



GAMMON INDIA LIMITED

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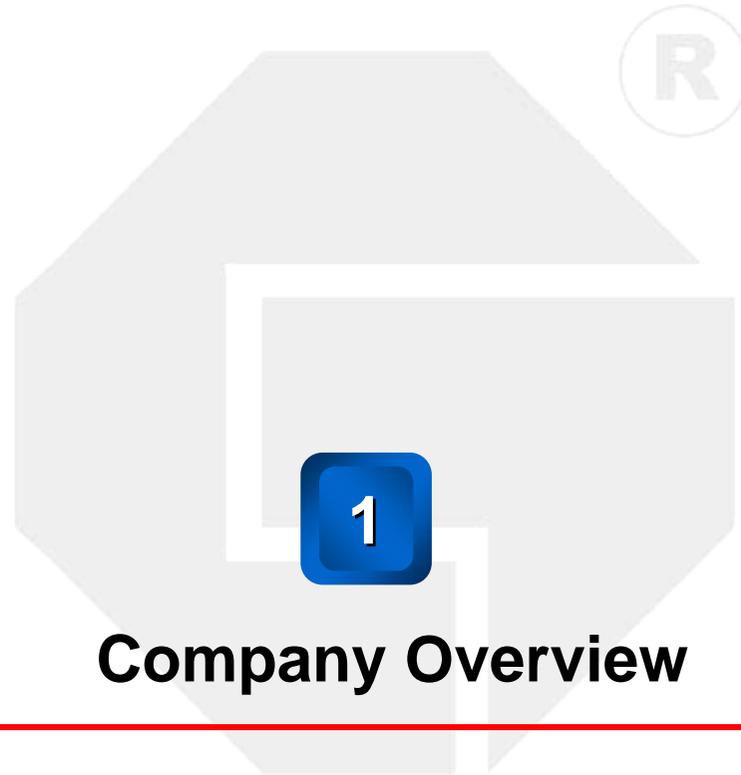
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## Company Overview

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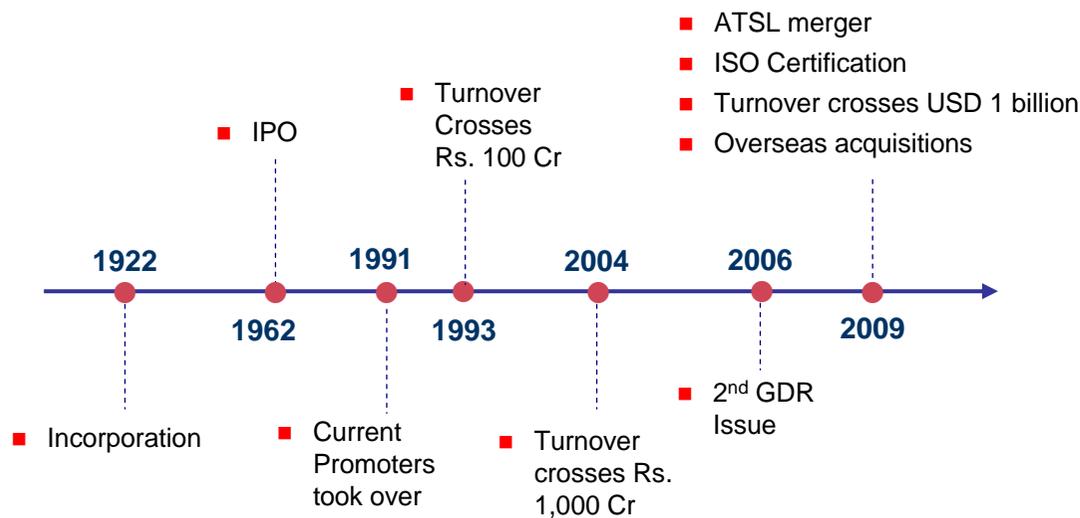
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# Company Snapshot

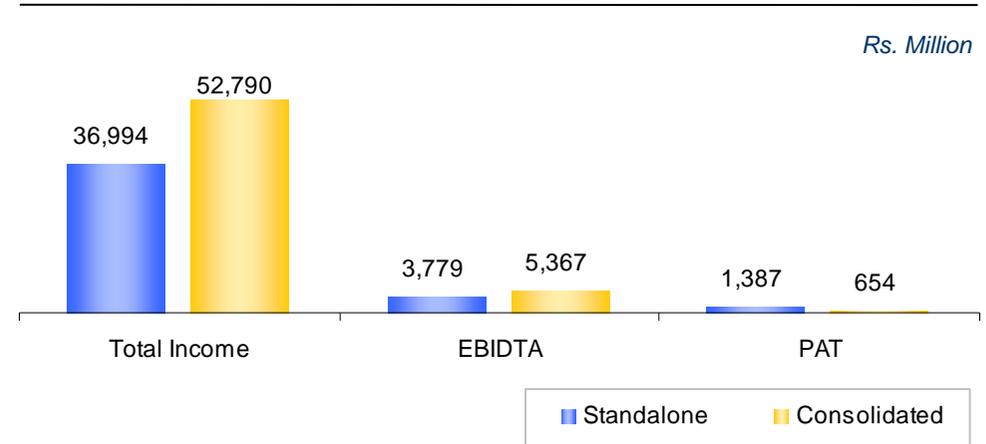


- One of the oldest construction companies in India
- Presence across Transport Engineering, Energy, Hydraulic & Irrigation, Industrial Structures & Buildings, Power T&D, & Environment & Pipelines
- Entry into new segments:
  - Power equipments such as Boiler, Turbine, Generators (BTG) & Balance of plant (BOP) equipments and
  - Oil & Gas – Exploration
- Market capitalization: Rs.26,746 Mn as of Nov 20, 2009

## Key Milestones

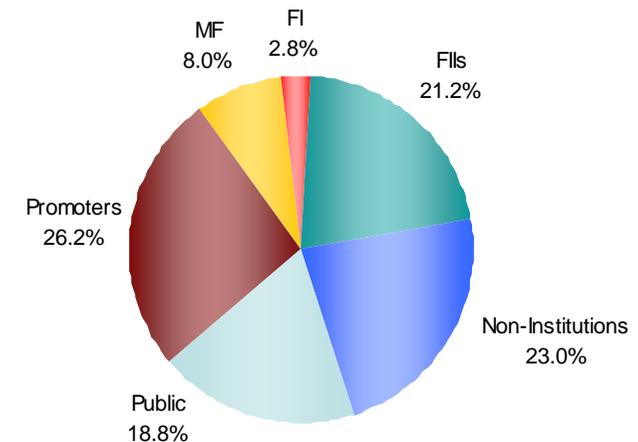


## Key Financials (FY 09)



## Shareholding Pattern

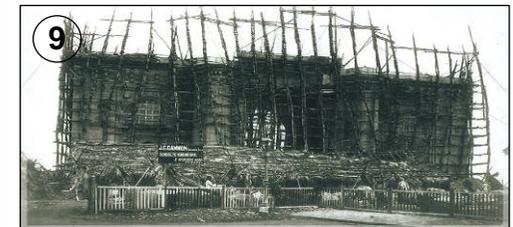
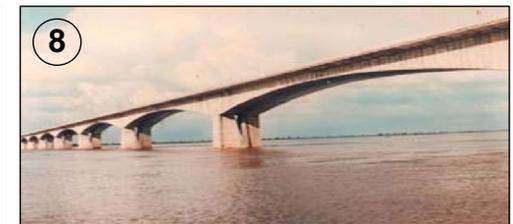
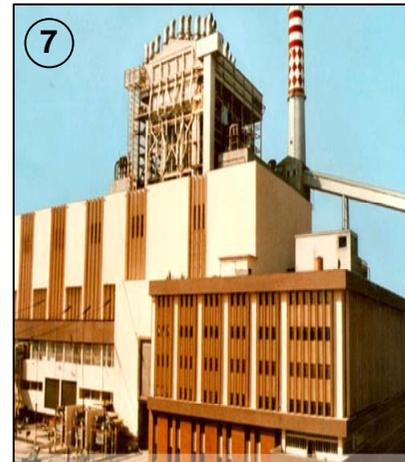
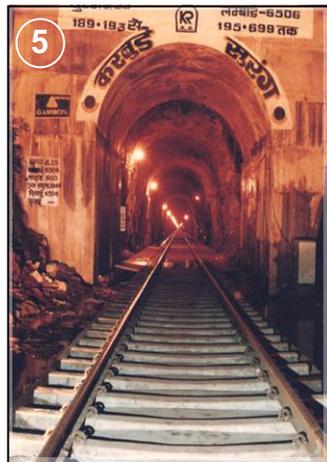
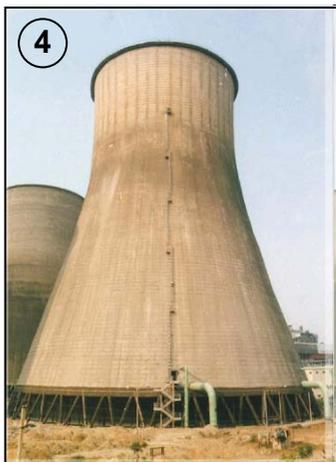
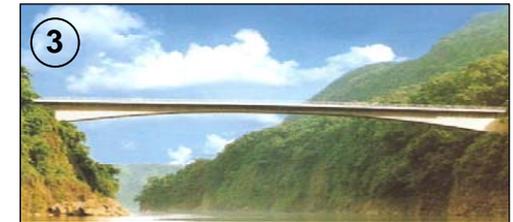
(as on Sep 30, 2009)



(Based on shareholding data as disclosed to Stock Exchanges)

# Landmark Structures

1. Clover leaf flyover of 5 kilometers at Hebbal, Bangalore in 2003, longest in India at that time
2. Urban viaduct of 2 kilometers at J.J. Hospital, Mumbai in 2002, longest in India at that time
3. Longest span Cantilever bridge of 140 meters across the river Jadukatta in Meghalaya in 2001
4. Tallest Cooling tower of 141 meter tall at Panipat in 2000, tallest in India at that time
5. Railway tunnel of 7 kms for Konkan Railway at Ratnagiri in 1995, longest in Asia at that time
6. First cable-stayed bridge in India at Akkar, Sikkim in 1988
7. First 500 MW thermal power station at Trombay in 1983
8. River bridge of 6 kilometers across the Ganges at Patna in 1982, longest in India at that time
9. First reinforced piling job in India for construction of the foundation of Gateway of India, Mumbai in 1922



## Enhance EPC Capabilities

- Cost effective and timely completion
- Update and implement technologies and procedures in line with international standards
- Consistently deliver quality product
- Training staff for continual improvement

## One stop Energy shop

- Expand presence across the entire energy value chain
  - Consulting, Design & EPC
  - Manufacturing & Supply of power equipments
  - Transmission & Distribution
  - Operation & maintenance
- Cover following forms of energy generation
  - Nuclear
  - Hydro
  - Thermal
  - Non-conventional

## Strategy

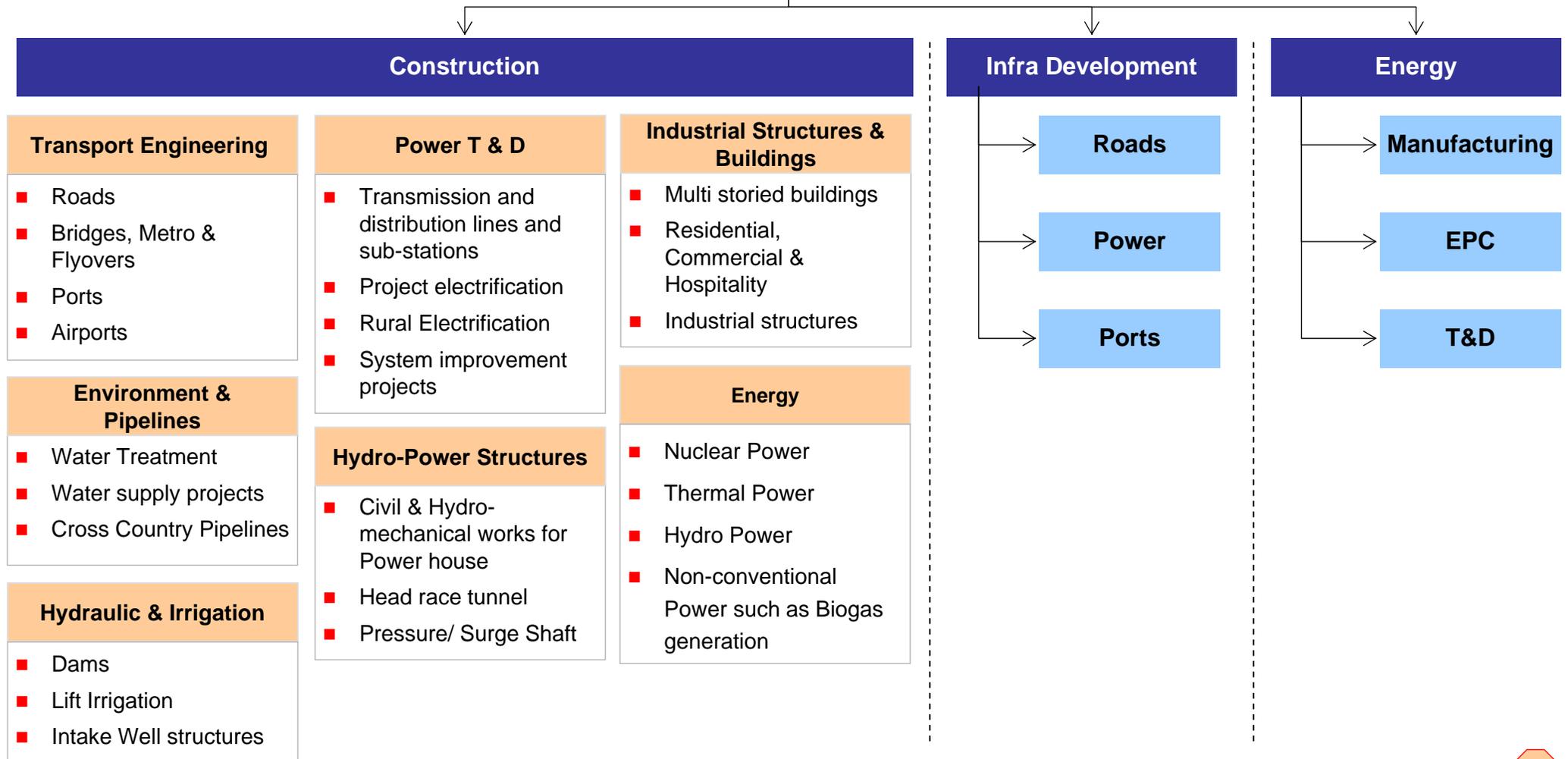
## Capture the Infra Growth Story

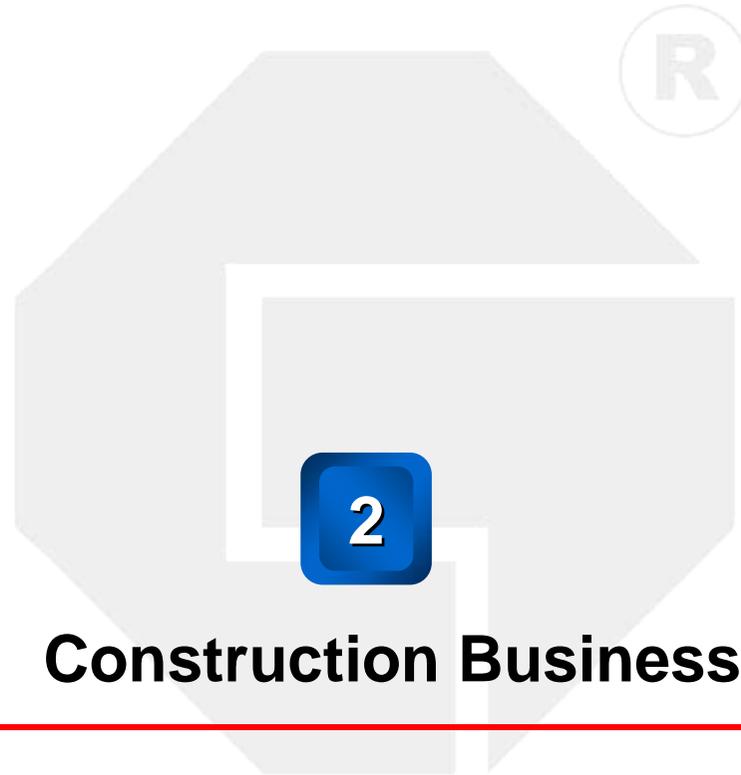
- Capture market share in Transportation and power infrastructure opportunity
- Leverage partnerships with global players to increase market share internationally

## Recent Acquisitions

- Develop the strengths in India to cater to Indian market
- Turnaround our loss making subsidiaries
- Setup manufacturing facilities in India to compete on costs

# Operating Divisions





**Construction Business**

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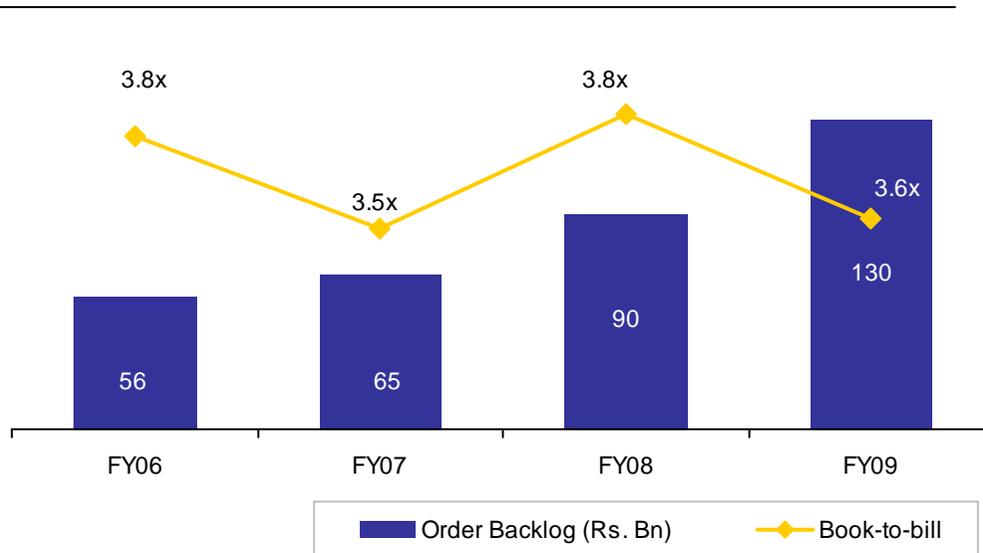
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# Size & Scale

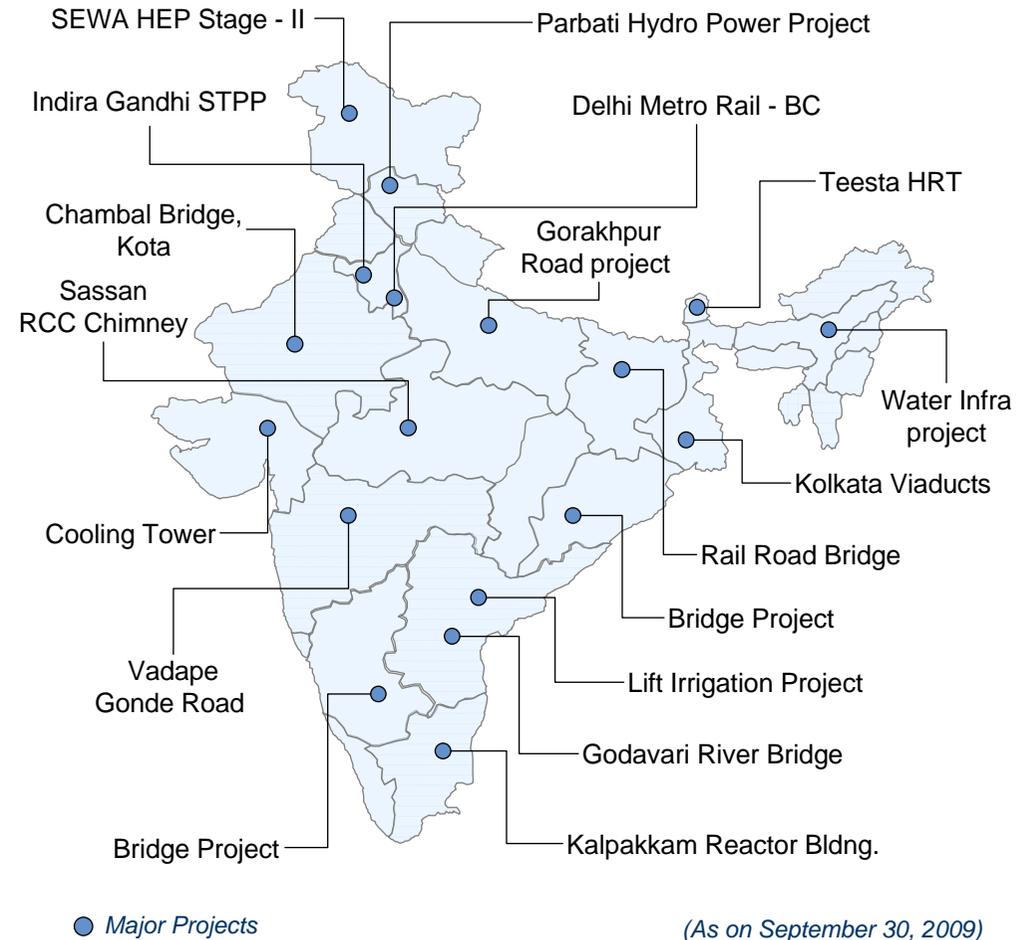


- Among the top 5 construction companies in India in terms of revenues
- Demonstrated ability to bid for and win large projects
  - Parbati Hydroelectric project: Rs. 7,377 Mn
  - Bridge across Godavari: Rs. 7,000 Mn
  - Secunderabad Water conveyer system: Rs. 4,359 Mn
  - Design, Engg. & Const. of offshore container terminal in Mumbai: Rs. 4,040 Mn

## Execution Ramp Up



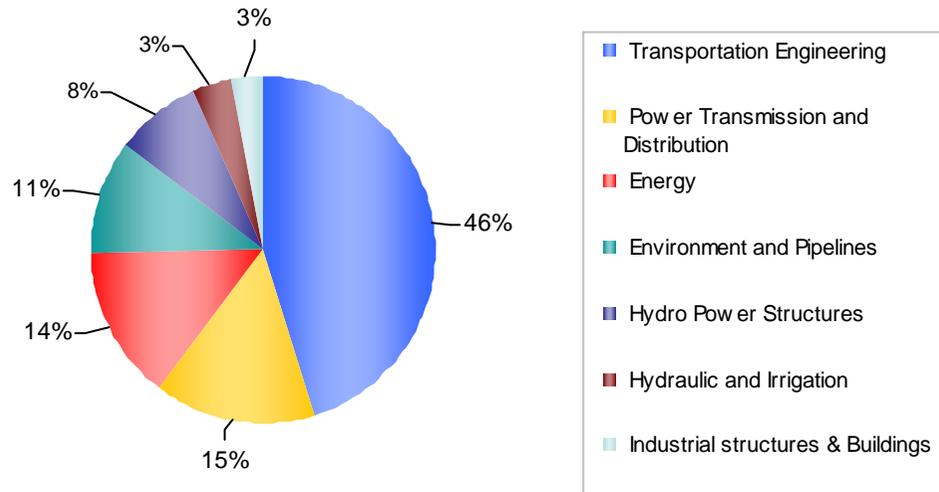
## Executing Projects Across India (153 Projects)



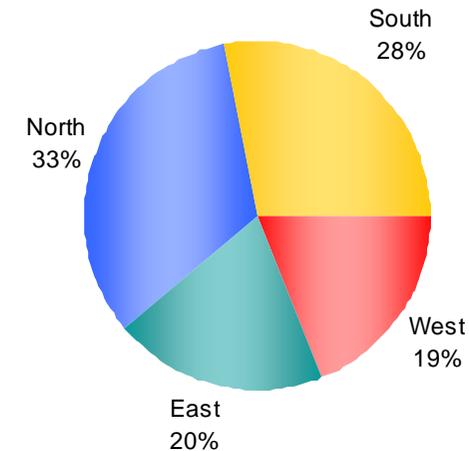
**Besides India, primarily Power T&D projects in countries such as Oman, Ethiopia, Nigeria, Algeria, Kenya & Afghanistan**

## Total Standalone Order Book: Rs. 13,179 Crores

As of 30<sup>th</sup> Sept ember 2009

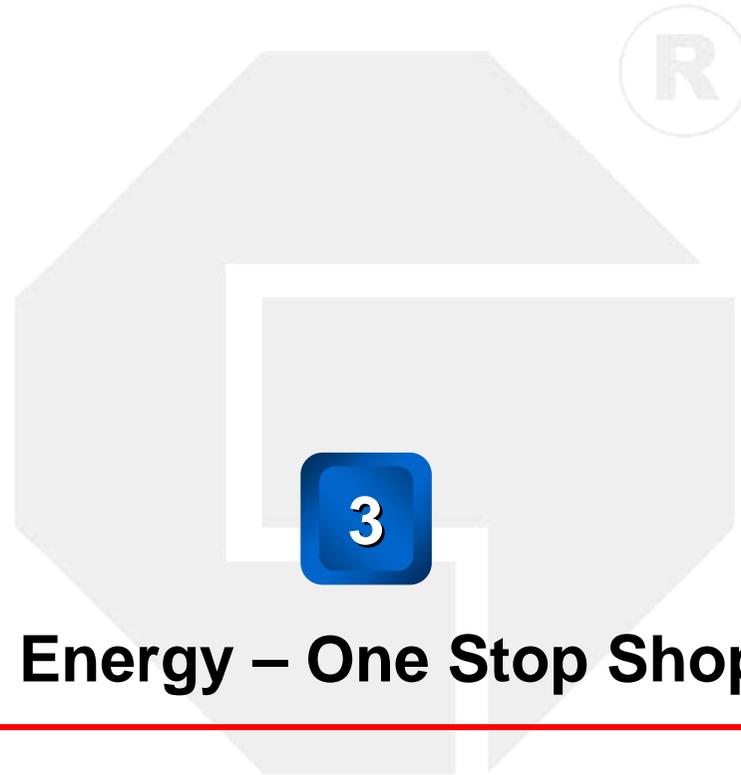


## Geographical Spread\*



\* Distribution excluding international Order book

- Stability & flexibility in the business model
  - Approximately 35 % of contracts are fixed price contracts and balance have price variation clauses
  
- Strong technical, engineering and design capabilities to undertake the diverse projects
  - Advanced Software for design and a strength of 74 qualified persons in design team
  - We introduced several pioneering technologies in India like cantilever construction technology ; nuclear containment structure in PSC, Reinforced concrete Piles Segmental construction technique



**Energy – One Stop Shop**

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# Italian Acquisitions



Acquisitions	Business Focus	Acquisition Cost	Value of Production* 6M CY 09
<b>Sofinter</b>	Sofinter has following major operating companies	Euro 50 Million	Euro 206.7 Mn <sup>#</sup>
■ Ansaldo Caldaie	Design & Manufacturing of Steam generators		
■ Europower	Active in several industrial fields viz, energy, waste-to-energy & oil & gas related to engineering, supply & construction of Turnkey power plants & operation & maintenance		
■ Itea	From Waste to Energy production		
<b>Franco Tossi Meccanica</b>	Manufacturing of Steam & Hydro Turbines for power utilities including nuclear facilities	Euro 40 Million	Euro 47.3 Mn
<b>S.A.E. Power Lines</b>	EPC focused on Power transmission	Euro 5 Million	Euro 33.9 Mn

\*As per Italian GAAP / IFRS

# Combined turnover of major group companies

**Project execution across the world including Africa, Europe, Middle East, South East Asia & Latin America**

## Rationale

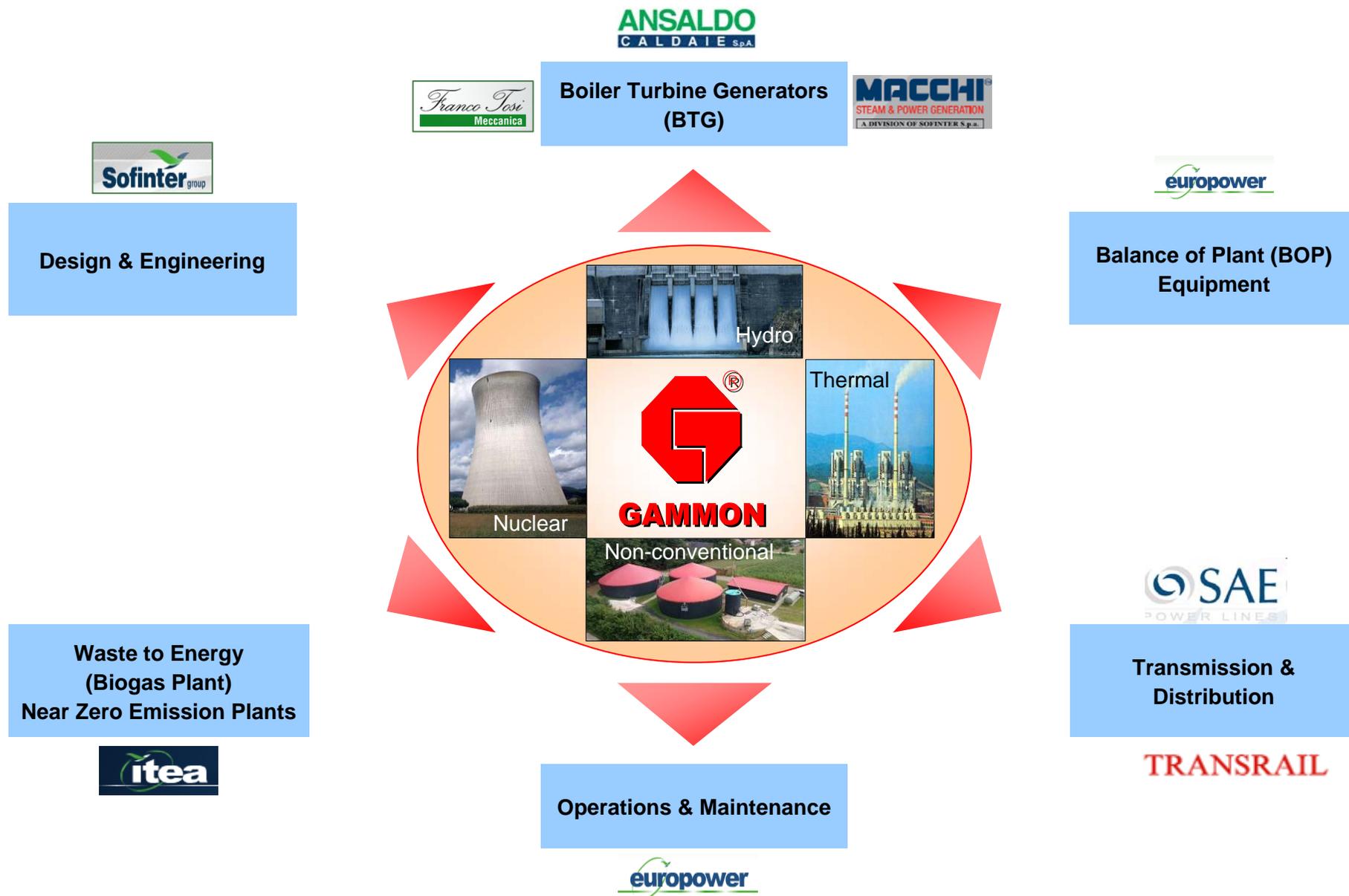
- GIL has presence in EPC (Civil) power plants
- Single point responsibility of the Civil Contractor
- Limited number of players & high entry barriers in Power Equipment Manufacturing segment
- Growth potential of the power industry
- Creating a power vertical of Gammon and position it as a complete solution provider

## Strategy

- Follow the acquisition route instead of green-field
  - to target technology driven companies
  - to ensure lower cost/Mw of installed capacity
  - having reliable captive replacement & service market
- Improve the competitiveness of target companies in existing markets
- Extend operations in India for the Indian market
- Make Target companies the technology providers

**We believe that due to these acquisitions & partnerships we are eligible to bid for supplying Super critical boilers & Super critical turbine contracts**

# Gammon - "One Stop Energy Shop"



- Established in 1979
- Manufacturers of Power and Industrial Boilers
  - Brands - Ansaldo Power Boilers and Macchi Oil & Gas / Petrochemicals Boilers
  - 80,000 MW of Ansaldo boilers installed worldwide
  - Over 1,000 units installed of both brands
- EPC on turn-key basis for power, petrochemical and chemical industry – Europower Brand
  - Waste-to-energy plants
  - Operation and Maintenance for power and industrial plants
- Water treatment operations under Saline Water Specialists (SWS) brand - Itea



**Major Operating Group Companies**





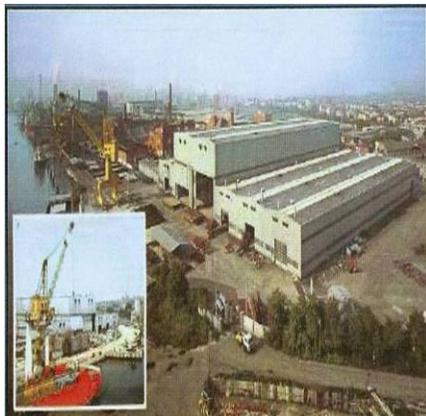










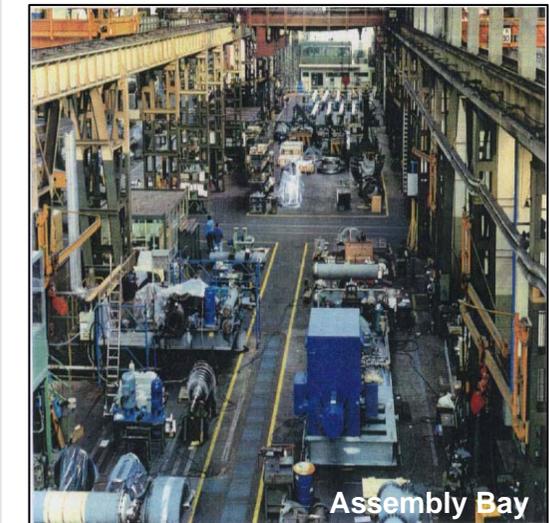
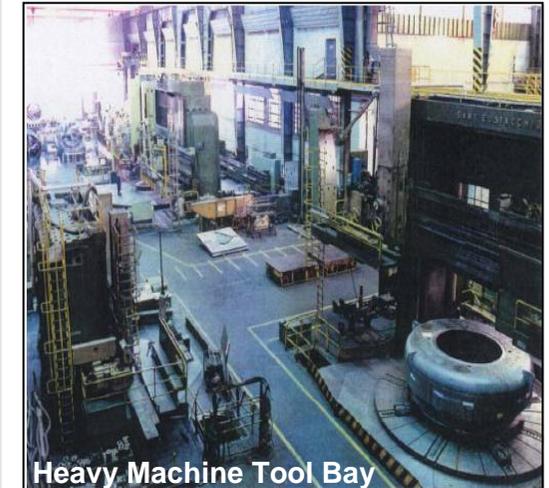


# Franco Tossi Meccanica

- Established in 1881
- Manufacturer of steam and hydro turbines
  - Own proprietary technology for Industrial steam, Utility and Hydraulic turbines
  - Over 75,000 MW of installed capacity, aggregating over 2,000 units installed in over 40 countries
- Technology and references for surface condensers
- Capability to design and supply Electro-mechanical BOP and HP piping systems
- Building capabilities in growing waste-to-energy and biomass segment



## Facilities



## Products



- Primarily engaged in the design fabrication and erection of transmission towers and lines
- Operations in Africa, South East Europe, Middle East, Southeast Asia and Latin America
- Caters to both types of Customers:
  - **Utilities companies:** mainly consisting of state owned companies, organized by subsystem departments with their own standard technical and commercial specifications
  - **IPP's and developers:** mainly consisting of private companies, generally set up as special purpose companies for the project working in transnational markets



# Italian Acquisitions



*Euro Million*

Sofinter	CY 07	CY 08	H1 CY 09
Consolidated Total Revenues	527.75	499.24	206.74 #
Consolidated EBIDTA	(30.12)	(16.72)	6.16 #
Consolidated PAT	(38.29)	(41.69)	(3.37) #

**Outstanding Order Book of Euro 504 million as of Sep 30, 2009**

Franco Tossi Meccanica	CY 07	CY 08	H1 CY 09
Total Production Value	102.34	102.40	47.34
EBIDTA	(10.51)	(8.50)	2.10
PAT	(17.68)	(17.70)	(2.80)

**Outstanding Order Book of Euro 250 million as of Sep 30, 2009**

SAE Power Lines	CY 07	CY 08	H1 CY 09
Total Production Value	24.16	29.80	33.90
EBIDTA	(2.38)	(2.73)	1.30
PAT	(2.5)	(2.77)	0.10

**Outstanding Order Book of Euro 45 million as of Date**

*Note: Financials are as per Italian GAAP / IFRS*

*# Summation of the 4 major group companies Sofinter, Ansaldo, Europower and ITEA*

**Efficient management of the newly acquired businesses**

**Total International Order book of Euro 799 million as of Sep 30, 2009**



## **Infra Development Business**

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## Established

- Gammon Infrastructure Projects Ltd. (“GIPL”) was incorporated in 2001 as Gammon group’s vehicle for undertaking infrastructure projects on public-private partnership (“PPP”) basis

## Activity

- Undertake and develop infrastructure projects in sectors such as roads, bridges, ports, hydroelectric power, biomass power
- Provide services in other areas of project development such as operation and maintenance services and project advisory services
- Provide end-to-end supply chain solutions for the transportation of air cargo through warehousing and distribution facilities

## Portfolio

- Total project portfolio – 19 projects
  - 4 operational projects
  - 10 projects in the development phase
  - 5 projects in the pre-development phase

## Financial

- Consolidated income of Rs. 2,134 Mn for the year ended March 31, 2009
- Consolidated net profit of Rs. 350 Mn for the year ended March 31, 2009

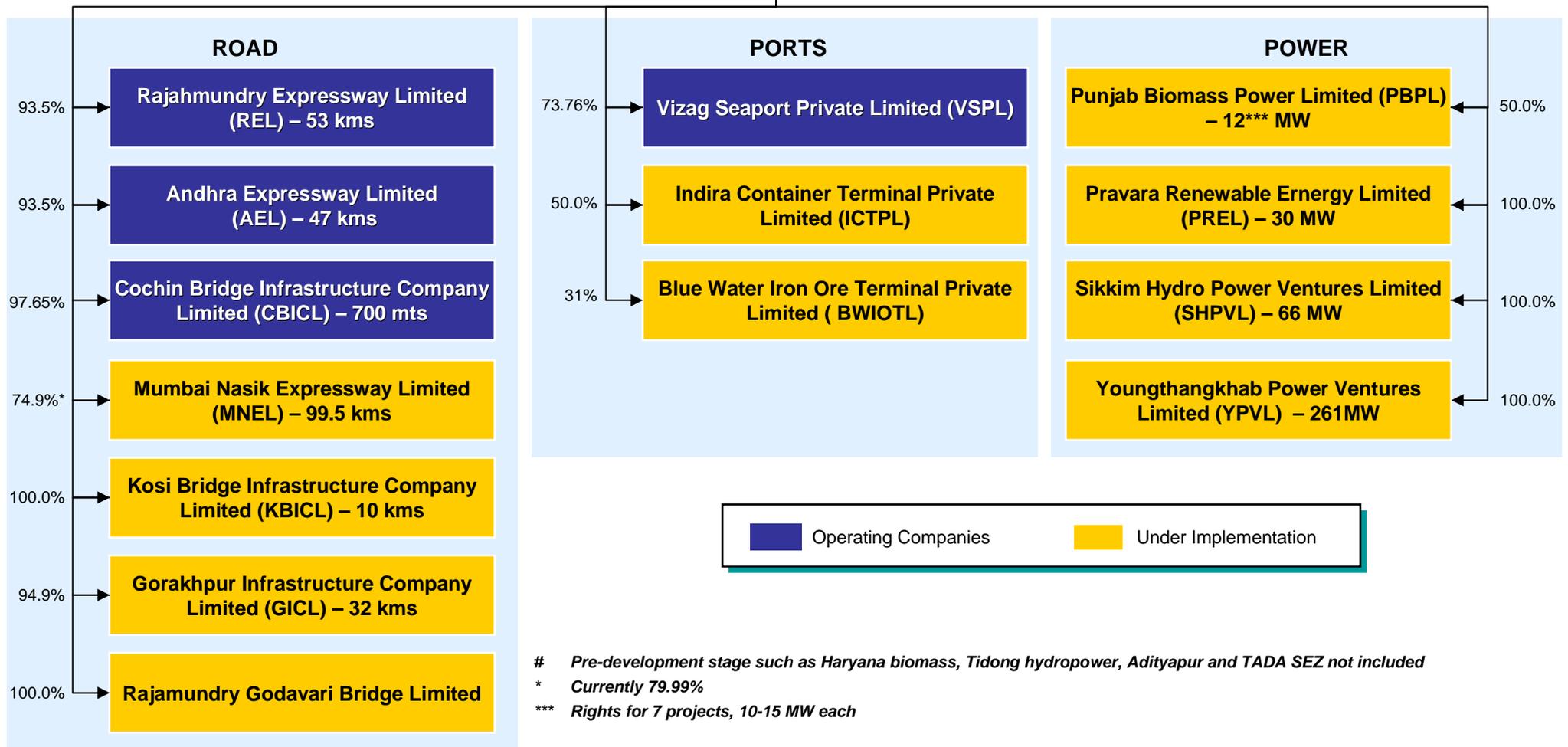
## Regulatory Framework

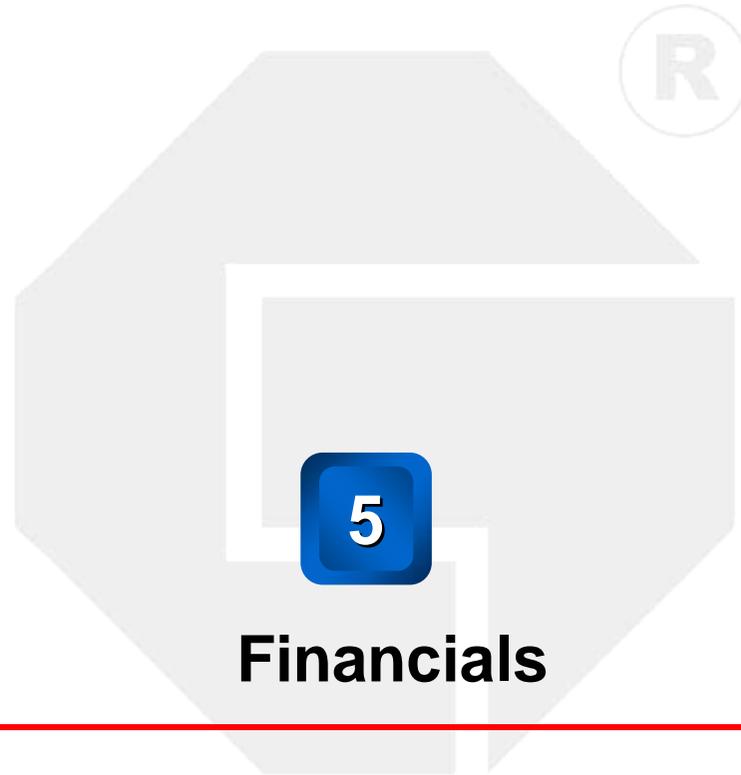
- Participation in projects based on BOT, BOOT, BOO and other PPP models
- Long term contractual relationships with government agencies and private players for development and operation of infrastructure facilities

# GIPL – Assets at a Glance#



## Gammon Infrastructure Projects Limited





**Financials**

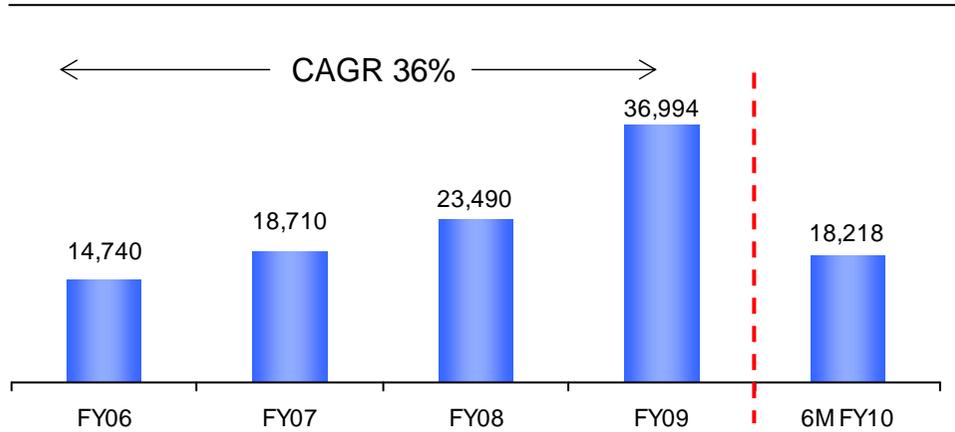
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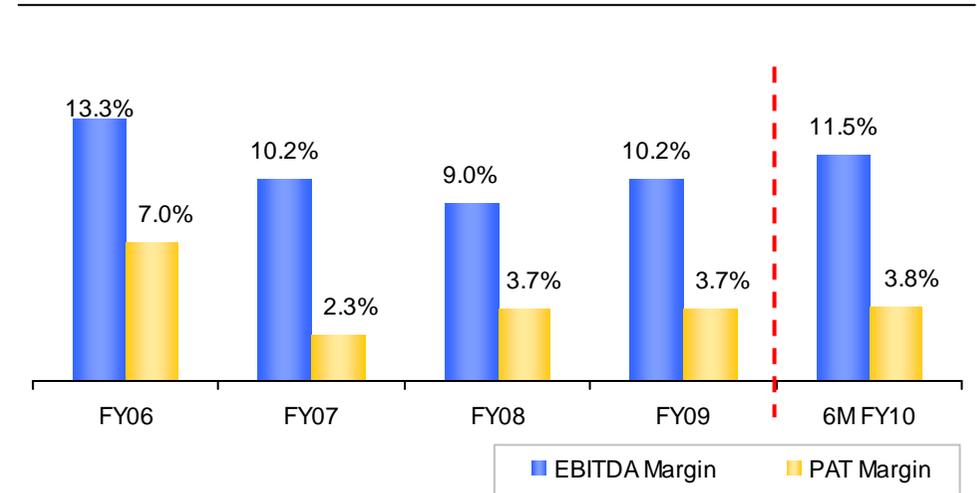
# Standalone Financials



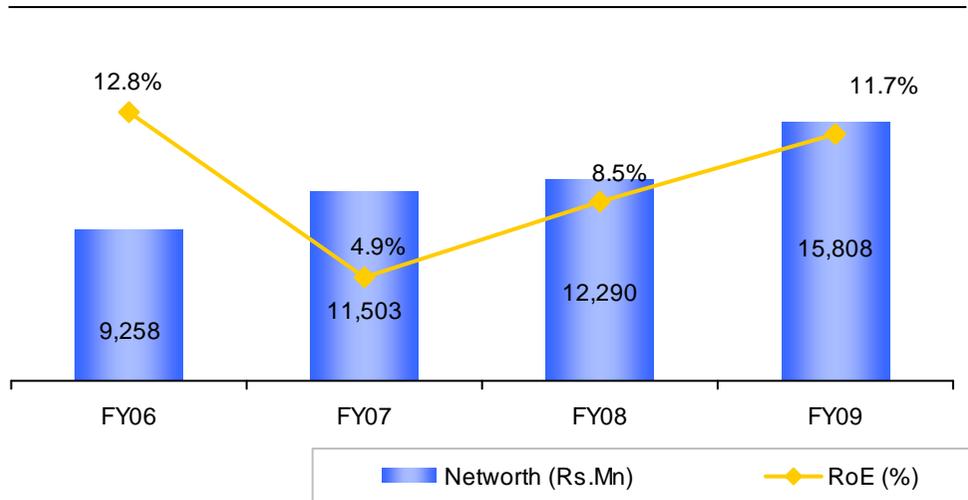
### Revenues (Rs. Mn)



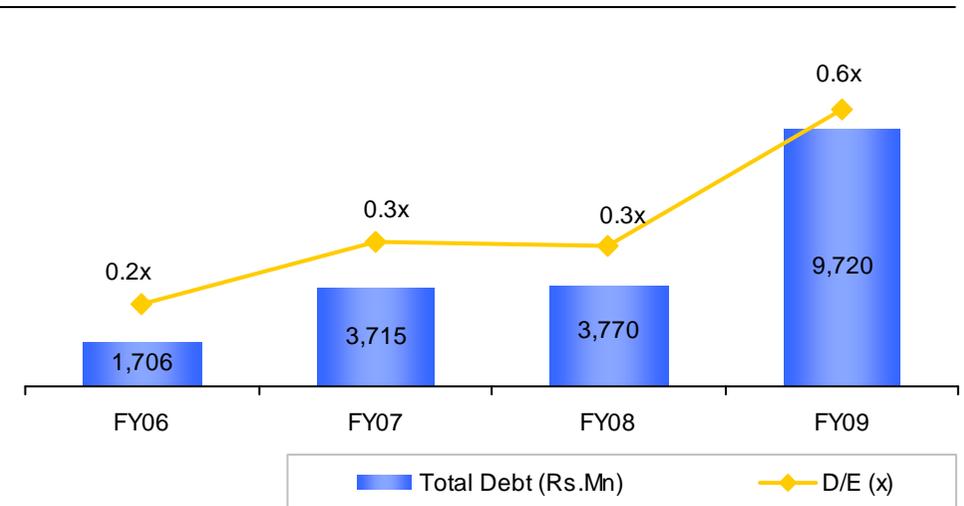
### Margins



### Return on Equity (1)



### Leverage Position



(1)  $ROE = PAT / \text{Average (Networth less investments)}$

# Consolidated Financials



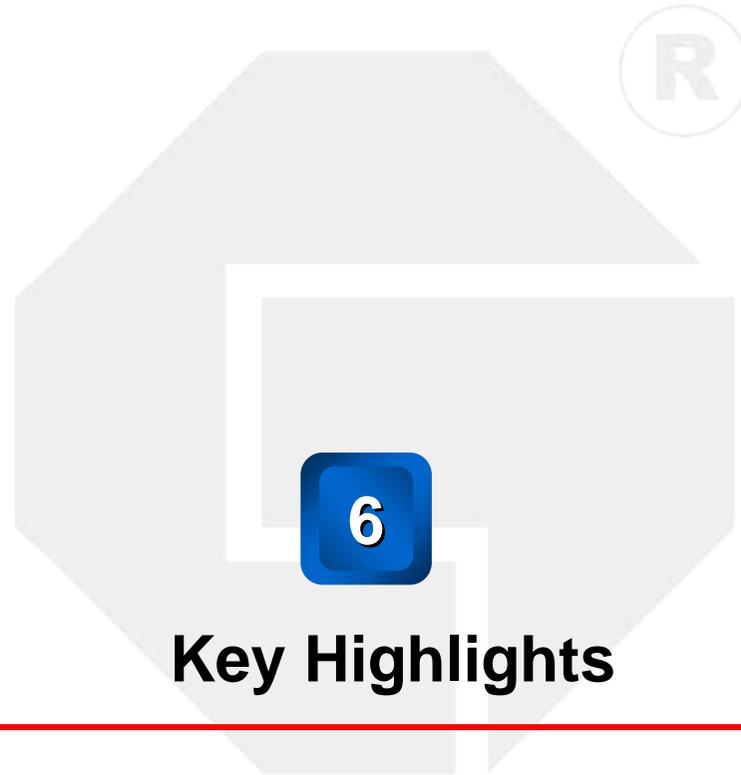
Rs. Million

Income Statement	FY09	
	Standalone	Consolidated*
Total Income	<b>36,994</b>	<b>52,790</b>
Total Expenditure	33,215	47,423
EBIDTA	<b>3,779</b>	<b>5,367</b>
EBIDTA margin (%)	10.2%	10.2%
Interest	1,053	2,415
Depreciation	640	1,439
PBT	2,087	1,494
Tax	700	840
PAT	<b>1,387</b>	<b>654</b>
PAT margin (%)	3.7%	1.2%

Rs. Million

Balance Sheet	FY09	
	Standalone	Consolidated*
Share Capital	1,270	1,270
Reserves & Surplus	14,520	15,550
Shareholder's Funds	15,808	16,864
Total Debt	9,720	43,280
<b>Total Liabilities</b>	<b>26,068</b>	<b>63,852</b>
Net Block	9,480	26,397
CWIP	354	12,750
Investments	2,210	950
Total Current Assets	33,031	64,026
Total Current Liabilities	19,006	47,397
Net Current Assets	14,024	16,630
<b>Total Assets</b>	<b>26,068</b>	<b>63,852</b>

\* International Subsidiaries consolidated with 3 Month lag



## Key Highlights

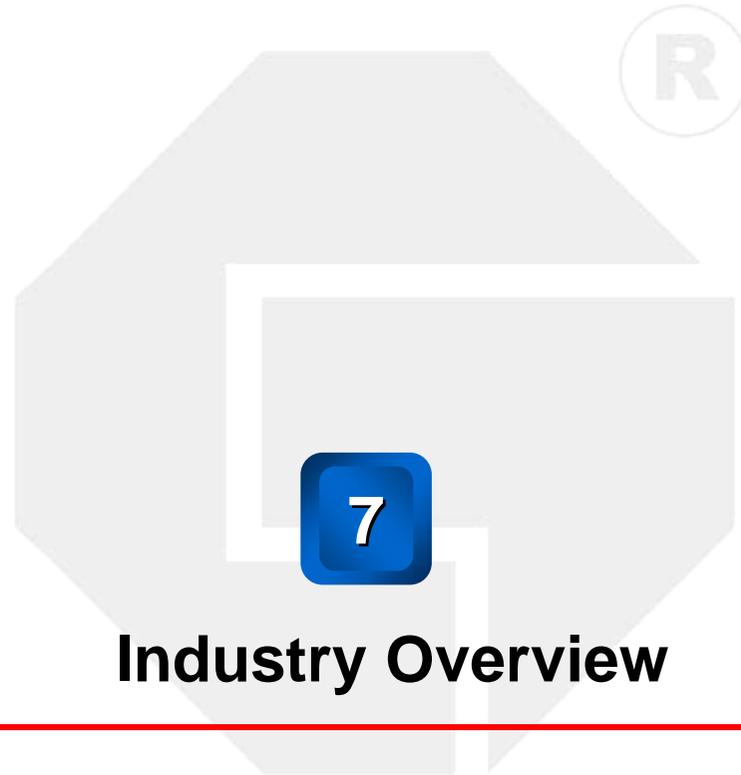
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# Gammon: Major Player in Construction Industry



- 1 **Size and scale of operations; Consolidated order book of Rs. 188 Billion**
- 2 **One Stop Energy Shop**
- 3 **Technology, Engineering & In-house Design Capabilities**
- 4 **Seeking to strengthen foothold in international business**
- 5 **Experienced and Professional team**
- 6 **Diversified BOT portfolio with project pipeline**



## Industry Overview

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- Fastest growing economy after China
- Changing composition of GDP
  - Reduced dependence on agriculture and growing industrial and services sector
- Next phase of growth expected to come from rural markets
  - Per capita income grew by 50% over the last 10 years
- Among the world's youngest nations with a median age of 25

(Source: World Bank; Planning Commission; MoF)

## Global Equity Markets - YTD Returns (2)

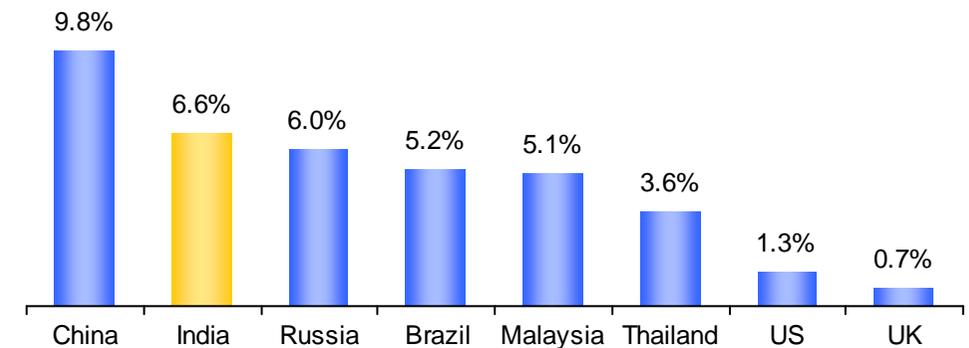
<b>Russia</b>	MICEX	115.35%
<b>China</b>	Shanghai Composite	82.39%
<b>India</b>	<b>SENSEX</b>	<b>77.10%</b>
<b>Brazil</b>	Bovespa	76.64%
<b>Hong Kong</b>	Hang Seng	56.93%
<b>Korea</b>	Kospi	43.64%
<b>UK</b>	FTSE 100	18.43%
<b>US</b>	Dow Jones	17.57%
<b>Japan</b>	Nikkei 225	7.20%

(1) CIA World Factbook

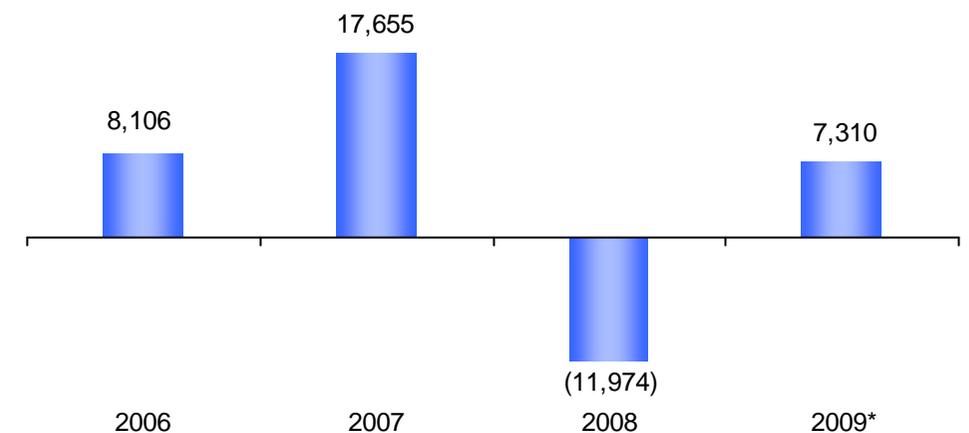
(2) Source: Bloomberg, as on Nov 23, 2009

(3) SEBI website

## GDP Growth in CY 08 (1)



## Strong Growth in Foreign Investments (US\$ Mn) (3)

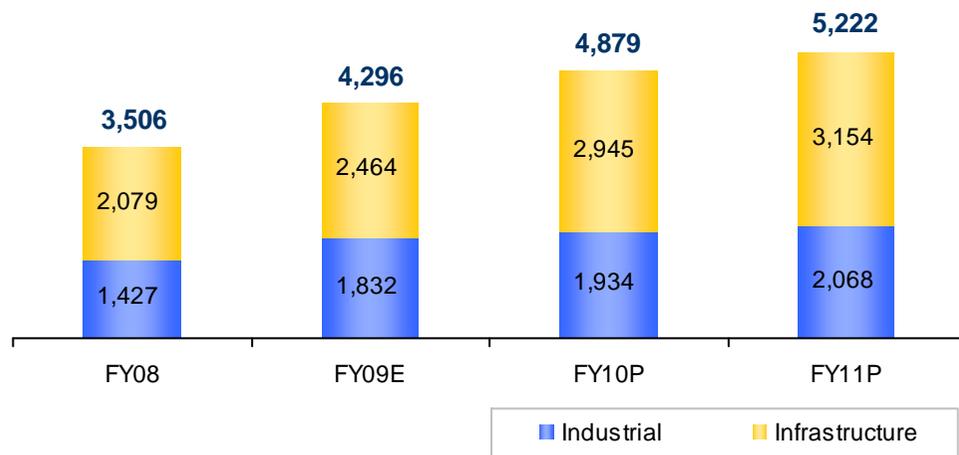


\* Till Jul 31, 2009

# Growth Potential of Construction Industry



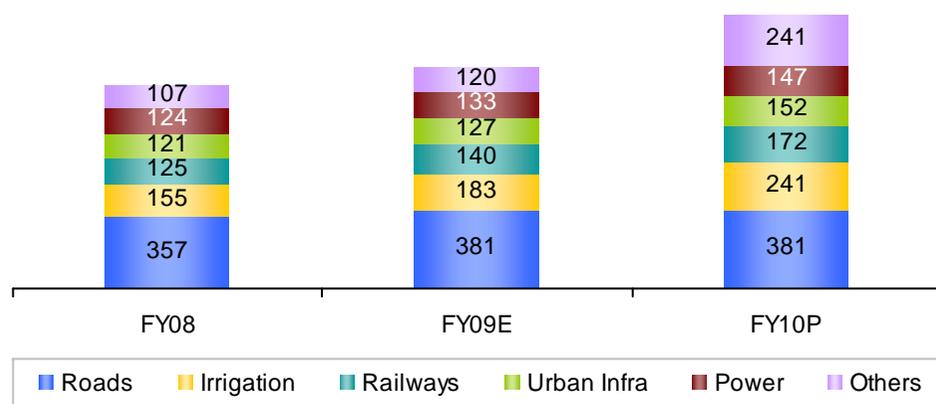
### Total Construction Spend (Rs. Bn)



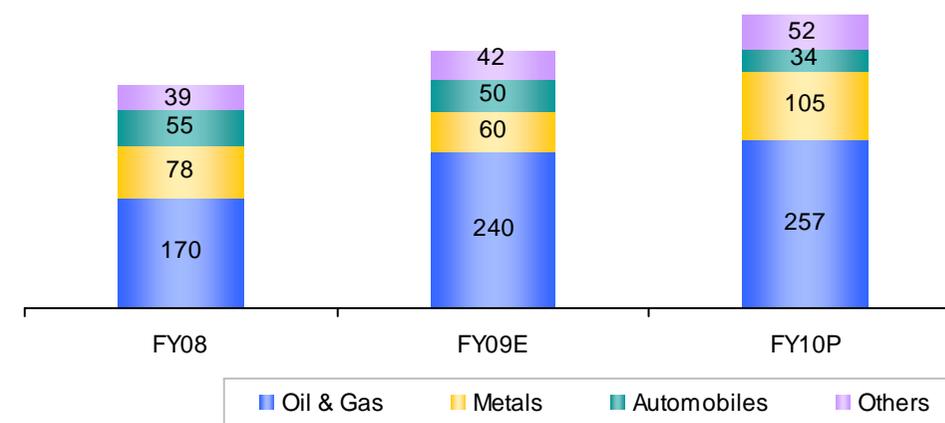
### Infrastructure Investments

- Roads: Investments to pick momentum through award of new BOT projects
- Irrigation: Driven by state governments
- Power: Private sector capacity addition to bolster growth
- Water & urban infrastructure: JNNURM investments through Urban Local Bodies (ULBs)
- Others: Railways, ports, airports, oil & gas, mining are primarily government driven

### Construction Spend in Infrastructure (Rs. Bn)



### Construction Spend in Industrial Segment (Rs. Bn)

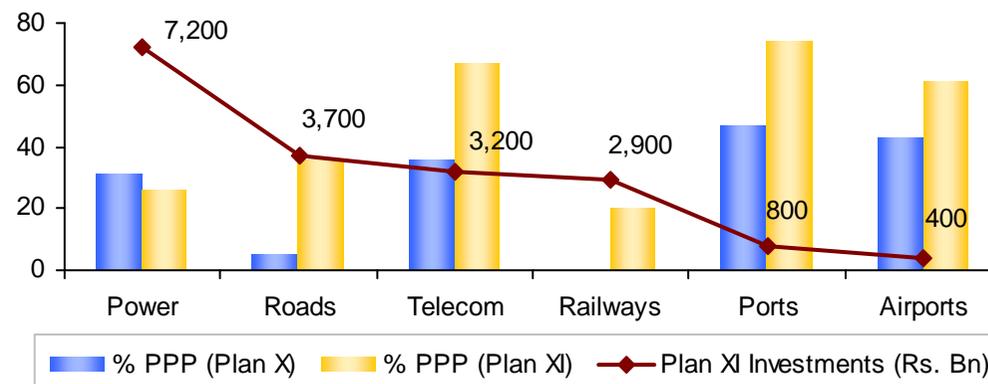


Source: Planning Commission

# Growth in Infrastructure BOT



- PPP model to continue to increase for infra projects
- Award of projects to pick up pace with the stability in new government and policy actions
  - Model concession agreements
  - Viability gap funding, 100% FDI under automatic route, increase in ECB limit to US\$ 500 Mn
  - 100% IT exemption for 10 years



	Target	Government Action	Outlook
<b>Roads</b>	<ul style="list-style-type: none"> <li>■ 1,000 km of expressways</li> <li>■ 6-laning of 6,500 km and 4-laning of 10,000 km</li> </ul>	<ul style="list-style-type: none"> <li>■ NHAI's 7-phased NHDP</li> <li>■ Competitive bidding for BOT</li> </ul>	<ul style="list-style-type: none"> <li>■ Growth @ 12-15% p.a for passenger traffic and 15-18% p.a for cargo</li> <li>■ US\$ 50-60 Bn investment required over the next 5 years</li> </ul>
<b>Power</b>	<ul style="list-style-type: none"> <li>■ Capacity addition of 78 GW in generation and 60,000 ckm in T&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>■ Electricity Act, 2003</li> <li>■ Captive coal block allocation</li> <li>■ IPTC in T&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>■ Capacity additions ~ 100 GW generation and 60,000 ckm transmission lines with investments of US\$ 200 Bn</li> <li>■ Peak deficit ~ 12%, AT&amp;C losses ~ 30%</li> </ul>
<b>Ports</b>	<ul style="list-style-type: none"> <li>■ Cargo handling capacity of 1.5 bn MT by 2012 (2x growth)</li> </ul>	<ul style="list-style-type: none"> <li>■ Competitive bids for BOT terminals on revenue share</li> <li>■ NMDP for Major Ports</li> </ul>	<ul style="list-style-type: none"> <li>■ Cargo to grow @ 7.7% p.a, container cargo @ 15.5% p.a till 2012</li> <li>■ 2x growth in India's share of global exports</li> <li>■ Investments of US\$ 19 Bn in Major &amp; Minor Ports</li> <li>■ Port connectivity projects</li> </ul>
<b>Airports</b>	<ul style="list-style-type: none"> <li>■ 500 operational airports in 12 years (~5x growth)</li> </ul>	<ul style="list-style-type: none"> <li>■ Privatization precedents set</li> </ul>	<ul style="list-style-type: none"> <li>■ Growth in passenger traffic @ 15% p.a, cargo @ 20% p.a</li> <li>■ Development of 35 non-metro airports @ US\$ 9 Bn</li> </ul>

Source: Ministry of Finance, GoI



**Thank You**

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**GAMMON**