744 4000

Fax: +91 - 22- 6744 4105

Email: gammon@gammonindia.com

Kalpakkam Nuclear Project

Parbati Project



Dubai Wealthcare Tower

## AN INDUSTRY LEADER

### BALANCE SHEET (Rs. in Crores)

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

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

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



Beas Bridge



## STRONG FINANCIAL RATINGS (Rs. in Crores)

CARE has assigned the following ratings

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

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

## CURRENT PROJECTS

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

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



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



## FINANCIAL HIGHLIGHTS OF THE DECADE

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