GAMMON

BUILDERS TO THE NATION

ANNUAL REPORT 2009-10

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Cover page image: Turbine made at Franco Tosi

CHAIRMAN'S ADDRESS

Dear Shareholders,

As I reflect on the year that was, three things strike me as key influencing factors that shaped our ability to combat and successfully address uncertainties of the market environment and its dynamics during the period. These were the attributes of patience and perseverance; preparedness and thirdly, a single minded dedication born out of confidence in one's capabilities and strengths.

The year 2009 was a significantly test of our fundamental strengths. The aftermath of the global meltdown and the economic slowdown and more so it's unpredictable characteristic, was a real test of our resilience. At Gammon, one can say with a reasonable amount of satisfaction, that we demonstrated our resilience, by adopting the adage that 'patience and perseverance' pays. More so, when it is combined with dedication. This helped us capitalise on our fundamental strengths and address the second factor of preparedness with optimism when the year beginning 2010 showed signs of revival. The Indian economy which had consistently clocked an impressive performance for over a decade, posted a growth of around 7.5% during the Financial Year 2009-10.

As we look ahead, given the global context and India's emerging stature as a destination of growth, especially in the Infrastructure space, a growth rate of 8% during the coming year, is more than likely. It is a fact that all experts in the business and academic arena, concur on a definite shift in the centre of gravity towards Asia and in particular to India and China, in the very near future. In this scenario, our Government is rightly intending to double its investment in the key domain of Infrastructure development. This is expected to be close to US one trillion dollars ($ 1 trillion). We at Gammon as 'Builders to the Nation' are delighted at this wonderful opportunity wherein we can actively participate and partner in this growth agenda for the Nation. We are confident that given our fundamental competencies and commitment, Gammon can match the best of standards be it through its capabilities in turnkey projects, technical know-how or skilled talent pool.

In this context, it gives me pleasure to confirm that your company is well on track by making a significant headway towards new horizons of success and glory. This is reflected in the impressive results that your company has posted in the Financial Year 2009-10.

Your company's consolidated turnover during the Financial Year 2009-10 increased by more than 33% to ₹ 7070 crore from ₹ 5220 crore, on a year on year basis. This was ably supported by the good performance of our foreign entities which also showed a positive turnaround during the year. The operating profits of the company soared from ₹ 351 crore to ₹ 534 crore registering a growth of 52% during the same period. The profit post tax increased marginally from ₹ 64 crore to ₹ 70 crore. While potentially this could have been higher, the uncertainty in the international monetary climate led to a huge fluctuation in the foreign exchange, resulting in a sizable increase in financing costs. The Company's standalone order book as of June 2010 registered a solid score of ₹ 15000 crore.

At Gammon, we are now focussing on reinforcing our organisational excellence model. With this in perspective, we are enhancing our engagement and attention in the areas of customer relationships; speed of execution and on delivering maximum synergies across all the cross-functional operations of our various business units. Towards this, the organisation recently undertook a major restructuring of its business verticals. As a result; through mergers and acquisitions, we have been able to successfully garner our diverse resources. This in turn has enabled your company to revitalise the contribution from all its business entities. All in all, our business entities have together played a pivotal role in potentially tapping their key business facets and priming the company's growth agenda, in right earnest. Thanks to this and the dedicated efforts of all the employees, your company also successfully raised ₹ 305 crore through a Qualified Institutional Placement (QIP) programme. This resource will be used as a prime source of funding for your company's ongoing demands for business expansion, fixed assets and working capital requirements.

We are also happy to report that your company's strategic investments in Franco Tosi Meccanica and Ansaldo Caldaie have already started reaping benefits within a year. Gammon now plans to aggressively set its sights on the Power Generation business. Given its fairly strong in-house capabilities in the areas of Transmission and Distribution, Gammon will be well positioned to be in the forefront of this Energy space, steadily establishing its presence across the entire value chain of this business.

As pointed out earlier the recipe of persistence and perseverance hardly goes unnoticed and unrewarded. Given its innate strengths and skill sets, your company is very well equipped to meet and capitalise on the new and exciting opportunities that are now increasingly presenting themselves across all its business operations. We at Gammon are confident that the continuing efforts that are on in improving our project execution capabilities and turnaround time will complement our focus on expanding our business avenues. Concurrently, our dedicated efforts at speed tracking our customer relationship engagements alongside a committed management vision, will help your company remain vibrant and competitive.

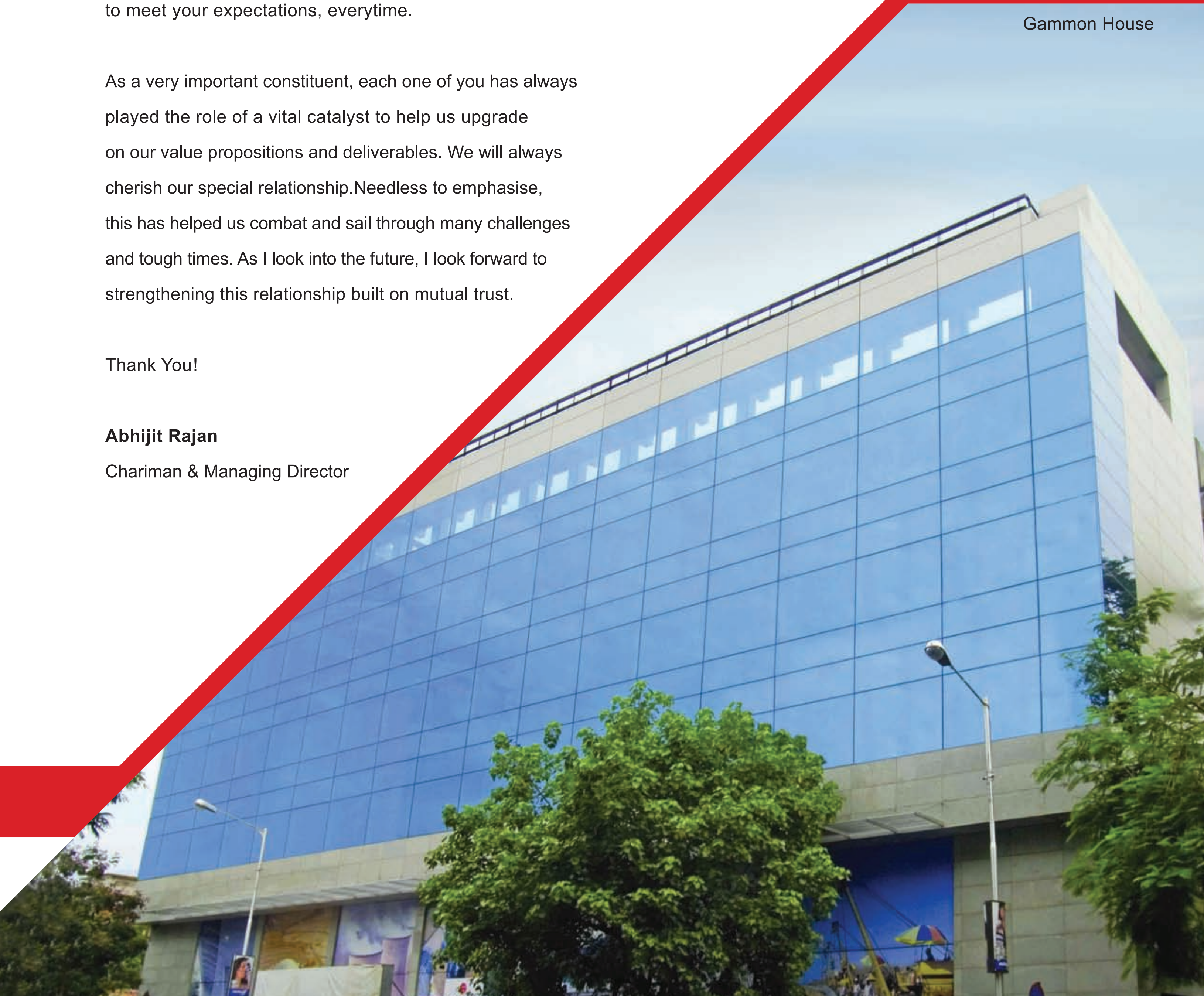
Finally and importantly, a word of gratitude and acknowledgement towards all our stakeholders. Stakeholders form the foundation for all that we have and are to accomplish. Our stakeholders have always remained supportive and gracious in all that we have undertaken. I take this platform to express my deepest sense of gratitude and appreciation to each one of our stakeholders. This includes among others; the investors, shareholders, our diverse customers, bankers and all those who have played a key role in Gammon's success till date. We as torch bearers of your company shall always endeavour to deliver beyond our potential so as to meet your expectations, everytime.

As a very important constituent, each one of you has always played the role of a vital catalyst to help us upgrade on our value propositions and deliverables. We will always cherish our special relationship.Needless to emphasise, this has helped us combat and sail through many challenges and tough times. As I look into the future, I look forward to strengthening this relationship built on mutual trust.

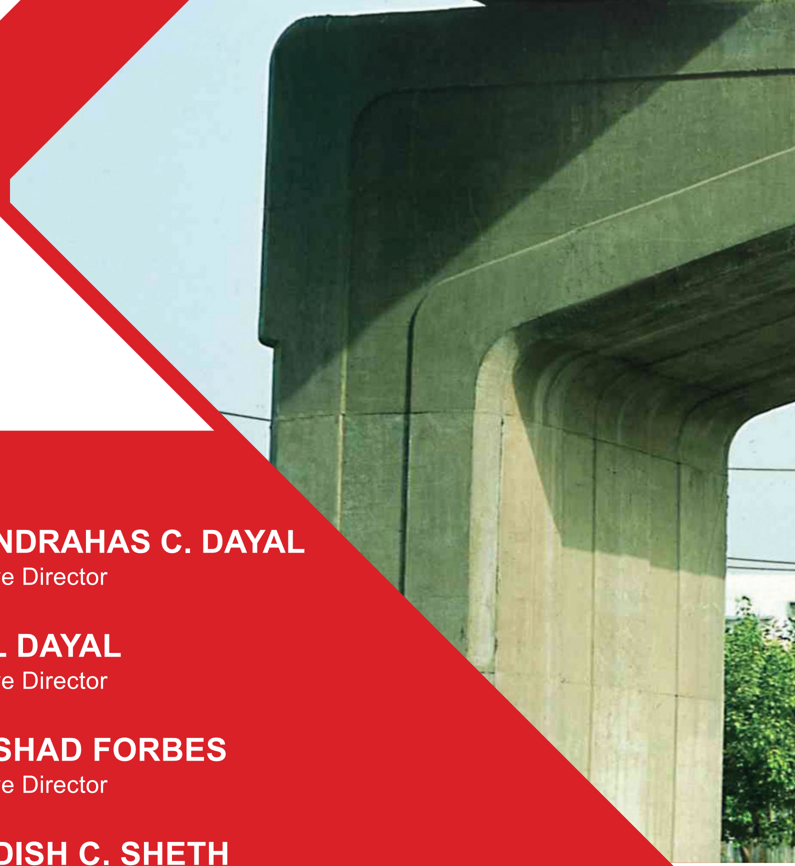
Thank You!

Abhijit Rajan

Chariman & Managing Director



Gammon House



BOARD OF DIRECTORS

MR. PETER GAMMON
Chairman Emeritus

MR. ABHIJIT RAJAN
Chairman & Managing Director

MR. ROHIT MODI
Dy. Managing Director

MR. HIMANSHU PARIKH
Executive Director

MR. RAJUL A. BHANSALI
Executive Director
International Operations

MR. DIGAMBAR C. BAGDE
Director & CEO-(T & D Business)

MR. CHANDRAHAS C. DAYAL
Non-Executive Director

MR. ATUL DAYAL
Non-Executive Director

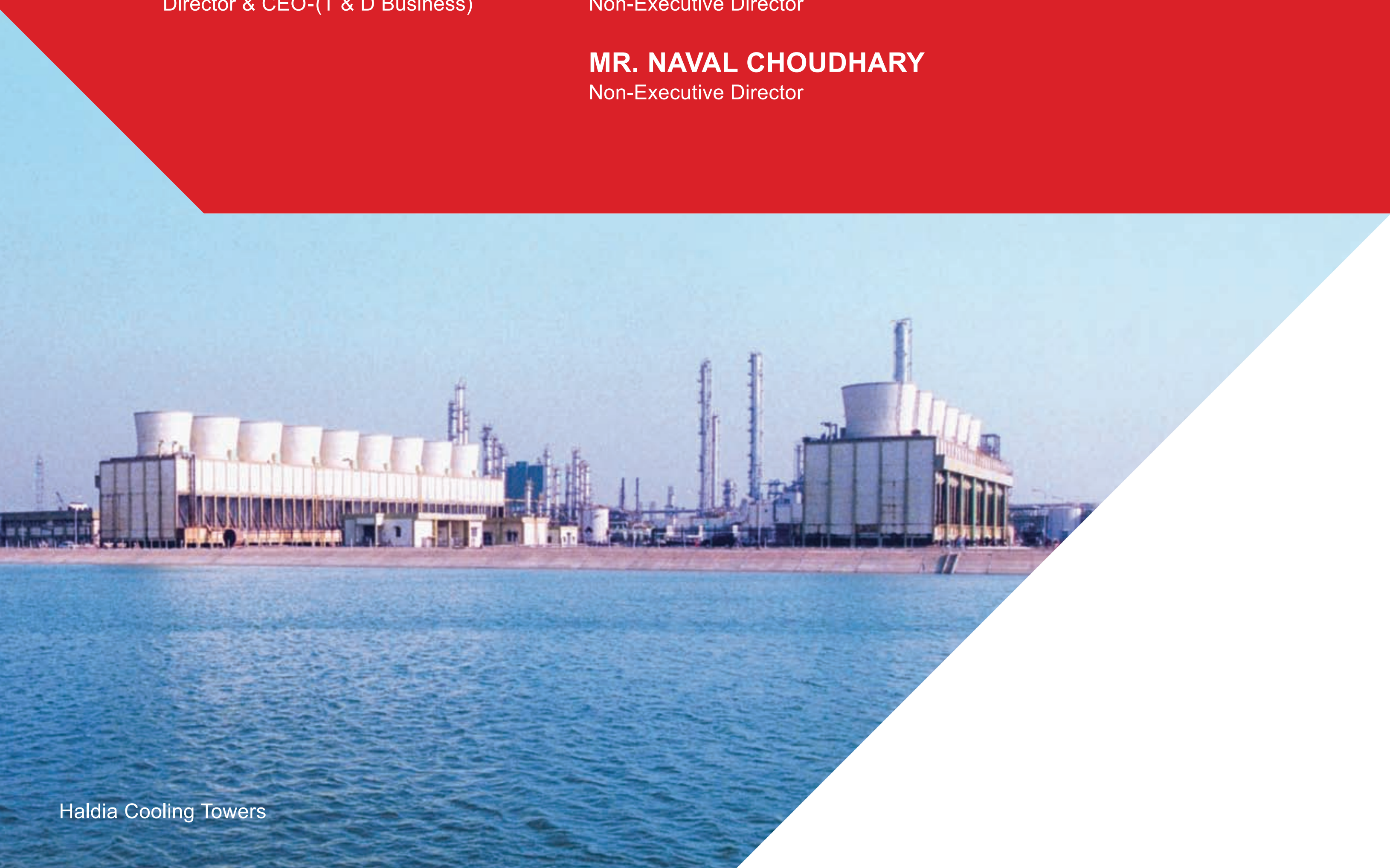
DR. NAUSHAD FORBES
Non-Executive Director

MR. JAGDISH C. SHETH
Non-Executive Director

MRS. URVASHI SAXENA
Non-Executive Director

MR. ATUL KUMAR SHUKLA
Non-Executive Director

MR. NAVAL CHOUDHARY
Non-Executive Director



Haldia Cooling Towers

COMPANY SECRETARY

GITA BADE

AUDITORS

NATVARLAL VEPARI & CO.

CONSORTIUM BANKERS

Canara Bank

Punjab National Bank

Allahabad Bank

ICICI Bank

Syndicate Bank

IDBI Bank

Oriental Bank of Commerce

Bank of Baroda

Bellary Cooling Towers

Andhra Expressway

Saharanpur Pipeline

AN INDUSTRY LEADER

BALANCE SHEET

(₹ in Crores)

PARTICULARS	As at 31st March 2010	As at 31st March 2000	PARTICULARS	As at 31st March 2010	As at 31st March 2000
SOURCE OF FUNDS			APPLICATION OF FUNDS		
Own Funds	1944.90	152.42	Fixed Assets	1168.99	158.88
Borrowed Funds	1294.56	65.58	Investments	197.84	17.75
Deferred Tax Liability	71.73	NIL	Workiing Capital	1944.36	41.37

PROFIT & LOSS ACCOUNT

(₹ in Crores)

PARTICULARS	2009-10	2008-09	2007-08	2006-07	Jan 05 to Mar 06 (15 mths)	Apr 04 to Dec 04 (9 mths)	2003-04	2002-03	2001-02	2000-01
TURNOVER	4534.25	3681.96	2513.74	2084.33	1645.69	866.60	1119.72	726.65	513.99	503.76
PROFIT BEFORE TAX	211.26	208.69	139.34	143.06	111.16	51.59	54.46	35.28	31.58	20.16

STRONG FINANCIAL RATINGS

CARE has assigned the following ratings

	TENURE (months)	AMOUNT (₹ in Crores)	RATINGS
SHORT TERM	12	600	PR1+
LONG TERM	120	400	AA

CURRENT PROJECTS

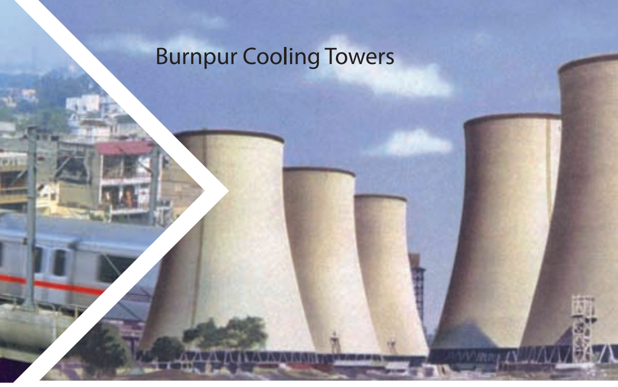
as on 31st March 2010

Areas of Specialisation	North Zone	South Zone	East Zone	West Zone	Total
Transport Engineering	12	10	13	4	39
Energy Projects/High-rise Structures/Industrial Structures	7	16	9	12	44
Hydro Power/Tunnel/Irrigation Projects	6	5	0	1	12
Building Works	0	5	1	4	10
Ground Engineering & Environment Protection	0	1	3	3	7
Pipeline and Marine Projects	2	0	1	3	6
Total	**27**	**37**	**27**	**27**	**118**

Conductor Factory at Silvassa

Mahatma Gandhi Setu


Delhi Metro


Burnpur Cooling Towers

FINANCIAL HIGHLIGHTS OF THE DECADE

	2000-01	2001-02	2002-03
A. FINANCIAL POSITION			
LIABILITIES:			
Share Capital	6.57	12.84	12.84
Employee Stock Option Outstanding	-	-	-
Equity Shares Warrants			
Reserves & Surplus (Excluding Revaluation of Assets)	81.19	98.31	113.55
Revaluation reserves	74.99	73.32	71.73
SHAREHOLDERS FUNDS:	162.75	184.47	198.12
Loan Funds	88.85	149.17	188.26
Deferred Tax Liability	-	17.46	26.61
TOTAL CAPITAL EMPLOYED	251.60	351.10	412.99
ASSETS :			
Fixed Assets (Net) (Excluding Revaluation of Assets)	102.98	167.87	215.17
Amount of Revaluation	74.99	73.32	71.73
Total Net Fixed Assets (Including Revaluation of Assets)	177.97	241.19	286.90
Current Assets (Net)	56.38	94.21	49.19
Investments	17.25	15.70	76.90
TOTAL ASSETS	251.60	351.10	412.99
B. OPERATING RESULTS:			
TURNOVER	503.76	513.99	726.65
Other Income	7.01	6.61	9.62
TOTAL INCOME	510.77	520.60	736.27
Net Profit after tax	14.86	19.67	20.93
Dividend Distributed	2.53	1.26	3.16
Tax on Dividend	0.26	-	0.40
Cash Profits	23.85	35.83	47.00
C. Equity Share Data (Face Value per Share Rs.2/- each)			
Earning per Share (Rs) (on Base capital 1999-00)	23.59	31.22	33.22
Earning per Share (Rs) (on Weighted Average Capital)	23.26	24.86	15.06
D. IMPORTANT RATIOS :			
Debt Equity ratio	1.01	1.34	1.49
Sales/Average of Net Fixed Assets (Number of Times)	5.44	3.80	3.79
Sales/Average of Net Fixed WorkingCapital Assets (Number of Times)	10.31	6.83	10.13
Book Value of Share (Without Revaluation Reserve)	-	-	-
Book Value of Share (With Revaluation Reserve)	-	-	-
Net Worth	87.76	111.15	126.39

* Face value per share is ₹ 10 per share upto FY 2003-04

Multi-container Frgt. Station, Dronagiri

(₹ in Crores)

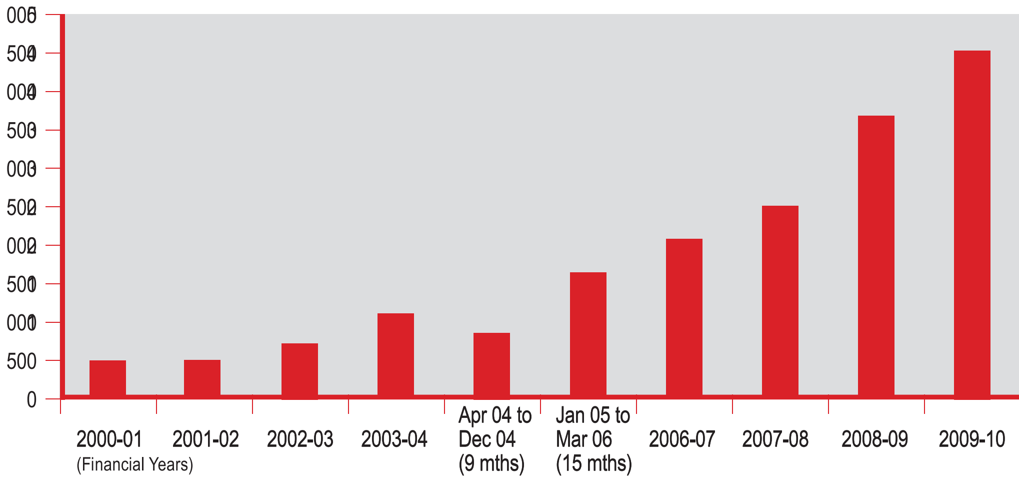
	2003-04*	Apr04-Dec04 9 Months	Jan05-Mar06 15 Months	2006-07	2007-08	2008-09	2009-10
	12.84	15.58	17.69	17.69	17.69	126.71	25.83
	-	-	-	-	-	1.81	1.75
							18.60
	139.25	309.62	840.79	879.78	961.31	1,206.55	1,656.29
	70.22	69.13	67.34	252.80	249.66	245.57	242.43
	222.31	394.33	925.82	1,150.27	1,228.66	1,580.64	1,944.90
	218.18	303.10	170.59	371.49	377.06	972.27	1,294.56
	31.98	36.59	34.53	37.92	37.17	54.36	71.73
	472.47	734.02	1,130.94	1,559.68	1,642.89	2,607.27	3,311.19
	225.09	253.33	309.70	448.68	541.79	737.84	926.56
	70.22	69.13	67.34	252.80	249.66	245.57	242.43
	295.31	322.47	377.04	701.48	791.45	983.41	1,168.99
	96.66	321.92	637.71	707.76	690.66	1,403.25	1,944.36
	80.50	89.63	116.19	150.44	160.78	220.61	197.84
	472.47	734.02	1,130.94	1,559.68	1,642.89	2,607.27	3,311.19
	1,119.72	866.60	1,645.69	2,084.33	2,513.74	3,681.96	4,534.25
	9.97	16.03	33.20	55.15	24.38	103.20	91.31
	1,129.69	882.63	1,678.89	2,139.48	2,340.84	3,785.16	4,625.56
	34.09	42.90	102.83	98.36	88.32	139.00	144.79
	3.16	3.85	5.25	4.37	4.34	12.80	13.73
	0.40	0.55	0.73	0.64	0.74	2.17	2.28
	59.40	63.96	137.86	136.98	133.78	210.12	232.96
	54.11	68.10	163.22	156.13	140.19	220.63	229.83
	23.42	5.92	13.43	5.12	9.93	12.46	10.72
	1.43	0.93	0.20	0.41	0.39	0.73	0.76
	5.09	3.62	5.89	5.49	5.08	5.75	5.45
	15.35	4.14	3.46	3.10	3.59	3.52	2.71
	-	208.74	98.97	103.46	112.92	115.12	133.59
	-	253.12	106.72	132.60	141.64	138.10	152.61
	152.09	325.2	858.48	897.47	979	1335.07	1,683.87

Endon Gantry at Kalpakkam Nuclear Project

PERFORMANCE HIGHLIGHTS

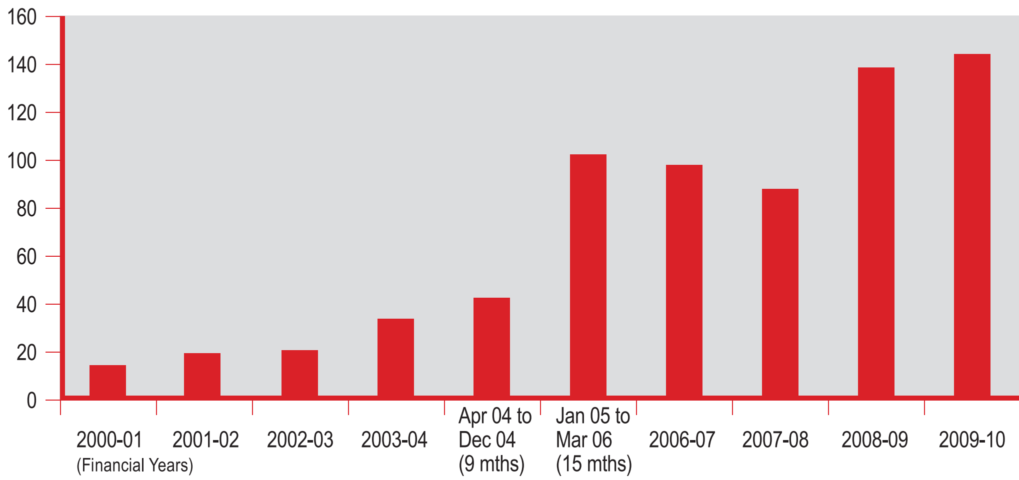
TURNOVER

(₹ in Crores)



NET PROFIT AFTER TAX

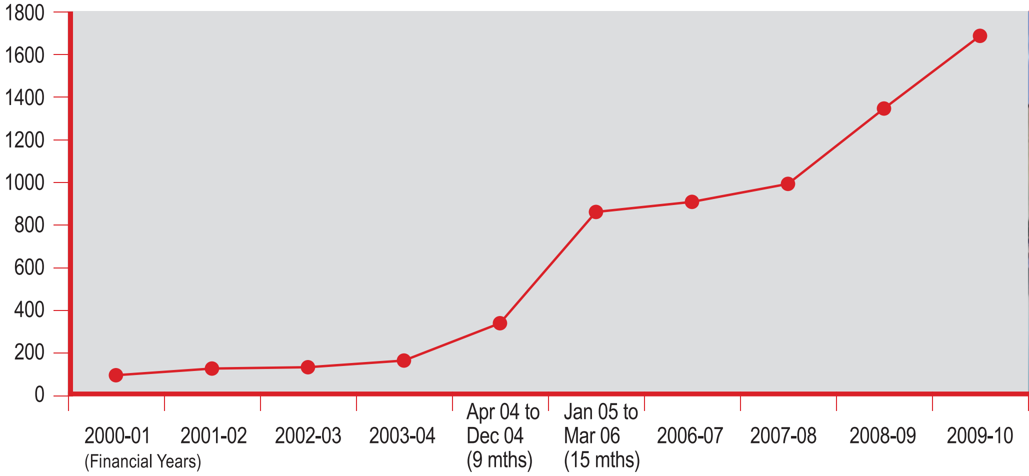
(₹ in Crores)

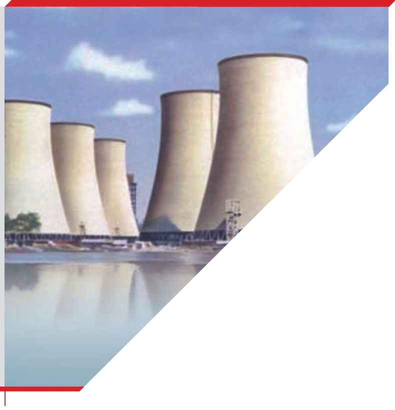


Sharajah Airport

NET WORTH (EXCLUDING REVALUATION RESERVE)

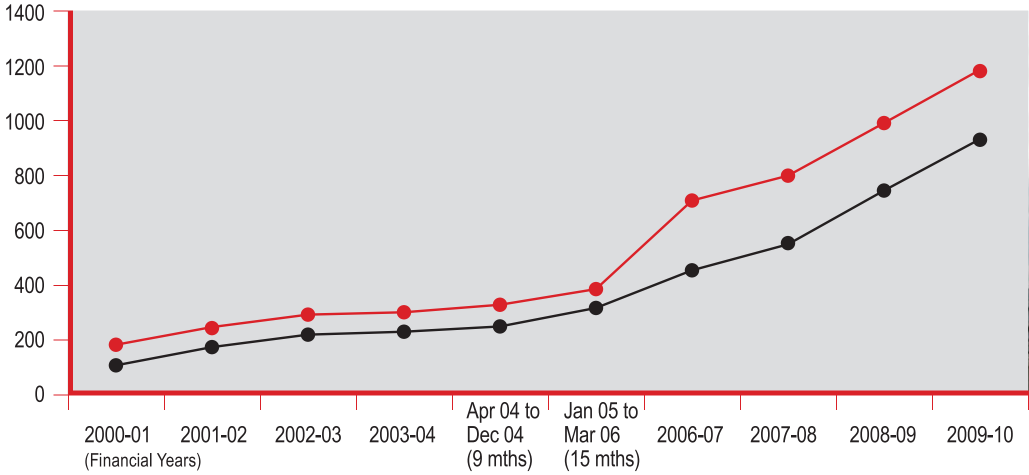
(₹ in Crores)





FIXED ASSETS (GROSS)

(₹ in Crores)



Indira Container Terminal

Mumbai Nasik Expressway

KEY PROJECTS

PARBATI HE STAGE 2

Construction of civil and hydro mechanical works for powerhouse, pressure shaft (Horizontal and Inclined), surge shaft, Head Race Tunnel for Parbati HE Project Stage-II, Himachal Pradesh
CLIENT: National Hydro Power Corporation Ltd.
COST: ₹ 774 Crores

PATNA MUZZARFARPUR ROAD WORKS

Upgradation of Hajipur-Muzaffarpur section of the existing NH-77 to four lane dual carriageway. New bypass starting at km 46.300 and connecting NH-28 of East-West corridor at km 515.045
CLIENT: National Highway Authority of India
COST: ₹ 750 Crores

KALPAKKAM NUCLEAR PROJECT

Nuclear Island, Turbine Island, Intake and Jetty structure and other Nuclear related buildings
CLIENT: Bhavini
COST: ₹ 750 Crores

GODAVARI BRIDGE

Design & Construction of Godavari Bridge at Rajahmundry of length 4.2 kms and approaches on both sides, on BOT basis
CLIENT: Rajahmundry Godavari Bridge Ltd.
COST: ₹ 700 Crores

NASHIK ROAD WORKS

Improvement, operation & maintenance, rehabilitation & strengthening of existing 2-lane road & widening it to 4-lane divided highway of Vadape to Gonde section of NH-3 from km 539.500 to km 440.000 in state of Maharashtra on BOT basis

CLIENT: National Highway Authority of India

COST: ₹ 685 Crores

AP LIFT IRRIGATION SCHEME

Execution of Stage 3 pumping station, 5x30 MW for Kalwakurthi lift irrigation scheme in Andhra Pradesh

CLIENT: Irrigation and Command Area Development Department- Govt of Andhra Pradesh

COST: ₹ 674 Crores

SIGNATURE BRIDGE

Construction of bridge and its approaches over river Yamuna downstream of existing bridge at Wazirabad, Delhi

CLIENT: Delhi Tourism & Transportation Development Corporation Ltd.

COST: ₹ 632 Crores

RAMPUR HYDROELECTRIC PROJECT

Construction of Civil Works for Head Race Tunnel, inclusive cut and cover section, river diversion works, edits, surge shafts, pressure shafts, Valve House, Power House Complex, Tail Race Tunnel, edits and hydro mechanical works

COST: ₹ 615 Crores

MUMBAI NASIK EXPRESSWAY LIMITED

99.5 Km road Stretch connecting Vadape (towards Mumbai) and Gonde (towards Nasik) on NH3

Largest BOT road Project from NHAI at the time of award

Client: National Highways Authority of India

Project Cost: ₹ 753 Crores

Concession Period: 20 Years

Tolling Services and the Maintenance Services for milestone 1 (64 km) have commenced from May 2010.

RAJAHMUNDRY EXPRESSWAY LIMITED (REL)

53 Km stretch of road in Andhra Pradesh on National Highway 5

Annuity Road Project

Client: National Highways Authority of India

Project Cost: ₹ 256 Crores

Concession Period: 17.5 years

The project has achieved commercial operations date (COD) on September 20, 2004, 70 days ahead of schedule.

As of March 31, 2010, REL has received 10 annuities from NHAI (each semi-annual annuity amounting to Rs. 2961.9 lakhs).

Punjab Biomass

PUBLIC PRIVATE PARTNERSHIP PROJECTS

Rajamundry Expressway

ANDHRA EXPRESSWAY LIMITED (AEL)

47. Km stretch of road in Andhra Pradesh on National Highway 5

Annuity Road Project

Client: National Highways Authority of India

Project Cost: ₹ 248 Crores

Concession Period: 17.5 years

The project has achieved commercial operations date (COD) on October 30, 2004, 30 days ahead of schedule.

As of March 31, 2010, AEL has received 10 annuities from NHAI (each semi-annual annuity amounting to Rs. 2791.2 lakhs).

PUNJAB BIOMASS POWER LIMITED (PBPL)

PBPL is the SPV formed to develop upto nine biomass based power projects, each having power generation potential in the range of 10 MW to 15 MW, in the State of Punjab, on BOO basis.

Rice Straw will be the main fuel for these projects. In addition, the projects will also use other biomass such as Rice Husk.

The first project of 12 MW at Bhagaura village, Patiala district was commissioned in June, 2010 and the land for the second project is already acquired.

VISAKHAPATNAM PORT PROJECT

Two Multipurpose berths at Visakhapatnam Port – EQ8 and EQ9

Client: Visakhapatnam Port Trust

Project Cost: ₹ 325 Crores

License Period: 30 years

Company has handled 6.43 million tons of cargo in the financial year ending March 2010, a massive 37.7% increase in the throughput compared to last year

Company has also expressed its plan to further expand its capacity by deploying an additional crane & developing additional stacking area outside the port premise.

Vizag Seaport

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 88th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2010.

1. FINANCIAL PERFORMANCE:

(₹in Crores)

Particulars	Standalone		Consolidated	
	2009-10	*2008-09*	**2009-10**	*2008-09*
Profit before Depreciation & Interest	**421.85**	*377.90*	**754.82**	*534.62*
Less :				
Depreciation	**70.93**	*63.95*	**198.11**	*143.91*
Interest	**139.66**	*105.26*	**389.23**	*241.45*
Profit Before Tax	**211.26**	*208.69*	**167.48**	*149.26*
Less :				
Provision for Taxation	**66.47**	*69.69*	**97.46**	*84.42*
Profit After Taxation	**144.79**	*139.00*	**70.02**	*64.84*
Transferred to Minority Interest	**—**	—	**4.03**	*13.91*
Additional Tax Provision	**17.00**	—	**17.00**	—
Short/(Excess) Provision of Taxes of Earlier Period	**2.07**	*(1.48)*	**0.50**	*(0.87)*
Prior Period Adjustments	**—**	—	**2.79**	*(4.52)*
Profit for the year	**125.72**	*140.48*	**45.70**	*56.32*
Add :				
Profit brought forward from the previous years	**231.43**	*159.92*	**70.32**	*118.39*
Available for Appropriation	**357.15**	*300.40*	**116.02**	*174.71*
Appropriations :				
Transfer to General Reserve	**29.75**	*29.71*	**29.75**	*29.71*
Reversal of Profits of erstwhile ATSL	**—**	—	**—**	*35.47*
Transfer to Debenture Redemption Reserve	**38.38**	*24.90*	**38.38**	*24.90*
Dividend from Own Shares	**(0.35)**	—	**(0.35)**	—
Transfer from Foreign Project Reserve	**—**	*(0.32)*	**—**	*(0.32)*
Dividend from erstwhile ATSL received	**—**	*(0.29)*	**—**	*(0.29)*
Transfered to Foreign Currency Translation Reserve	**—**	—	**(9.01)**	—
Adjustments to Minority Interest	**—**	—	**0.30**	—
Dividend (Proposed) Equity Shares	**7.65**	*6.50*	**7.65**	*6.50*
Dividend (Proposed) Preference Shares	**6.08**	*6.30*	**6.08**	*6.30*
Tax on Dividend	**2.28**	*2.17*	**2.28**	*2.17*
Compensation Cost Reversed in Forfeiture of ESOP	**—**	—	**—**	*(0.05)*
Balance carried to Balance Sheet	**273.36**	*231.43*	**40.94**	*70.32*

The turnover of the company on a standalone basis stood at ₹4,534 Crores for the year ended 31st March, 2010. The annualised percentage increase in turnover over previous year amounted to 23.14%. The order book position of your company as on 31st March, 2010 was approx ₹14,500 Crores.

On a consolidated basis the turnover of the Gammon group stood at ₹7,114 Crores for the year ended 31st March, 2010. The annualised percentage increase in turnover over previous year amounted to 36.49%.

2. DIVIDEND:

The Board of Directors at its meeting held on 14th August, 2010 has, subject to the Shareholder's approval recommended:

(a) Dividend of ₹21/- per Share on 6% Redeemable Non-Convertible Preference Shares, proportionate upto the date of redemption.

(b) Final dividend of ₹0.60 paisa per share of face value of ₹ 2/- each (30%) for the year 2010 on the equity shares. The total dividend pay out for the year under review is ₹13.73 Crores. Dividend Distribution Tax aggregates to ₹2.28 Crores.

* (6% Redeemable Non-Convertible Preference Shares were redeemed on 19th March, 2010.)

3. DEPOSITORY SYSTEM:

The Company's equity shares are compulsorily tradeable in electronic form. As of 31st March, 2010, 84.2% of the Company's total paid-up capital representing 107908430 equity shares are in dematerialized form. In view of the benefits offered by the depository system, members holding shares in physical mode are advised to avail the demat facility.

4. FINANCE:

During the year under review the Company did not raise any funds from the capital markets either by way of issue of equity/ADRs/GDRs. However to meet its working capital requirements and for future expansion plans and CAPEX requirements, the Company has raised money through the allotment of 1,28,09,400 Equity Shares of ₹2/- each at a price of ₹237.45/- per Equity share to Qualified institutional Buyers.

The Company has also obtained financial assistance from its consortium bankers to meet its short term working capital requirements as well as long term debt by way of issue of Non-Convertible Debentures on private placement basis aggregating to ₹50 Crores. As on date, total amount outstanding towards issue of Non-Convertible Debentures on private placement basis to banks and financial institutions stood at ₹400 Crores. CARE has assigned 'AA' rating for the same. The proceeds of debentures were utilized for the purposes for which they were raised.

The following credit ratings from CARE continue:

(i) 'PR1+' for short-term commercial paper of ₹600 Crores

(ii) 'AA' for Non-Convertible Debentures of ₹400 Crores

(iii) 'AA' for Long Term Bank Facilities and 'PR1+' for Short Term Bank Facilities aggregating to ₹7100 Crores.

5. PUBLIC DEPOSITS:

Your Company did not invite or accept deposits from public during the year under review. 121 deposits (pertaining to previous years) aggregating to ₹13,32,000 remained unclaimed as on 31st March, 2010. Out of these, 2 deposits amounting to ₹70,000 has since been claimed and paid.

6. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

During the year under review, the Company has transferred Fixed Deposits amounting to ₹10,000/- and Dividend (for the year 2001-02) amounting to ₹88,404/- to Investor Education and Protection Fund (IEPF), which was due and payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205C(2), of the Companies Act, 1956.

7. EMPLOYEE STOCK OPTION SCHEME:

Erstwhile Associated Transrail Structures Limited (ATSL) had introduced an Employee Stock Option Scheme for the benefit of its employees. Pursuant to the amalgamation of ATSL with the Company, effective from 7th July, 2009, the said scheme has been taken over by the Company. Details of the stock options granted under the Employee Stock Option Scheme – 2007 of erstwhile ATSL are disclosed in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and set out in Annexure 'A' of this Report.

8. SUBSIDIARY COMPANIES:

At the commencement of the year the Company had 39 (Thirty Nine) subsidiaries. It has further incorporated/ acquired the following subsidiaries during the year under review:

(i) Patna Highway Projects Limited

(ii) Gammon Seaport Infrastructure Limited

(iii) Gammon Renewable Energy Infrastructure Limited

(iv) Gammon Road Infrastructure Limited

(v) Vizag Seaport Private Limited

Bedi Seaport Limited, which was a step down subsidiary as on 31.03.2009, has ceased to be a subsidiary of Gammon Infrastructure Projects Limited (GIPL), your subsidiary. Therefore vide Section 4 (1) (c) of the Companies Act, 1956, it has ceased to be your step down subsidiary.

Pursuant to the approval granted by the Government of India vide its letter No. 47/601/2010-CL-III dated 23rd June, 2010 the Company has been granted exemption under Section 212(8) of the Companies Act, 1956 from attaching the Balance Sheet and Profit & Loss Account and other documents of its Subsidiaries and hence the same have not been attached to your company's accounts for the year ended 31st March, 2010. Financial information of the subsidiary companies as required by the said order is disclosed in the Annual Report.

Statement pursuant to Section 212 (3) of the Companies Act, 1956 relating to subsidiary companies is attached. Information such as capital, reserves, assets etc. about each subsidiary as on 31st March, 2010 has been separately disclosed.

The Annual Accounts of subsidiary companies and the detailed related information are available for inspection by the shareholders at the registered office of the Company and at the offices of the respective subsidiary company.

9. 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 recommends the re-appointment of M/s. Natvarlal Vepari & Co., Chartered Accountants as the Statutory Auditors of the Company and also as the Branch Auditors, Oman Branch and any other branch.

The Board also recommends the re-appointment of M/s. Vinod Modi & Associates, Chartered Accountants and M/s. M. G. Shah & Associates, Chartered Accountants, as the Joint Branch Auditors of 'Gammon India Ltd- Transmission Business Headquarters, Nagpur'.

10. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

Report on Corporate Governance and Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the listing agreement forms part of the Annual Report.

11. DIRECTORS:

Mr. Parvez Umrigar resigned as the Director of the Company w.e.f 23rd December, 2009. The Board places on record its sincere appreciation for the valuable contribution made by him during his tenure as a Director of the Company.

Mr. Himanshu Parikh who was appointed as a Whole-time Director of the Company for a period of 5 (five) years w.e.f. 1st May, 2008 ceased to be a Whole-time Director by virtue of his resignation as an employee of the Company effective from 6th July, 2010. He continues to be a Non-Independent Executive Director on the Board.

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Dr. Naushad Forbes, Mr. Jagdish Sheth and Mrs. Urvashi Saxena retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The approval of the members for re-appointment of the aforementioned Directors is being sought in the forthcoming Annual General Meeting.

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, 2010;
2. The Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010; and of the profits of the Company for the year ended on that date;
3. That proper and sufficient care has been taken 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:

During the year under review the Company has taken the following initiatives to improve safety at its various sites:

- Conducted 3 Management Development Programs (84 in number) for site safety heads for functional competency development.
- Organized a 3 day interactive meet exclusively for discussing prime issues on safety & quality with preparation of time bound action plan.
- Implementation of safety action plan at project sites through effective training at all levels and promotional activities.
- Ensuring good health of our employees and spreading awareness at project sites by organizing health check up camps and HIV/ AIDS awareness programmes.
- November 2009 was celebrated as safety month for creating safety awareness at all levels and to motivate the top performers in safety.
- Introduced 5S system of work place organization for reduction of accidents and better productivity.
- Achievement of ISO: 14001-2004 EMS and OHSAS: 18001-2007 certification for our Head Office and Santacruz Chembur project site.
- Kalpakkam site 24 million safe man-hours completion.

14. RESEARCH & DEVELOPMENT:

Increasing focus on developing infrastructure in the country has opened up many opportunities for the construction companies. To rise up to the challenge of completing huge quantum of work in a short time, it is necessary to back up the onsite teams with continual improvement in construction technology. During the year under review the R&D activities undertaken by the Company include:

- High strength steel used to design double box steel launching girder for Kosi bridge, Bihar. The girder has been designed & fabricated in house and in order to ensure safe & proper working structural monitoring with high precision modern strain gauges, load cells, pressure transducers, and tilt angles will be carried out during actual loading. The monitoring mechanism is being devised so as to give a warning in case of excessive deflections. The system is expected to be functional by September 2010.
- CLC gantries for casting 160 MT box girder was designed & fabricated in house for Bramhaputra bridge, Guwahati. The gantries are functional and erection works are in progress.
- For the first time in India extra-dosed bridge was constructed with cast-in-situ cantilever construction method at Sidhapura, Coorg, Karnataka. The entire design was done in house and successfully executed.

The method adopted not only enhanced the aesthetics but also provided an economical solution thus creating cost effective opportunities for future bridges in India.

- Various new techniques have been developed and implemented and existing systems improvised to enhance productivity.

15. PARTICULARS OF EMPLOYEES:

The particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders, excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

16. PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:

A. Conservation of Energy:

The Conservation of energy in all possible areas is undertaken as an important means of achieving cost reduction. Savings in electricity, fuel and power consumption receive due attention of the management on a continuous basis.

B. Technology Absorption:

Timely completion of the projects as well as meeting the budgetary requirements are the two critical areas where different techniques help to a great extent. Many innovative techniques have been developed and put to effective use in the past and the efforts to develop new techniques continue unabated.

C. Foreign Exchange earnings and outgo:

Total foreign exchange used and earned during the year.

(Rupees in Crores)

	Current Period	*Previous Period*
Foreign Exchange Earnings	**301.03**	*180.62*
Foreign Exchange Outgo	**145.63**	*137.51*

17. ACKNOWLEDGMENTS:

Your Directors thank all its valued customers and various Government, Semi-Government and Local Authorities, suppliers and other business associates. Your Directors appreciate continued support from Banks and Financial Institutions and look forward to their co-operation in the future.

Your Directors place on record their appreciation of the dedicated efforts put in by the employees at all levels and wish to thank the Shareholders for their unstinted support and co-operation.

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

Place : Mumbai
Dated : 14th August, 2010

"ANNEXURE – A" TO THE DIRECTORS REPORT

Information required to be disclosed under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme Guidelines, 1999)

Employees Stock Option Scheme – 2007

(a)	Options Granted	106300 Equity Shares of ₹10 each of erstwhile Associated Transrail Structures Limited (ATSL)
(b)	The Pricing formula	The Exercise Price was to be decided by 'Compensation Committee', which shall not be less than the par value and shall not be less than the 'Fair Market Value' on the date of grant. Based on the valuation report the Compensation Committee fixed the Exercise Price at ₹80 per share. Subsequently after amalgamation of erstwhile ATSL with the Company, Employees Stock Option Scheme – 2007 of erstwhile ATSL was taken over by the Company w.e.f. 7th July, 2009. As per the Scheme of Amalgamation every option holder is entitled to Two (2) Equity shares for every One (1) option, hence now the exercise price is ₹40 per share.
(c)	Options Vested	74410
(d)	Options Exercised	15481
(e)	Total number of shares arising as a result of exercise of option	30962
(f)	Options lapsed	12784
(g)	Variation of terms of Options	Nil
(h)	Money realized by exercise of Options	₹1238480
(i)	Total number of options in force – Vested Unvested Total	 74410 19106 93516
(j)	Employee wise options granted to – (i) Senior Managerial Personnel. (ii) Any other employee who receives a grant in any one year of Options amounting to 5% or more of Options granted during that year. (iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	 As per Statement attached None None
(k)	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standards (AS) 20 'Earning Per Share'.	₹ 10.26
(l)	The difference between employee compensation cost using intrinsic value method and the fair value of the Options and impact of this difference on profits and on EPS.	₹ 1.04 crores. Profit and EPS are reduced by ₹ 1.04 crores and ₹ 0.09 respectively.

(m)	Weighted average exercise price and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	₹80 & ₹677.65 respectively
(n)	Fair Value (Price Earning Capacity Value) Price of options	₹77.51 per option ₹80 per option

Statement showing details of Options granted to Senior Managerial Personnel

Name	**Designation**	**Number of options granted**
MR. G. D. RATHOD	Vice President — Engineering	4000
MR. D. R. RAO	General Manager — Conductor Division	3500
MR. A. GANGULY	Associate Vice President — Construction	4200
MR. S. D. SHIKERKAR	Associate Vice President — Marketing	4200
MR. V. A. MANDRE	General Manager — Works	3900
MR. H. M. JOSHI	General Manager — Commercial	3900
MR. SIMON JOSEPH	Additional General Manager — Rural Electrification	2000
MR. M. C. MODI	Additional General Manager — Works	2800
MR. S. MUKHOPADHYAY	Additional General Manager — Finance	3900
MR. P. CHANDRAN	Chief Manager — Resident	1500
MR. P. GEORGE	Associated Vice President — Development	3000

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

Place : Mumbai
Dated : 14th August, 2010

REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement entered into with the stock exchanges, the Company hereby submits the report on matters as mentioned in the said clause and Corporate Governance practices followed by the Company.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

Corporate Governance broadly refers to a set of rules and practices designed to govern the behavior of corporate enterprises. The Company's philosophy on Corporate Governance envisages accountability, responsibility and transparency in the conduct of the Company's business and its affairs vis-à-vis its employees, shareholders, bankers, lenders, government, suppliers, dealers etc. and accordingly lays great emphasis on regulatory compliances. The Company firmly believes that Corporate Governance is a powerful tool to subserve the long-term growth of the Company and continues to give high priority to the principles and practice of Corporate Governance and has accordingly benchmarked its practices with the existing guidelines of corporate governance as laid down in the Listing Agreement.

2. BOARD OF DIRECTORS (BOARD) :

(a) Composition :

The Company has an optimum combination of Executive and Non-Executive Directors, in conformity with Clause 49 of the Listing Agreement, to maintain the independence of the Board and to separate the Board functions of governance and management.

On the date to which this report pertains, the Board comprises of a Chairman and Managing Director (Executive), Four (4) Executive Directors, One (1) Non-Executive Non-Independent Director and Seven (7) Non-Executive Independent Directors. All the members of the Board are persons with considerable experience and expertise in industry, finance, management and law.

The Chairman and Managing Director provides leadership to the Board and to the Management in strategizing and realizing business objectives and is supported by the Executive Directors. The Independent Directors contribute by giving their valuable guidance and inputs with their independent judgement on the overall business strategies and performance.

None of the Directors on the Board is a Member of more than 10 (Ten) Committees and Chairman of more than 5 (Five) Committees (as specified in Clause 49 of the Listing Agreement), across all the companies in which they are Directors. The necessary disclosures regarding committee positions have been made by all the Directors.

(b) Board Meetings :

The Board meets at least once in each quarter inter alia to review the quarterly results. In addition the Board also meets whenever necessary.

During the year under review the Company held 9 (Nine) Board Meetings on 06/05/2009, 21/05/2009, 30/06/2009, 09/07/2009, 31/07/2009, 09/09/2009, 25/09/2009, 30/10/2009, 30/01/2010 and the gap between two meetings did not exceed four months. The Board Meetings are held at the registered office of the Company.

(c) Changes in Board Composition :

Effective from 1st April, 2009 till date the following changes have taken place in the Board composition :

1. Mr. Naval Choudhary who was inducted as an Additional Director w.e.f. 21st May, 2009 was regularized as a Director at the Annual General Meeting held on 14th October, 2009.
2. Mr. Parvez Umrigar, Non-Executive Director resigned from the Company's Board w.e.f 23rd December, 2009.
3. Mr. Rohit Modi who was inducted as an Additional Director designated as Deputy Managing Director w.e.f 7th June, 2009 was regularized as a Whole-time Director at the Annual General Meeting held on 14th October, 2009.

4. Mr. Digambar C. Bagde who was inducted as an Additional Director designated as Director & CEO (Transmission & Distribution) business of Nagpur branch w.e.f 7th June, 2009 was regularized as a Whole-time Director at the Annual General Meeting held on 14th October, 2009.
5. Mr. Atul Kumar Shukla who was inducted as an Additional Director w.e.f. 9th July, 2009 was regularized as a Director at the Annual General Meeting held on 14th October, 2009.
6. Mr. Himanshu Parikh ceased to be a Whole-time Director of the Company w.e.f. 6th July, 2010 by virtue of his resignation as an employee of the Company, but continues to be a Non-Independent Executive Director of the Company.

(d) Directors' Attendance Record and Directorships held :

The composition of the Board, category of Directors and details of attendance of each Director at Board Meetings and last Annual General Meeting, details of other directorships and membership of committees are as follows :

Name and Designation of Director	Category of Directors	No. of Board Meetings attended (01.04.2009 to 31.03.2010)	Whether attended last A.G.M. held on 14th October, 2009	No. of Directorships in other Public Companies	No. of Chairmanship and Membership of Committees of other public companies	
					Chairman	Member
Mr. Peter Gammon Chairman Emeritus	Promoter/ Non-Executive/ Non Independent	NIL	No	NIL	NIL	NIL
Mr. Abhijit Rajan Chairman & Managing Director	Promoter/ Executive/ Non-Independent	8	Yes	3	1	—
Mr. Rohit Modi Deputy Managing Director	Executive/ Non-Independent	5	Yes	1	—	—
Mr. Rajul A. Bhansali Executive Director	Executive/ Non-Independent	5	Yes	2	—	—
Mr. Himanshu Parikh Executive Director	Executive/ Non-Independent	5	Yes	5	1	2
Mr. Digambar Bagde Executive Director	Executive/ Non-Independent	4	Yes	4	—	—
Mr. C. C. Dayal Director	Non-Executive/ Independent	9	Yes	10	2	6
Mr. Atul Dayal Director	Non-Executive/ Independent	NIL	No	2	0	1
Dr. Naushad Forbes Director	Non Executive/ Independent	NIL	No	2	—	—
Mr. Jagdish Sheth Director	Non-Executive/ Independent	8	Yes	—	—	—
Ms. Urvashi Saxena Director	Non-Executive/ Independent	7	Yes	—	—	—
Mr. Naval Choudhary Director	Non-Executive/ Independent	6	Yes	—	—	—
Mr. Parvez Umrigar* Director	Non-Executive/ Independent	7	Yes	—	—	—
Mr. Atul Kumar Shukla Director	Non-Executive/ Independent	5	Yes	5	—	3

* Mr. Parvez Umrigar resigned as the Director of Gammon India Limited w.e.f. 23rd December, 2009.

Notes:

(a) Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and companies incorporated outside India.

(b) Chairmanship/Membership of Board Committees includes only Audit and Shareholders/Investors Grievance Committee.

(c) Mr. C. C. Dayal and Mr. Atul Dayal are related to each other.

(d) The Board meetings are held at the registered office of the Company. The information as required under Annexure IA to Clause 49 is being made available to the Board. The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the year.

(e) As per clause 49 of the Listing Agreement, the expression 'Independent Director' shall mean a non-executive director of the Company who;

(i) apart from receiving Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;

(ii) is not related to promoters or persons occupying management positions at the board level or at one level below the board;

(iii) has not been an executive of the Company in the immediately preceding three financial years;

(iv) is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following :

- the statutory audit firm or the internal audit firm that is associated with the Company, and
- the legal firm(s) and consulting firm(s) that have a material association with the Company.

(v) is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the Director.

(vi) is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.

(vii) is not less than 21 years of age.

(e) Details of Remuneration paid to Directors during the year ended 31st March, 2010 :

REMUNERATION POLICY :

All Executive Directors receive salary, allowances, perquisites and commission while Non-Executive Directors receive sitting fees for attending Board and Committee meetings. Payment of remuneration to the Managing Director and the Executive Directors is governed by an Agreement entered into between the Company and the Managerial personnel, the terms and conditions of which have been duly approved by the Board and the Shareholders of the Company.

The Remuneration (including perquisites and benefits) paid to the Executive Directors during the year ended 31st March, 2010 is as follows :

Name of the Director	Salary (₹)	Perquisites (₹)	Commission (₹) ##	Total
Mr. Abhijit Rajan	1,32,60,000	3,878	10,00,000	1,42,63,878
Mr. Himanshu Parikh	69,39,852	40,383	10,00,000	79,80,235
Mr. Rajul Bhansali	42,80,000	1,72,076	10,00,000	54,52,076
Mr. Rohit Modi	1,76,31,707	1,25,545	10,00,000	1,87,57,252
Mr. D. C. Bagde	72,98,937	51,020	1,00,00,000	1,73,49,957
Total	**4,94,10,496**	**3,92,902**	**1,40,00,000**	**6,38,03,398**

Payable for the year 2009-10.

SERVICE CONTRACT/SEVERANCE FEES & NOTICE PERIOD :

The terms of employment stipulate a notice period of three months, for termination of appointment of Chairman & Managing Director and Executive Directors, on either side.

The Chairman & Managing Director and Executive Directors shall be entitled for compensation for loss of office to the extent permissible under the Companies Act, 1956, if, during the currency of the Agreement their tenure of office is determined for reasons other than those specified in sub-section (3) of Section 318 or any other applicable provisions of the Companies Act, 1956. There is no other provision for payment of severance fees.

NON-EXECUTIVE DIRECTORS :

The Non-Executive Directors of the Company do not draw any remuneration from the Company other than sitting fees for attending Board and Committee meetings.

Details of Sitting Fees paid to Non-Executive Directors for attending Board and Committee Meetings during the year 2009-10 are given below :

Name	Board Meeting (₹)	Committee Meeting (₹) **	Total (₹)
Mr. C. C. Dayal	1,80,000	3,20,000	5,00,000
Mr. Atul Dayal	—	—	—
Mr. Jagdish Sheth	1,60,000	40,000	2,00,000
Ms. Urvashi Saxena	1,40,000	1,00,000	2,40,000
Mr. Atul Kumar Shukla	1,00,000	—	1,00,000
Mr. Naval Chaudhary	1,20,000	60,000	1,80,000

Note : (**) includes Audit, Selection, QIP, Financial Review and Equity Warrants Committee Meeting.

3. BOARD COMMITTEES :

In compliance with the Listing Agreement and the applicable laws, the Board constituted the following Committees :

(1) Audit Committee (2) Shareholders/Investors' Grievance Committee (3) ESOP Compensation Committee (4) Selection Committee (5) QIP Committee (6) Equity Warrants Committee (7) Financial Review Committee.

The Board determines the constitution of the committees, the terms of reference for committee members including their roles and responsibilities.

(a) AUDIT COMMITTEE :

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

Mr. Naval Chaudhary was inducted as a member of the Audit Committee on 9th July, 2009. The Audit Committee presently comprises of 4 (Four) Non-Executive Independent Directors and 1 (One) Executive Director viz.: (1) Mr. C. C. Dayal (Chairman) (2) Mr. Atul Dayal (3) Ms. Urvashi Saxena (4) Mr. Naval Chaudhary and (5) Mr. Himanshu Parikh – Executive Director. All the members of the Audit Committee are financially literate and have accounting/related financial management expertise.

The Audit Committee meetings are held at the Registered Office of the Company and attended by invitation by the Chief Financial Officer, Senior Vice President – Finance, representatives of the Statutory Auditors and the Internal Auditors of the Company.

The Company Secretary acts as Secretary to the Audit Committee.

The role of audit committee as per Clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956, includes the following :

(a) Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(b) Recommending to the Board the appointment and removal of statutory auditors, branch auditors and fixation of their remuneration.

(c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :

- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgements by management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with Stock Exchanges and legal requirements concerning financial statements.
- Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- Reviewing with the management, Statutory and Internal Auditors, internal controls and the adequacy of internal control systems.

(d) Reviewing the quarterly and half yearly financial results.

(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) Discussions with Statutory Auditors before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any areas of concern.

(i) Reviewing the Company's financial and risk management policies.

(j) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in the case of nonpayment of declared dividends) and creditors, if any.

(k) Reviewing the operations, new initiatives and performance of the business divisions.

During the period under review, the Audit Committee met 6 (Six) times and the dates of such meetings were: 30/06/2009, 09/07/2009, 31/07/2009, 09/09/2009, 30/10/2009 and 30/01/2010.

The details of meetings attended by the Directors are given below :

Name of the Member	Category	No. of Audit Committee Meetings attended
Mr. C. C. Dayal	Non-Executive – Independent	6
Mr. Atul Dayal	Non-Executive – Independent	NIL
Mr. Himanshu Parikh	Executive/Non-Independent	3
Ms. Urvashi Saxena	Non-Executive – Independent	5
Mr. Naval Chaudhary*	Non-Executive – Independent	4

* Mr. Naval Chaudhary was inducted in the Committee w.e.f. 9th July, 2009.

Mr. C. C. Dayal, Chairman of the Audit Committee was present at the previous Annual General Meeting held on 14th October, 2009.

(b) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :

The Shareholders/Investors Grievance Committee comprises of 4 (Four) Non-Executive Independent Directors and 1 (One) Executive Director viz.: 1) Mr. C. C. Dayal (Chairman) 2) Mr. Atul Dayal 3) Mr. Naval Chaudhary 4) Mr. Atul Kumar Shukla and 5) Mr. Himanshu Parikh.

Mr. Naval Chaudhary and Mr. Atul Kumar Shukla were inducted as members w.e.f. 31st August, 2009.

The Company Secretary, Ms. Gita Bade is the Compliance Officer.

The Shareholders/Investors Grievance Committee deals with various matters relating to :

- Transfer/Transmission of shares.
- Issue of duplicate share certificates.
- Review of shares dematerialized/rematerialized and all other related matters.
- Non-receipt of Annual Reports and dividend.
- Redressal of investors/shareholders complaints.

During the year 2009-10 the Committee held 22 (Twenty Two) meetings on 15/04/2009, 30/04/2009, 15/05/2009, 30/05/2009, 15/06/2009, 30/06/2009, 15/07/2009, 14/08/2009, 31/08/2009, 15/09/2009, 30/09/2009, 08/10/2009, 15/10/2009, 31/10/2009, 16/11/2009, 30/11/2009, 31/12/2009, 15/01/2010, 15/2/2010, 26/02/2010, 15/03/2010 and 31/03/2010.

The minutes of the Shareholders'/Investors' Grievance Committee are reviewed and noted by the Board.

The composition of the Committee and the details of the Committee meetings attended by the Members are given below :

Name of the Director	Executive/Non-Executive	No. of Committee Meetings Attended
Mr. C. C. Dayal	Non-Executive – Independent Chairman	22
Mr. Atul Dayal	Non-Executive – Independent	2
Mr. Himanshu Parikh	Executive – Non-Independent	19
Mr. Naval Chaudhary	Non-Executive – Independent	14
Mr. Atul Kumar Shukla	Non-Executive – Independent	12

A total of 37 queries/complaints were received by the Company from Shareholders/Investors as detailed below. All the complaints were resolved by the Company to the satisfaction of the investors and as on 31st March, 2010, there were no pending letters/complaints. The status of Shareholders' complaints received up to 31st March, 2010 is as stated below :

No. of Complaints received during the twelve months period ended 31st March, 2010.	37
No. of Complaints resolved as on 31st March, 2010.	37
No. of Complaints pending as on 31st March, 2010.	NIL
No. of pending Share transfers as on 31st March, 2010.	NIL

Name, Designation and Address of Compliance Officer :

Ms. Gita Bade
Company Secretary
Gammon India Limited
Gammon House, Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025.
Telephone : 022 – 6115 4050.
Facsimile : 022 – 2430 0529.

(c) ESOP COMPENSATION COMMITTEE :

The Company constituted an ESOP Compensation Committee ('Committee') on 31st January, 2010. The Committee comprises of three (3) members out of which two (2) are Non-Executive Independent Directors and one (1) is an Executive Director viz. Mr. C. C. Dayal, Mr. Naval Choudhary and Mr. Himanshu Parikh. Ms. Gita Bade, Company Secretary acts as the Secretary to the Committee. The Committee oversees administration of the Employee Stock Option Scheme ('ESOP Scheme') taken over by the Company subsequent to the merger of Associated Transrail Structures Limited with and into the Company effective from 7th July, 2009.

During the year 2009-10 the Committee held one (1) meeting on 22nd February, 2010 which was attended by all the members.

(d) SELECTION COMMITTEE :

A Selection Committee comprising of 2 (two) Non-Executive Independent Directors and 1 (One) officer of the Company viz.: 1) Mr. C. C. Dayal (Chairman) 2) Mr. Jagdish Sheth and 3) Mr. A. B. Desai was constituted on 6th May, 2009.

The Committee was constituted pursuant to the Directors Relatives (Office or Place of Profit) Rules 2003.

During the year 2009-10 the Committee held one (1) meeting on 21st May, 2009 which was attended by all the members.

Sitting fees of ₹ 20,000/- was paid to each Director for attending the meeting.

(e) QIP COMMITTEE :

The QIP Committee was formed on 30th October, 2009 to oversee the entire process of issue, offer and allotment of equity shares to the Qualified Institutional Buyers (QIBs) as per the SEBI Regulations.

During the year 2009-10 the Committee held 3 (Three) meetings on 08/12/2009, 10/12/2009 and 15/12/2009.

The composition of the Committee and the details of the Committee meetings attended by the members are given below :

Name of the Director	Executive/Non-Executive	No. of Committee Meetings Attended
Mr. Himanshu Parikh	Executive Director	3
Mr. Rajul Bhansali	Executive Director	1
Mr. Parvez Umrigar	Non-Executive Director	3

(f) EQUITY WARRANTS COMMITTEE :

The Equity Warrants Committee was constituted on 30th January, 2010 pursuant to the shareholders' approval for issue and allotment of preferential convertible warrants to persons forming part of the promoter group and to allot equity shares as and when they exercise their right of conversion and to discharge all the functions in connection with the issue and allotment of equity warrants.

The Committee comprises of 2 (Two) Non-Executive Independent Directors viz.: 1) Mr. C. C. Dayal (Chairman) and 2) Mr. Jagdish Sheth.

During the year 2009-10 the Committee held 1 (One) meeting on 30/03/2010 which was attended by all the members.

Sitting fees of ₹ 20,000/- was paid to each Director for attending the meeting.

(g) FINANCIAL REVIEW COMMITTEE :

In addition to the above committees, the Company has also constituted a Financial Review Committee with Two (2) Directors as members namely, Mr. C. C. Dayal – Non-Executive Director and Mr. Rajul Bhansali – Executive Director. The Committee reviews all financial transactions, various issues and compliances relating thereto. Mr. C. C. Dayal is paid sitting fees of ₹ 20,000/- per meeting.

4. OTHER INFORMATION :

(a) CODE OF CONDUCT :

The Company has laid down a Code of Conduct for all Board members and the Senior Management Personnel. The Code of Conduct is available on the Company's website viz.: www.gammonindia.com. All the Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct. A declaration to this effect signed by the Chairman and Managing Director forms part of this Report.

(b) GENERAL BODY MEETINGS :

(i) Location, Date and Time of Annual General Meetings held during the last three (3) years :

The last Annual General Meeting of the Company was held at Ravindra Natya Mandir (P. L. Deshpande Maharashtra Kala Academy), Sayani Road, Prabhadevi, Mumbai-400 025, whereas the Annual General Meetings for the year 2006-07 and 2007-08 were held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Mumbai-400 034 as under :

AGM	Financial Year	Date & Time
87th	2008-2009	14th October, 2009 at 3.00 p.m.
86th	2007-2008	25th September, 2008 at 3.30 p.m
85th	2006-2007	18th September, 2007 at 3.00 p.m.

(ii) Special Resolutions passed in the previous three Annual General Meetings :

Date of AGM	Particulars of Special Resolutions passed
14th October 2009	(i) Appointment of Mr. Harshit Rajan, a relative of Mr. Abhijit Rajan, Chairman and Managing Director of the Company, to hold and continue to hold an office or place of profit in the Company pursuant to Section 314 of the Companies Act, 1956 and subject to approval by the Central Government. (ii) Payment of remuneration to Mr. Parvez Umrigar, Non-Executive Director pursuant to Section 309(4)(a) of the Companies Act, 1956 and subject to approval by the Central Government.
25th September, 2008	No Special Resolution was passed.
18th September, 2007	(i) Authorizing the Board to borrow in excess of the paid-up capital and free reserves of the Company under Section 293(1)(d). (ii) *Mortgaging and/or charging all or some or any immoveable and/or movable properties of the Company, in favour of the lender(s) including debenture-trustees for the holders of debentures that may be issued whether privately placed/to be placed with the financial institutions, banks, bodies corporate and others with power to the lender(s) or debenture-trustees to take over the management of the business and concern of the Company in certain events and upon the terms and conditions decided/to be decided by the Board of Directors of the Company under Section 293(1)(a). (iii) *Altering the Object Clause of Memorandum of Association of the Company by inserting new sub-clause 36F. (iv) *Making loans, investments, giving guarantees etc. to various bodies corporate and for ratification of the issue of Counter/Corporate Guarantees issued by the Company on behalf of other body Corporate under Section 372A of the Companies Act, 1956.

* Businesses at these items were concluded by Postal Ballot.

(iii) Resolutions Passed by Postal Ballot during 2009-10 :

The following resolution was passed by Postal Ballot during the year 2009-10 :

Special Resolution: Approval of the Members sought pursuant to Section 372A of the Companies Act, 1956 for making loans, investments, giving guarantees etc. to various bodies corporate. The details of voting pattern are as under :

Particulars	No. of votes cast	% of total votes cast
In favour of the Resolution	2,42,90,664	100
Against the Resolution	NIL	0.00
Total	2,42,90,664	100

The Resolution was passed on 16th June, 2009 by requisite majority.

Mr. Chaitanya C. Dayal of M/s. Chaitanya C. Dalal & Co., Chartered Accountants was appointed as the Scrutinizer for conducting the Postal Ballot process.

Procedure for Conducting Postal Ballot :

After receiving the approval of the Board of Directors, Notice of the General Meeting containing text of the Resolution and Explanatory Statement to be passed through postal ballot, Postal Ballot Form and self addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors. After the last date of receipt of ballots, the Scrutinizer, after due verification, submits the result to the Chairman. Thereafter, the Chairman declares the result of the postal ballot at the General Meeting. The same is also published in the newspapers and displayed on the Company's website.

5. OTHER DISCLOSURES :

(i) Other than transactions entered into in the normal course of business for which necessary approvals are taken and disclosures made, the Company has not entered into any materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. However the Company has annexed to the accounts a list of related parties as per Accounting Standard-18 and the transactions entered into with them.

(ii) Strictures imposed by SEBI :

The Securities and Exchange Board of India (SEBI) on 21st December, 2006 passed an order under Section 11 and 11B of the SEBI Act, 1992 directing the Company.

(a) Not to divest, transfer, sell or alienate in any way its shareholding in Gammon Infrastructure Projects Limited (GIPL) ("The Company's subsidiary") for a period of 3 years from the date of the allotment in the public issue of GIPL, and

(b) Not to access the capital market directly or indirectly for a period of one year from the date of the order i.e., 21/12/2006.

The Company had preferred an appeal on the aforementioned SEBI Order to the Securities and Appellate Tribunal on 5th February, 2007. The Tribunal vide its order dated 20th June, 2008 dismissed the appeal.

Except for the above strictures no other penalties/strictures have been imposed on the Company by the Stock Exchange or any other Statutory Authority on any matter related to capital markets, during the last three years.

(iii) A qualified practicing Company Secretary conducts secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

(iv) The Chairman and Managing Director and the Chief Financial Officer have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO Certification for the year ended 31st March, 2010.

6. MEANS OF COMMUNICATION :

(a) Financial Results: As required under the Listing Agreement, Quarterly and Half-Yearly results of the Company are published within one month from the end of the respective quarter and the annual audited results are announced within three months from the end of the financial year. The financial results are published usually in The Free Press Journal and Navshakti.

(b) News Releases, Presentations, etc.: Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website viz. www.gammonindia.com. Official announcements are sent to the Stock Exchanges.

(c) Website: The Company's corporate website www.gammonindia.com provides information about the Company's business. It also contains a separate dedicated section 'Investor Relations' where shareholders information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable format.

(d) Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report.

7. MANDATORY REQUIREMENT :

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

8. NON-MANDATORY REQUIREMENTS :

(a) Whistle Blower Mechanism :

The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees may report violations of laws, rules, regulations or unethical conduct to their immediate supervisor/notified person. The Directors and Management Personnel are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practices.

(b) Subsidiary Monitoring Framework :

All the subsidiary companies of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary companies and monitors the performance of such companies, inter alia, by the following means :

(a) Financial statements, in particular the investments made by the unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.

(b) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board.

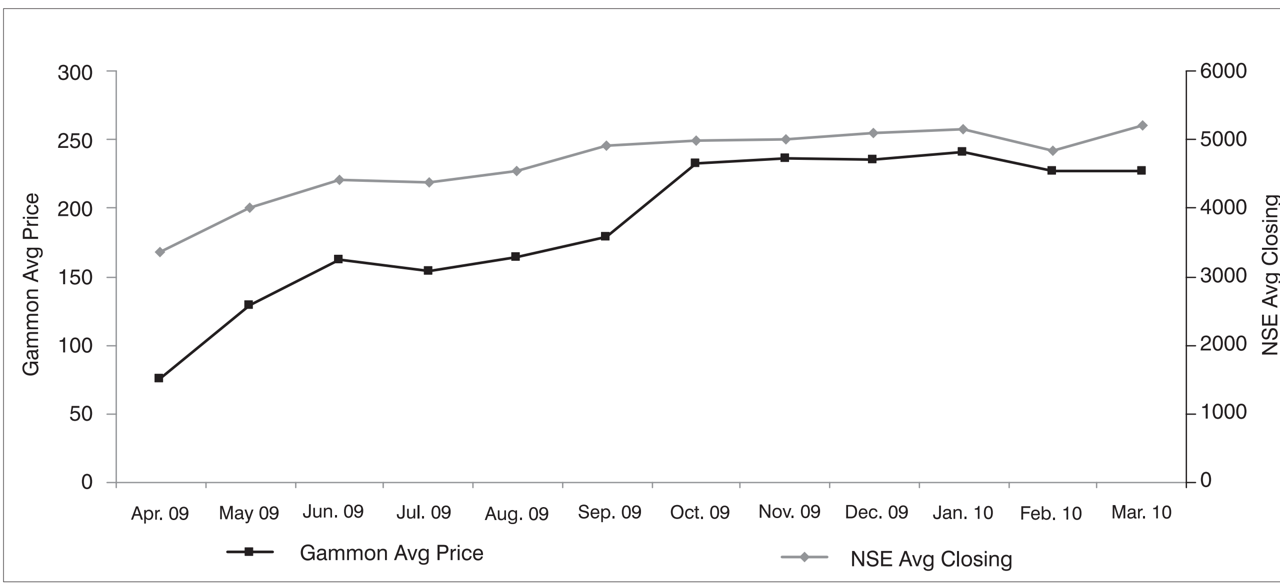
9. GENERAL SHAREHOLDER INFORMATION :

Date, Time and Venue of the 88th Annual General Meeting	Tuesday, 28th day of September, 2010 at 3.30 p.m. at Ravindra Natya Mandir (P. L. Deshpande Maharashtra Kala Academy), Sayani Road, Prabhadevi, Mumbai-400 025.
Financial Calendar for the year 2010-11 (Tentative)	Results for the quarter ending 30th June, 2010 – 14th August 2010. Results for the Half year ending 30th September, 2010 – Second week of November, 2010. Results for the quarter ending 31st December, 2010 – Second week of February, 2011. Results for the year ending 31st March, 2011 – Second week of May 2011.
Date of Book Closure	27th September, 2010 to 28th September, 2010 (both days inclusive).
Dividend payment date	On or before 27th October, 2010.
Listing on Stock Exchanges	
➢ Equity Shares	Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Fort, Mumbai 400 001. Telephone : 022 – 2272 1233/34 Facsimile : 022 – 2272 1919 (Stock code – 509550) AND The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Telephone : 022 – 2659 8100/8114 Facsimile : 022 – 2659 8137/8138 (Stock code – GAMMONIND EQ)
➢ Global Depositary Receipts	Luxembourg Stock Exchange, 11, Avenue de la Porte-Neuve B.P. 165, L-2011 Luxembourg. Telephone : +352 47 79 36-1 Telefax : +352 47 32 98 Cusip No. : 36467M200 Common Code : 20772565
Listing Fees	Paid to the above Stock Exchanges for the Financial Year 2010-2011.
International Securities Identification No. (ISIN)	Equity : INE 259B01020 GDR : US36467M2008
Registrar & Share Transfer Agents	M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078. Telephone : 022–2596 3838 Facsimile : 022- 2594 6969 e-mail : mumbai@linkintime.co.in
Share Transfer System	Trading in Company's Shares on the Stock Exchanges takes place in electronic form. However physical shares are normally transferred and returned within 15 days from the date of lodgement provided the necessary documents are in order.

MARKET PRICE DATA : High and Low (in ₹) during each month in the last financial period on the Stock Exchanges.

MONTH	BSE		NSE	
	High	**Low**	**High**	**Low**
April, 2009	82.80	61.60	83.00	60.70
May, 2009	169.60	88.75	170.10	88.80
June, 2009	186.15	145.25	185.60	145.15
July, 2009	184.40	142.25	166.45	142.05
August, 2009	184.20	142.25	184.90	150.75
September, 2009	194.70	142.25	194.60	166.55
October, 2009	247.70	183.75	247.80	203.25
November, 2009	248.60	212.45	247.80	227.10
December, 2009	247.50	224.10	246.65	224.60
January, 2010	268.20	226.15	268.55	230.25
February, 2010	241.80	213.35	234.55	212.50
March, 2010	236.25	219.05	235.45	219.50

STOCK PERFORMANCE IN COMPARISON TO NIFTY



10. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010 :

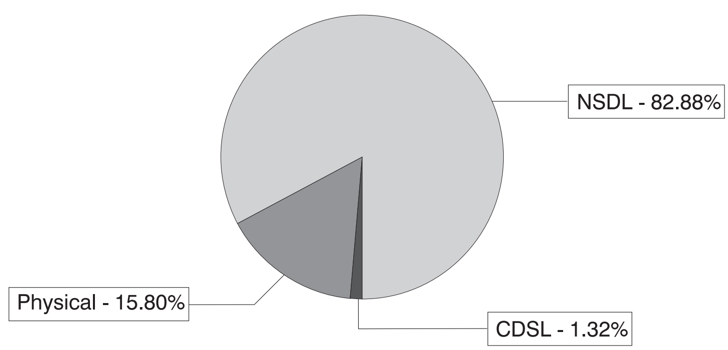
Shareholding of Nominal Value (₹)	No. of Shareholders	% of Total	Share Capital Amount (₹)	% of Total
Upto 500	22969	90.3828	2,105,920	1.6431
501 – 1000	1254	4.9345	9,67,040	0.7545
1001 – 2000	642	2.5263	9,51,202	0.7422
2001 – 3000	173	0.6807	4,36,299	0.3404
3001 – 4000	68	0.2676	2,43,171	0.1897
4001 – 5000	49	0.1928	2,26,192	0.1765
5001 – 10000	96	0.3778	6,80,899	0.5314
10001 – and above	162	0.6375	12,25,53,775	95.6222
TOTAL	**25,413**	**100.0000**	**12,81,64,498**	**100.0000**

11. DEMATERIALISATION OF SHARES AS ON 31ST MARCH, 2010 :

Particulars	No. of Equity Shares	% to Share Capital
NSDL	10,62,25,432	82.88
CDSL	16,82,998	1.32
Physical	2,02,56,068	15.80
Total	**12,81,64,498**	**100**

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

Shares held in Demat / Physical form



12. LISTING OF DEBT SECURITIES :

The Redeemable Non-Convertible Debentures issued by the Company are listed on the Wholesale Debt Market (WDM) of National Stock Exchange of India Limited (NSE).

13. PLANT LOCATIONS: (Project size – more than ₹ 300 crores)

Sr. No.	Name of the Project	Project value in crores
1.	Parbati HE stage 2 – Construction of Civil and Hydro Mechanical Works for Powerhouse, Pressure Shaft (Horizontal and Inclined), Surge Shaft, Head Race Tunnel for Parbati HE Project Stage-II, in the state of Himachal Pradesh.	774
2.	Patna Muzzafarpur Road Works – Upgradation of Hajipur-Muzaffarpur section of the existing NH-77 to four lane dual carriageway.	750
3.	Godavari Bridge (BOT) – Design & Construction of Godavari Bridge at Rajahmundry on BOT basis.	700
4.	Kalpakkam all Jobs – Nuclear Power related structures at Kalpakkam in the state of Tamil Nadu.	691
5.	Nashik Road Works – improvement, operation & maintenance, rehabilitation & strengthening of existing 2-lane road & widening it to 4-lane divided highway of Vadape to Gonde section of NH-3 in the state of Maharashtra on BOT basis.	685
6.	AP Lift Irrigation Scheme – Execution of Stage 3 pumping station, 5x30 MW for Kalwakurthi lift irrigation scheme in the state of Andhra Pradesh.	674
7.	Signature Bridge – Construction of bridge and its approaches over river Yamuna downstream of existing bridge at Wazirabad, Delhi.	632
8.	Rampur Hydroelectric Project – Construction of Civil Works at Rampur, Himachal Pradesh.	615

9.	Gorakhpur Bypass (BOT) – design, construction, finance, operation and maintenance of four- lane k.m. 0.00 to k.m. 32.27 of Gorakhpur – Bypass on NH-28 in the state of Uttar Pradesh.	560
10.	AP Irrigation Pkg-19 – Pranahita and Chevalla Lift Irrigation Scheme – Pkg-19 in the state of Andhra Pradesh	458
11.	Karnataka Road Works – Western transport corridor, Tumkur Haveri section of NH-4 project – rehabilitation and upgrading of Chitradurga-Harihar section in the state of Karnataka.	436
12.	Bihar Road Works BR3 – widening and strengthening to 4-lane of existing carriageway of NHAI in the state of Bihar.	417
13.	Bhutan HEP – Construction of Horse Shoe shaped head race tunnel for Punatsangchu HEP, Stage – I in Bhutan.	401
14.	Mumbai Port Trust-BOT – design, engineering, procurement of materials & construction of offshore container terminal (OCT) in Mumbai.	397
15.	Tuticorin Civil Works – civil & structural steel works for 2 x 600 mw thermal power project near Tuticorin in Tamil Nadu.	397
16.	Bogibeel bridge – Construction of well foundation and sub-structure of Bogibeel rail-cum-Road in Assam.	391
17.	Kosi Bridge (BOT) – design, construction, development, finance, operation and maintenance of 4-lane bridge across river Kosi in Bihar.	368
18.	Assam road works AS 24 & 26 – Four laning of National Highway from k.m. 111.00 to k.m. 127.00 of Maibong to Lumding section of NH-54 in Assam–package–ew–ii (AS 24) and Four laning of National Highway from k.m. 60.5 to k.m. 83.4 of Maibong to Lumding section of NH-54 in Assam–package–ew–ii (AS–26).	367
19.	Munger Bridge, Bihar – Construction of Steel Superstructure & other ancillary works of Rail-Cum-Road Bridge across river Ganga at Munger, Bihar.	363
20.	Wazirabad Bridge – construction of bridge and its approaches over river Yamuna downstream of existing bridge at Wazirabad, Delhi.	360
21.	Dumuria Ranitalab Road Works – improvement/ upgradation of Dumuria-Imamganj-Sherghati-Karamain-Mathurapur-Guraruahiyapur-Tikari-Mau-Kurtha-Kinjar-Paligunj-Ranitalab Road (sh-69) length 153.00 k.m.	353
22.	DMRC BC-25,27,28,29,30 – Part design & construction of Viaduct for DMRC on Central Secretariat – Badarpur corridor of Delhi.	351
23.	Guwahati Water Supply – Guwahati Water Supply, design and construction of a complete new 107 MLD water supply project in Assam (South Guwahati western part).	350
24.	AP Irrigation Works	309
25.	Ennore Civil Works – Main plant and Offsite Civil Works Package for NTPC – Tamil Nadu Energy Company Limited Power Project.	302

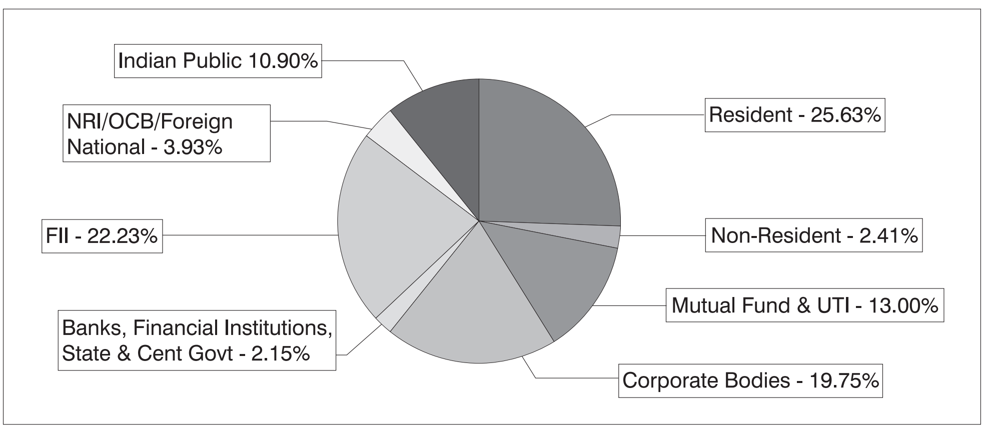
14. ADDRESS FOR CORRESPONDENCE :

Registered Office :

Gammon House, Veer Savarkar Marg,
Prabhadevi, Mumbai-400 025.
Telephone : 022 – 6115 3000.
Facsimile : 022 – 2430 0529.
Website : www.gammonindia.com
Email : investors@gammonindia.com

15. CATEGORIES OF SHAREHOLDERS: (AS ON 31ST MARCH, 2010)

Category	No. of shares	Percentage
Promoters Holdings		
Resident	3,28,50,440	25.63
Non-resident	30,86,435	2.41
Non-Promoter Holdings		
Mutual Fund & UTI	1,66,66,776	13.00
Corporate Bodies	2,53,10,483	19.75
Banks, Financial Institutions, State & Central Govt.	27,59,199	2.15
Foreign Institutional Investors	2,84,87,554	22.23
NRIs/OCBs/Foreign Nationals/GDRs	50,38,532	3.93
Indian Public	1,39,65,079	10.90
GRAND TOTAL	**12,81,64,498**	**100.00**



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

To
The Members of
GAMMON INDIA LIMITED

I, Abhijit Rajan, Chairman & Managing Director of Gammon India Limited hereby declare that all the members of the Board of Directors and the senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2010.

FOR GAMMON INDIA LIMITED

ABHIJIT RAJAN
Chairman & Managing Director

Place : Mumbai.
Date : 14th August, 2010

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
GAMMON INDIA LIMITED

1. We have examined the compliance of conditions of the Corporate Governance by **GAMMON INDIA LIMITED** for the financial year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the other conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. The minutes of some of the unlisted subsidiary companies however needs to be placed regularly before the board of the holding company.
4. We state that no investor grievance is pending for a period exceeding one month against the Company from the date of receipt of the grievance by the Company as per the records and other documents maintained by the Shareholders/ Investors Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR NATVARLAL VEPARI & CO.
Chartered Accountants
Firm Registration No. 106971W

N. Jayendran
Partner
M. No. 40441

Mumbai, Dated: 14th August, 2010

CEO/CFO CERTIFICATION

To
The Board of Directors
GAMMON INDIA LIMITED

We, Abhijit Rajan, Chairman & Managing Director and S. Chandrasekhar, Financial Controller of Gammon India Limited, to the best of our knowledge and belief, certify that :

(a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief :
   (i) these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee
   (i) Significant changes in internal control during the year;
   (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   (iii) Instances of significant fraud of which they have become aware and that the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems.

ABHIJIT RAJAN	**S. CHANDRASEKHAR**
Chairman & Managing Director	Financial Controller

Place : Mumbai.
Date : 14th August, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT US

Throughout its long history Gammon has strived to achieve its motto of being 'Builders to the Nation' with an array of landmark structures to its credit, including bridges, ports, harbours, thermal and nuclear power stations, dams, high-rise structures, industrial structures, chemical and fertilizer complexes environmental structures, cross country water, oil and gas pipelines. Gammon has pioneered Reinforced and Prestressed Concrete, Long span bridges, Under Water concreting using the Colcrete process, thin shell structures, Non-Shrinking concrete, Aluminium trusses for launching precast, prestressed beams and many more. Over the years the planners, designers and construction specialists at Gammon have proved their competence and innovative skills. As part of its diversification strategy, Gammon made a foray into the power sector-equipment business through merger and acquisition of power transmission company and overseas companies engaged in the power sector including manufacturing power equipments.

The Company's operations are divided into engineering, procurement and construction ("EPC") and construction business, infrastructure development business and international business.

The EPC and construction business comprises the following areas:

- transport engineering, viz. the design and construction of roads, bridges, metros, flyovers, ports and airports;
- power transmission and distribution, viz. design, engineering, erection, testing and commissioning of transmission and distribution lines, substation and overhead lines, project electrification, rural electrification and system improvement projects;
- energy, viz. engineering and construction of nuclear power, thermal power, hydro electric power and non-conventional power plants;
- environment and pipelines, viz. construction and design of water treatment plants, cross-country oil and gas pipelines and water supply projects;
- hydroelectric power structures, viz. construction of structures for hydroelectric power plants, such as dams, powerhouses, surge chambers, intake structures, and head race tunnels;
- hydraulic and irrigation, viz. engineering, design and construction works for dams, tunnels, irrigation pipes and hydraulic structures; and
- industrial structures and buildings, viz. construction of multi-storey buildings, residential, commercial and hospitality and other industrial structures.

The Company is also involved in the development of Build-Operate-Transfer ("BOT") projects in infrastructure and other infrastructure development projects through its subsidiary Gammon Infrastructure Projects Limited ("GIPL"), which undertakes projects on a public private partnership ("PPP") basis.

Through its international subsidiaries the Company focuses on power equipment manufacturing and oil and gas exploration around the world.

I. ECONOMIC OVERVIEW, INDUSTRY STRUCTURE AND DEVELOPMENT:

The fiscal year 2009-10 began as a difficult one. There was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis that began in the industrialized nations in 2007 and spread to the real economy across the world. The continued recession in the developed world, for the better part of 2009-10, meant a sluggish export recovery and a slowdown in financial flows into the economy. Despite the global slowdown, the Indian economy expanded by 7.4% during 2009-10 as compared to the gross domestic product (GDP) of 6.7% in 2008-09. Core industries and infrastructure services, led by the robust growth momentum of telecom services and spread across power, coal and other infrastructure like ports, civil aviation and roads, have also shown signs of recovery in 2009-10. The core infrastructure industry grew by 5.5% in 2009-10. The stimulus measures announced by the national authorities worldwide to combat the economic slowdown contained infrastructure buildup plans.

The Central and State Governments of India are focusing on establishing an appropriate policy framework for the infrastructure sector which provides the private sector with incentives to make large-scale investments, at the same time preserving adequate checks and balances through transparency, competition and regulation. There has been a shift towards financing of infrastructure development to the private sector, primarily through Public Private Partnerships (PPPs), which are based on a partnership between the public and the private sectors for the purpose of delivering a project or service traditionally provided by the public sector. PPPs are designed to mobilize financial resources and realize benefits from private sector efficiencies to meet the growing demand for infrastructure services. The initiatives undertaken in the Union Budget for fiscal 2010 as regards infrastructure sector is a positive step in that direction. In line with the rest of the world, the Union Budget for 2009-10 substantially stepped up allocation for many infrastructure sectors over the Budget estimates for the previous year, especially for the National Highways Development Program (NHDP), Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Accelerated Power Development and Reform Program (APDRP). Recently in order to give a push to economic activity, the government constituted the Cabinet Committee on Infrastructure (CCI) to fast-track the implementation of the infrastructure sector projects and monitor their performance. The Government has undertaken a series of legislative, administrative and executive initiatives to minimize infrastructure deficit, ameliorate bottlenecks in completion of projects and nurture core industrial and infrastructure services.

II. SPECTRUM OF ACTIVITY AND REVIEW OF PERFORMANCE:

In the civil engineering and construction industry, the order book is considered as a potential future performance indicator since it represents a portion of anticipated revenues. Your Company aims to focus not only on order book additions, but also on capturing a quality order book with potentially high margins. The Company's order book position as on 31/3/2010 stood at approx. ₹ 14500 Crores.

1) Transportation Engineering:

The Company is engaged in the design and construction of roads, bridges, metros, flyovers, ports and airports.

a. Roads:

India has the second largest Road Network in the world consisting of National and State Highways, Expressways and other major district and rural roads having a total length of approximately 3.34 million kms. The road traffic is increasing at a rate of 7 to 10% p.a. The total length of National Highways in the country at present is 68354 km which comprises only 2 per cent of the total road network, but carries over 40% of the total traffic. State Highways constitute 13% of the road length and carries 40% of the road traffic. In order to give a boost to the economic development of the country, the Government has embarked upon a massive National Highways Development Project (NHDP) in the country which is being implemented by the NHAI in phases. Implementation of the NHDP continues to face restraints in issues like shifting of utilities, availability of right of way, land acquisition, removal of structures thereby affecting the contractors capacity to ensure timely completion of road projects. The Ministry of Road Transport & Highways has set a target of completion of 20 km of NHs per day, which translates to 35,000 km at the rate of 7,000 km per year during the next five years (2009-14).

With the National desire to upgrade Indian roads to international standard, your Company continues to be a partner for this endeavor. The Company secured 2 major projects during the year:

(i) Contract worth ₹ 750 Crores for improvement of 63 Kms long Patna-Muzzafarpur bypass Project viz Patna-Muzzarfarpur Road – upgradation of Hajipur-Muzaffarpur section of the existing NH-77 to four lane dual carriageway.

(ii) Improvement, Operation & Maintenance, Rehabilitation & Strengthening of Existing 2-Lane road & Widening it to 4-Lane divided highway of Vadape to Gonde section of NH-3 in the state of Maharashtra on BOT basis aggregating to ₹ 685 Crores.

NHAI has a target to improve about 11854 Kms. road to international standard and your Company endeavors to secure a sizeable segment of the above. Your Company is also bidding for additional business from non-NHAI players in India and from countries like Srilanka, Indonesia, Uganda, Tanzania and Ethiopia. Of the ongoing Projects, three major jobs, i.e. Agra-Makanpur bypass, Nasik road works and Gajol Hill are nearing completion. The total executed contract value on road sector for the FY 2009-10 was ₹ 484.93 Crores. Other ongoing road jobs particularly the Karnataka Roads (contract value ₹ 436 Crores) and Gorakhpur Bypass (Contract Value ₹ 560 Crores) projects have progressed satisfactorily.

b. Bridges, Metro Viaducts & Flyovers:

In spite of its prominent role in Indian economy, urban India faces serious problems due to population pressure, deterioration in the physical environment and quality of life. Traffic congestion has assumed critical dimensions in many metropolitan cities due to massive increase in the number of personal vehicles, inadequate road space and lack of public transport. The Government has accorded highest priority to improving urban infrastructure by giving a boost to Metro rail in almost all metropolitan cities of the country The dedicated Freight Corridor Corporation of India will offer new opportunities for bridges, Rail track laying, signaling and Telecommunications approximately valued at ₹ 5000 Crores. The Delhi, Chennai, Kolkata and Bangalore Metro Rail Projects offer new opportunities for Metro Construction and Metro viaduct. Your Company has secured contract valued at ₹ 66 Crores for Construction of elevated Structures (viaduct) for section of Bangalore Metro Rail. During the year the Company completed Delhi Metro Rail Contracts, BC-12 and BC-13 valued at ₹ 221 Crores. The Company secured the following contracts during the year:

(i) Signature Bridge Project valued at ₹ 632 Crores for Construction of Main Cable Stayed Bridge over Yamuna River at Wazirabad, Delhi. The bridge will have a dual carriage way of 4-Lanes each. Length of main bridge is 575 m with extension of 112 meters. The height of the pylon is 151 mts. above the deck level.

(ii) Bongaigaon TT Foundation valued at ₹ 63 Crores for Construction of Pile and Well Foundation Package for River Crossing Location for 440 KV D/C Byrnihat-Bongaigaon Section of Palatana-Bongaigaon Transmission Line Associated with 726.6 MW Gas Based Power Plant at Palatana, Tripura.

(iii) Munger Bridge valued at ₹ 363 Crores for Construction of Steel Super Structure and Other Ancillary Works of Rail Cum Road Bridge across River Ganga at Munger.

Some of the projects under execution are:

a. Bogibheel Bridge valued at ₹ 363 Crores across River Brahmaputra Near Dibrugarh.

b. Elevated Road Project at Amritsar valued at ₹ 216 Crores for Design & Construction of 2-Lane Elevated Road from G.T. Road to Golden Temple and 4-Lane Elevated Road on G.T. Road from Maqbulpura Chowk to Bhandari Pul.

c. Kosi Bridge valued at approx ₹ 368 Crores for design, construction, finance, operation and maintenance of four lane Bridge across river Kosi including its approaches on NH-57 on Annuity Basis.

d. Godavari Bridge at Rajahmundry valued at ₹ 700 Crores: Design, Construction, Finance, Operation and Maintenance of major Bridge across river Godavari on Rajahmundry side.

e. Contract No. BC 25, 27, 28, 29 and 30R of Delhi Metro Rail Corporation valued at ₹ 315 Crores.

f. Contract from Kolkata Metro Rail Corporation (valued at ₹ 212 Crores) for Design and construction of 4.725 Km viaduct and portals for junction arrangement for future link to airport (elevated section) of East West Corridor of Kolkata Metro Excluding viaduct at stations namely salt lake stadium, Bengal Chemical, City centre, Central park, Karunamoyee and Salt lake sector-V each of length 140 m, on Subhash Sarobar to Salt lake Sector-V.

g. Wazirabad Bridge project at Delhi valued at ₹ 360 Crores for Construction of major bridge and its approaches cross River Yamuna downstream of existing bridge at Wazirabad-Delhi.

2) Hydro Electric Projects:

Under the new Hydro Policy the dispensation for project development allowed for PSU's would also be available to the Private Sector for a period of Five years. However due to lack of environmental clearances no major Hydro Projects have been taken up by either the PSU's or the Private Sector developers for bidding. As a result, during the year under review your company could not secure any new projects.

During this period the Company completed Sewa Hydroelectric project and substantial portion of Koldam Hydroelectric project. During this period the Company completed the challenging task of Sutlej River Crossing at Rampur project and slope stabilization for Parbati-II HEp which were the most critical part for the timely completion of these projects. All hydro jobs are moving as per schedule. The Company has set up a cell for overseas Hydro Projects and is also in consultation with The Bhutan Government for starting hands on training for the local population in this sector.

Some of the Hydro Power Projects under execution are:

a) **Parbati Stage II:**

Parbati Stage II is valued at ₹ 774 Crores. The work is in advance stage of construction and approximately 90% of the work has been completed. A unique feature of this project is the Construction of Inclined Pressure Shaft of diameter 4.8 m bored by Double Shield Tunnel Boring Machine (TBM) with precast segmental lining. This remains a world record created by your company.

b) **Parbati Stage III:**

The work at Parbati Stage III for installed capacity of 540 mw is progressing well. The major components of this project are a Head Race tunnel having 7.25 m finished diameter and length of 2 km having underground powerhouse, underground transformer carven, tail race tunnel of 8.1 m diameter and 2.7 km length, two vertical pressure shafts of 300 m depth each having finished diameter of 4.5 m and a surge shaft of 134 deep and diameter of 13 m. The boring for this was to be done by raised borer. Special equipment was brought from Sweden for boring a pilot hole of 2.4 m diameter with RVD attachments. The work is progressing as per schedule.

c) **Rampur HEP:**

This project is being executed for Sutluj Jal Vidyut Nigam Ltd. by a Joint Venture formed by Patel Engineering Ltd. & Gammon India Ltd. The project is funded by the World Bank and has river diversion 224 m long and 10 m diameter horse shoe shaped diversion tunnel, a surge tunnel 400 m long and 1 number Bulkhead Gate.

d) **Kol Dam:**

Your Company has virtually completed the work at this First Hydro Electric Project of NTPC Ltd., comprising surface powerhouse, penstock tunnels, fixing of steel liners and other upper tunnel works. The value of the work executed is ₹ 200 Crores.

e) **Punatsangchhu HEPP:**

Punatsangchhu Hydro Power Project authority has awarded the Company the work of Construction of Head Race Tunnel of dia 10 m and length approximately 12 km at Punatsangchhu in Bhutan. The work has commenced and the completion period is 48 months. The value of the work is ₹ 401 Crores. On the date of this report your Company was ahead of schedule for the First Two Milestones of the project.

3) Nuclear Power Plants:

Government of India has planned to produce 60,000 MW of Nuclear Power by the year 2020. Further to the signing of the Indo-US Nuclear deal, the construction activities in the Nuclear Sector are picking up. The following projects are the upcoming projects in this sector for which your company is actively planning to bid:

Kakrapar near Surat, Gujarat including CW systems including Cooling Towers for 2x700 MW Units.

RAPP Kota expansion Projects including CW Systems, Cooling Towers and Balance of Plant.

Jetapur near Ratnagiri for complete civil works, BOP and CW Systems.

Kodamkulum Nuclear Projects in Tamil Nadu for complete civil works, BOP and CW Systems.

Unlike other Infrastructure Projects, Nuclear Power Projects have a lower gestation period.

4) Chimneys & Cooling Towers:

Cooling Tower Industry is a technology sensitive-highly specialized industry. Cooling Towers form an integral part of Power Plants, Petroleum Refineries and other process Industries – wherever heat needs to be dissipated.

Major Investments are envisaged in the Infrastructure sector which also constitutes Power, Petroleum amongst others. The Power sector is expected to grow continuously @25% year on year for next few years. The 12th Five year plan (2012-2017) envisages a capacity addition to the tune of approximately 1.38 Lakhs MW. A large amount of investment is committed in the Power, Petrochemical sector as well as in the process Industries. Power sector constitutes about 60% of the business of cooling tower; Petrochemical sector constitutes 30% and balance from HVAC and other process industries. Hence the outlook of the Cooling tower Industry seems to be very good. Your Company through its subsidiary Gactel Turnkey Projects Limited (GTPL) has made its presence in these markets as well and are expecting the business to grow in next financial years in these markets also. Due to this huge growth in market, many foreign cooling tower companies are looking to have their presence in India thereby increasing the competition.

During the period under review various jobs were executed viz; Cooling towers/Cooling systems for IOCL Haldia Refinery, IOCL Baroda Refinery, North Delhi Power Ltd. Rithala, New Delhi, Haldia Petrochemicals Ltd., Haldia amongst others. GTPL's order book as on 31st March, 2010 stood at approx nearly ₹ 100 Crores.

5) Water and Environment:

The Government of India has accorded high priority to this sector. Under the Jawaharlal Nehru Urban Renewal Mission (JNURM) an outlay of ₹ 19565 Crores has been allocated for this sector alone with a view to provide water supply to the people of this country. Your Company being an active participant in this effort has targeted projects valued at ₹ 1300 Crores in this sector. This is part of our overall target to secure jobs worth ₹ 2050 Crores in the FY 2010-11. In the FY 2009-10 your Company has been able to complete ₹ 209.58 Crores of projects.

6) Cross Country Pipeline for Petroleum Products:

This Division has been performing as a single point service provider in this sector and continues to undertake both item rate and Lump Sum Contracts like previous years. In the FY 2009-10 this Division has completed jobs worth ₹ 77 Crores. The Division also secured two new jobs in the FY 2009-10 worth ₹ 156 Crores. With an upswing in the market in India and abroad, with acquired expertise in marketing and implementation, this division is poised to take leading part in coming days.

7) Thermal Power Project:

During the year under review your Company has further consolidated its position in this sector. The time bound implementation of various projects has helped your company in realizing better output for the resources deployed. With the steady acquisition of overseas companies having manufacturing capabilities in Power Sector, this sector continues to be one of the most important sectors for the Company's growth.

The huge gap between demand and availability of power in the Country and the impetus provided by the Government for Power Projects has also ensured availability of funds for the implementation of the projects.

During the year under review your Company has completed jobs worth ₹ 4020 Crores and the balance projects worth ₹ 4410 Crores are under completion.

Your Company secured the following projects during the year under review:

- Vallur STTP Civil Works 3x500 MW valued at ₹ 640 crores from National Thermal Power Corporation
- Tiroda STPP civil works, 3x600 MW & Kawai Chimney valued at ₹ 465 crores

- Tuticorin TPP Civil works & Chimney 2X660 MW from Coastal Energen valued at ₹ 397 Crores
- Krishnapatanam Power Project 2x800 MW from Tata Power Limited valued at ₹ 217 Crores
- Bellary, Ukai, Anpara & Pipavav power projects from Bharat Heavy Electricals Limited valued at ₹ 207 Crores
- Tuticorin TPP NDCT & Chimney from NLC valued at ₹ 189 Crores
- Chimneys at Sasan UMPP, Raghunathpur TPS, Rosa TPS valued at ₹ 91 Crores

With the availability of good Project Managers and the considerable goodwill enjoyed by your Company with most of the clients the outlook for this sector looks positive.

8) Multistoried Buildings:

The Company has secured the building projects valued at ₹ 662 Crores in the year under review. The Major clients include ISKCON, Runwal Group of Companies, RNA and Sattva Group.

Some of the major projects under execution include :

- The prestigious ISODYAN Mandir at Mayapur, Kolkata costing ₹ 138 Crores
- RNA – Address Tower at Kalina, Mumbai having cost of ₹ 58 Crores
- RNA – Exotica, a high rise bldg. at Goregaon, Mumbai having cost ₹ 114 Crores
- Gold Towers, one of the tallest Residential Tower of SATTVA GROUP, Bangalore having cost ₹ 39 Crores
- Runwal Greens, the high rise 8 towers in the centre of suburb at Mulund, Mumbai for RUNWAL GROUP having cost ₹ 313 Crores

Gammon is increasing its capabilities to undertake turnkey projects in the building sector on Design-Build basis.

9) Review of International Businesses:

In order to be responsive to the increasing trend to seek one stop services and for civil contractors to take responsibility for the engineering, supplying, erecting and commissioning of projects ,the Company has adopted a long term plan of creating a complete power vertical through its subsidiaries which include EPC, Civil, BTG engineering, manufacturing and power utility projects. To this end the Company's international acquisitions and a review of their performance is listed below;

Sofinter Group:

The Group activities comprise the design and manufacture of Industrial Boilers, Heat Recovery Steam Generators, Power utility steam boilers up to supercritical sizes, EPC related to power utilities and R&D in flameless technology using waste & low grade coal with zero carbon emissions. The Groups Clients are spread across 35 countries with a captive market with excess of 1000 units for an installed base of approx. 80,000 Mwt.

The global economic downturn post the 3rd quarter of 2008 continued to have its impact for the better part of 2009. Lending by the banks in Italy was severely curtailed for companies in general including your Company. In fact, overall debt exposure of the Banks in the Sofinter Group decreased by over Euro 100 million resulting in lower financial cost of approx. Euro 4.6 million. Nevertheless, with tight cash management and improved efficiencies across all activities of the Group, the overall turnover although lower by 10% at Euro 446.4 million (Euro 499.24 million in the previous year 31st December, 2008) resulted in an EBITDA of Euro 26.83 million [Euro (17.20) million in the previous year 31st December, 2008] and PAT of Euro (0.44) million [Euro (42) million in the previous year 31st December, 2008]. On 1st December, 2009, additional banking limits of approx Euro 140 million was formalized. Order books of the Group at the year end on 31st December, 2009 stood at approx Euro 460 million.

In line with Gammon's strategy, of leveraging on the technological capabilities of Ansaldo Caldaie S.p.A in the supercritical boiler segment for the Indian market starting with the bulk tender announced by NTPC, the facilities of Ansaldo Caldaie Boilers India Pvt. Ltd. near Chennai are being scaled up at a foreseen investment of approx ₹ 200 Crores. The enhanced facilities are expected to become operational and integration processes between Italy & India fully in place by the 2nd quarter of 2011, by which time it is anticipated that the Indian company would have bagged orders in the supercritical segment from the Clients like NTPC and other IPPs.

Franco Tosi Mecanicca S.p.A:

The activities of the Company relate to the design and manufacture of steam and hydro turbines from its manufacturing facilities located in Legnano, Italy. The Company faced the same challenges experienced by the Sofinter Group. However, the banking problems were to some extent mitigated through facilities tied up with banks outside Italy. Several efficiency measures initiated in 2008, tighter contract management, the restarting of the repair and rehabilitation division to take advantage of the captive market of over 75000 Mw of FTM machines globally and the continuous emphasis on managing supply chain logistics in India have resulted in an overall improvement in the operations of the Company. Turnover of Euro 92.03 million [Euro 102.34 million as on 31st December, 2008], although lower by 10% from the previous year has resulted in an EBITDA Euro 12.17 million [Euro (8.54) as on 31st December, 2008] and PAT of Euro 0.17 million [Euro (17.66) million as on 31st December, 2008.] Year end order book was Euro 285 million. The company is actively bidding in the Indian market and has in fact been able to secure its first order for 2 X 150 MW turbines from an IPP in India. The company is also exploring ways and means of entering the Hydro turbine market in India given the vast potential in this segment and the superior capabilities of your Company in this segment.

SAE Power Lines S.r.L:

The activities of the Company relating to the design fabrication and erection of transmission towers and lines continue to be stable in spite of the down turn, especially due to the newer markets in North East and West Africa showing robust growth. The Company is also exploring markets in the United States of America as well as Mexico for its products and services.

In calendar year 2009, the Company recorded a turnover of Euro 54.07 million [Euro 29.73 million as on 31st December, 2008], EBITDA Euro 1.90 million [Euro (2.73) million as on 31st December, 2008] and PAT Euro 0.07 million [Euro (2.77) million as on 31st December, 2008].

Further, the year end order book was Euro 70 million and additionally the company is well placed in bids approx. Euro 50 million.

Oil & Gas:

The execution of the Minimum Works Program on the Puma Marginal Field in Ecuador through Campo Puma Oriente S.A. which commenced in 2008 continues at a brisk pace, and is on schedule in terms of the contract with Petro Ecuador. Proven reserves are approx. 11 million barrels of oil.

Currently 2 work over wells and 4 development wells are operational and are producing approx 1500 barrels per day. 3 more development wells and 2 exploratory wells as well as seismic surveys are planned to be completed by the end of the first Quarter of 2011.

The Company will also commence the exploration program in Nebraska, USA as reported last year in the second Quarter of 2011, by which time it is foreseen that the operations at Puma Marginal Oil Field would have stabilized and become self sustaining.

10) Transmission and Distribution Business:

The Transmission and Distribution (T&D) business of the Company operates on Engineering Procurement Construction (EPC) basis in power transmission and distribution sector. With its execution capacities, large manufacturing capabilities for Transmission Tower & Conductor and Customer focus the Company is recognised as a leading player in India.

The Company has also been expanding its footing into overseas countries and executing EPC contracts in Algeria, Kenya, Afghanistan and also supplying towers to Nigeria, Ethiopia, Ghana, Sri Lanka, Oman, etc. With the thrust on privatization of Transmission Lines involving large investments in BOOT/BOO basis, the division is well positioned to capture the business opportunity having large manufacturing capacity for towers as well as conductors.

To cater to the ever growing power consumption, rapid industrialization and huge energy deficit, the Government of India had planned to make large capital expenditure in the 11th Five Year Plan in the Power Generation, Transmission and Distribution segments and set a target of adding about 78,000 MW of additional capacity. This will enable your company to cater to the ever growing demand of power transmission and distribution.

Government had initiated several Schemes including Accelerated Power Development and Reforms Programme (APDRP) and the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for bringing about qualitative improvements of the power distribution systems and electrification of all rural households and villages in India. The budgetary allocation for APDRP scheme has been enhanced from ₹ 800 Crores to ₹ 2080 Crores in year 2009-10. The electrical energy requirement is expected to grow about 8% per annum.

Your company is also looking for international opportunities in transmission and distribution business in Africa, Middle East and Central Asia.

With the addition of third tower manufacturing plant at Deoli, Wardha district capacity has been enhanced to more than 100,000 MT per annum.

During the year, the Company has also successfully commissioned 6 projects covering more than 850 Kms transmission lines of 765 & 400 KV.

During the year, the Company was successful in securing transmission line orders for more than 1500 Kms in various voltage class from domestic and overseas market .

The Company has also during the year forayed into manufacturing of high mast poles with the setting up of its subsidiary, Transrail Lighting Ltd. (TLL) which will be commissioned by September 2010. The Company has in-house design, pole manufacturing capacity of 30,000 MT per annum which are required for Street Lights, Telecom, Stadiums, power transmission & distribution etc.

The T&D business of the Company mainly comes from Central utilities, State utilities and Industry clients. The power sector in India has an estimated capacity addition of more than 1,60,000 MW during the period 2012-17. In order to provide availability of over 1,000 units of per capita electricity by the year 2012.

Distribution:

APDRP and RGGVY schemes are expected to accelerate investment in the power distribution sector. The Government has set aside ₹ 2080 Crores in the current budget under the APDRP Scheme as compared to ₹ 800 Crores for last year for bringing about improvement in the urban power distribution sector. The RGGVY scheme aims to bring about access to electricity to all rural households by the year 2012.

International:

The Company sees immense opportunities in the emerging markets such as Africa and Middle East on account of need of better power transmission network, funding support from multilateral agencies, power generation plans and spending by oil producing countries. The company has adopted the route of forming subsidiaries and JV overseas to enter into newer markets with its subsidiary SAE Power Lines S.r.l., Italy which has been the global player in T&D sector.

11) Public Private Partnership Projects:

Your Company undertakes Public Private Partnership projects through its subsidiary Gammon Infrastructure Projects Limited. Detailed below is the review of projects in the operations phase and projects under development;

A. Operational projects:

1. Rajahmundry Expressway Limited (REL):

REL is an SPV created for the project for widening and strengthening of a 53 km stretch between Rajahmundry and Dharmavaram in Andhra Pradesh on National Highway ("NH") 5, connecting Chennai and Kolkata.. The project has a concession period of 17.5 years, including construction period of 2.5 years. The project has been capitalized at ₹ 25,600 Lakhs. As of 31st March, 2010, REL has received 10 annuities from NHAI (each semi-annual annuity amounting to ₹ 2,961.9 Lakhs).

2. Andhra Expressway Limited (AEL):

AEL is an SPV created for the project for widening and strengthening of the 47 km stretch between Dharmavaram and Tuni in Andhra Pradesh on National Highway ("NH") 5, connecting Chennai and Kolkata.

The project has a concession period of 17.5 years, including construction period of 2.5 years. The project has been capitalized at ₹ 24,800 Lakhs. As of 31st March, 2010, AEL has received 10 annuities from NHAI (each semi-annual annuity amounting to ₹ 2,791.2 Lakhs).

3. Cochin Bridge Infrastructure Company Limited (CBICL):

CBICL is a subsidiary of the Company which had developed the New Mattancherry Bridge Project, in Cochin, Kerala on BOT (toll) basis. The project had been capitalized at ₹ 2,574 Lakhs. The project has a concession period of 19 years & 9 months. CBICL is also entitled to receive a fixed annual annuity payment of ₹ 154 Lakhs from GOK.

4. Mumbai Nasik Expressway Limited (MNEL):

MNEL is the SPV created for widening, strengthening and operating the 99.5 km Vadape–Gonde (Mumbai-Nasik) section of NH–3 on BOT basis. The project is part of the NHDP Phase III. The concession period for the project is Twenty (20) years, including a construction period of three years. The total project cost is estimated to be ₹ 75,300 Lakhs.

Financial closure for the project has been achieved and presently the project is under its implementation phase with a total capitalization of ₹ 73,118 Lakhs as of 31st March, 2010.

Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL. The project achieved partial completion for a stretch of 64 kms in May, 2010 and has commenced Tolling Services.

5. Vizag Seaport Private Limited (VSPL):

VSPL is the SPV formed to develop, construct, operate and manage two multi-purpose berths in the northern arm of the inner harbor at Visakhapatnam Port on a BOT basis. VSPL has developed the berths and terminal as a fully mechanized integrated handling system incorporating state-of-the-art technologies, capable of handling cargo up to 9 MMTPA.VSPL commenced commercial operations in July, 2004. The concession period is 30 years, including the construction period. As of 31st March, 2010, the project has been capitalized at ₹ 30,850.12 Lakhs. VSPL has the rights to operate the Project for another 21 years.

6. Punjab Biomass Power Limited (PBPL):

PBPL is the SPV formed to develop upto nine biomass based power projects, each having power generation potential in the range of 10 MW to 15 MW, in the State of Punjab, on BOO basis. Rice Straw, which is available in abundance in Punjab, will be the main fuel for these projects. In addition, the projects will also use other biomass such as Rice Husk.The first project of 12 MW at Bhagaura village, Patiala district is commissioned in June, 2010 and the land for the second project is already acquired.

B. Projects under development:

1. Rajahmundry Godavari Bridge Limited (RGBL):

RGBL is a subsidiary incorporated for design, construction, operation and maintenance of a 4.15 km long four-lane bridge, which will connect Kovvur and Rajahmundry in Andhra Pradesh across the Godavari River, with a 10.34 km of approach roads. The concession period for the project is twenty five (25) years, including a construction period of three years. The total project cost is estimated to be ₹ 86,110 Lakhs.

Financial closure for the project has been achieved and presently the project is under its implementation phase with a total capitalization of ₹ 22,795 Lakhs as of 31st March, 2010. Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL.

2. Kosi Bridge Infrastructure Company Limited (KBICL):

KBICL is a subsidiary of the Company incorporated for design, construction, development, finance, operation and maintenance of a 1.8 km long four-lane bridge across river Kosi with 8.2 km of access roads and bunds for flood protection on NH 57 in the Supaul district of Bihar, on BOT(Annuity) basis.

The concession period is twenty (20) years, ending in April 2027, of which seventeen (17) years is for operations and three years is for construction. The total project cost is estimated to be ₹ 44,842 Lakhs.

Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL.

3. Gorakhpur Infrastructure Company Limited (GICL):

GICL is a subsidiary of the Company incorporated for design, construction, finance and maintenance of a 32.27 km long four-lane bypass to Gorakhpur town on NH 28 in the State of Uttar Pradesh on BOT (Annuity) basis.The concession period is twenty (20) years, ending in April, 2027, of which 17.5 years is for operations and 2.5 years is for construction. The total project cost is estimated to be ₹ 68,601 lakhs.

Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL.

4. Patna Highway Projects Limited (PHPL):

PHPL is a step down subsidiary of the Company incorporated for design, construction, finance and maintenance of a 63.17 km long four-lane dual carriageway on NH-77, which includes new bypass of 16.87 km connecting NH-28 in the State of Bihar on BOT (Annuity) basis.

The concession period is fifteen (15) years, ending in February, 2023, of which 12.5 years is for operations and 2.5 years is for construction. PHPL will receive an annuity payment of ₹ 9,460 Lakhs from NHAI, semi-annually, in the entire operations period. The total project cost is estimated to be ₹ 94,005 lakhs.

Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL.

5. Indira Container Terminal Private Limited (ICTPL):

Indira Container Terminal Private Ltd. (ICTPL or Company), was incorporated in September 2007 to undertake the implementation, development, operation and maintenance of the Offshore Container Terminal (OCT) (Project), operation and maintenance of existing container operation of Mumbai Port Trust (MPT) at its Ballard Pier Station (BPS), off the coast of Mumbai on Build, Operate and Transfer (BOT) basis.

The total project cost for the first phase is estimated to be ₹ 1,01,566 Lakhs.The total capitalization of the project is ₹ 14,455.16 Lakhs as of March 31, 2010.

6. **Pravara Renewable Energy Limited (PREL):**

   PREL is a subsidiary incorporated for design, construction, finance and operation of a 30 MW co-generation power project on BOOT basis with Padmashri Dr. Vitthalrao Vikhe Patil Sahakari Sakhar Karkhana Limited ("Karkhana") in Pravara Nagar, Maharashtra. The indicative cost for executing the project has been estimated at ₹ 18,500 lacs.

7. **Sikkim Hydro Power Ventures Limited (SHPVL):**

   SHPVL is a wholly owned subsidiary of the Company, floated to develop 66 MW Rangit II Hydroelectric Power Project in Sikkim on BOOT basis. The project involves the development of a 66 MW run-of-the-river Hydroelectric Power Project on the Rimbi river, a tributary to river Rangit. Concession period for the project is 35 (thirty five) years from the Commercial Operations Date.

8. **Youngthang Power Ventures Limited (YPVL):**

   The project involves the development of a 261 MW run-of-the-river hydroelectric power project in Himachal Pradesh on a BOOT basis at an estimated cost to complete of ₹ 250,000 Lakhs. The concession period of the project is 40 years post commencement of commercial operations.

9. **SEZ Adityapur Limited (SEZAL):**

   SEZAL is incorporated to implement the project of development of an SEZ for automobile and auto components at Adityapur, in the state of Jharkhand in eastern India.

10. **Haryana Biomass Power Limited (HBPL):**

    Haryana Renewable Energy Development Agency (HAREDA) had issued letters of intent for setting up eight biomass based power projects (out of which Company intends to develop six) in Haryana to the Company, in consortium with another private sector developer. The capacity of each project is likely to be in the range of 10 to 12 MW. These projects will primarily use rice straw as the feedstock for generation of power.

11. **TADA SEZ Project:**

    RAS Cities and Townships Private Limited ("RAS"), a step down subsidiary of your Company, has identified approximately 1,150 acres of land at TADA in the Chittoor District of Andhra Pradesh. Land acquisition is currently in progress.

III. FINANCIAL AND OPERATIONAL PERFORMANCE:

The turnover of the company stood at ₹ 4,534 Crores for the year ended 31st March, 2010. Operating profit (PBDIT) amounted to ₹ 422 Crores (₹ 378 Crores previous year). After providing ₹ 71 Crores (₹ 64 Crores previous year) towards depreciation and ₹ 69 Crores (₹ 68 Crores previous year) towards tax for current and deferred taxation, the net profit amounted to ₹ 143 Crores (₹ 140 Crores previous year). The annualised percentage increase in Turnover over previous year amounted to 23.14%. The order book position of your company as on 31st March, 2010 was approx ₹ 14,500 Crores.

IV. RISK MANAGEMENT:

The Company regularly deliberates on various issues affecting management in all aspects of its activities namely, engineering procurement, tendering and construction of projects to name some of the more important ones. Over the last 8 decades, it has built processes to assess and evaluate these risks. During the project construction time, which ranges between 15 months to 75 months, the changing features of construction management are under constant review of the management. Adequate steps are taken to mitigate the risks involved.

Some of the key risks that the Company manages proactively are listed here below:

1. Most of the contracts have an escalation clause and in case of those contracts which does not have an escalation clause, increases are extra polated in the estimates at the tender stage to cater for the same should they arise. In both the situations, nevertheless, the key to manage the risk is in timely execution,

which would not only ensure that costs are contained but also that penalties are obviated. To this end, the Company continuously reviews its business processes to strengthen its project management capabilities, tighten contract management, improve information flow and manpower retentions and enhance client relationship.

In addition, the process of estimation is continuously reviewed with a view to make the bid realistic. This is of special significance in light of the severe competition prevailing in the Industry today which is exerting immense pressure on margins.

2. Defaults in payment of running bills and retention money by some of the clients put pressure on the working capital requirements of the Company and pushes up the financial costs. The Company evaluates client risks and would generally seek payment comfort through instruments like letter of Credit, Bank Guarantee etc. where risk perception is high.

3. The Company is increasingly focusing on the international markets as a strategic initiative. This is a new dimension to the risk which the Company is subjected to and in addition to better bidding and project management processes a deep understanding of local complexities is essential to succeed in these markets. The Company addresses these risks by secondment of trained and competent personnel, engaging specialized agencies locally for proactive guidance and partnering with local business groups of repute in Joint Ventures.

4. The Company has in place adequate and comprehensive insurance covers for all its assets and projects to deal with calamities.

5. The Company has been consistently rated AA by Credit rating agencies. This facilitates quick access to the financial markets at competitive rates as and when required. The Leveraging of the Company is comfortable to meet its obligations.

6. The Company has inflow and outflow of foreign currency related to its Projects. In addition, it has foreign currency denominated borrowings. To the extent that the overall position exceeds the natural hedge, the Company evaluates and puts in place a hedging strategy, for which it is adequately equipped with necessary mandates at the operating level.

7. The internal audit cell of the Company has in place a comprehensive program across the Company. The internal controls of the Company are robust to quickly detect and minimize the risks of fraud and misreporting. The reports of the internal controls are regularly reviewed by Audit Committee of the Board and their recommendation for better effectiveness implemented.

V. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has deployed an adequate internal control system, commensurate to its size & business. It provides reasonable assurance of recording the transactions of its operations in all material aspects & of providing protection against misuse or loss of company’s assets.

The internal audit team consists of both in-house techno-commercial professionals and independent firms of Chartered Accountants, who conduct the internal audits at regular interval & reports to Audit Committee.

The Audit Committee consists of Independent Directors and is headed by experienced professionals. The Committee meets periodically to review the auditors’ reports & their observations and makes recommendations for adequacy, effectiveness of internal controls & required remedial action, if any, to the Board of Directors for its implementation.

The existing internal controls systems & their adequacy is frequently reviewed & improved upon to meet the changing business environment.

Further, the Company has made substantial progress in implementing ERP system, which will help in strengthening the existing internal control systems.

VI. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES:

Employees are vital to the operations of an organization especially the ones engaged in project based set up like your Company. Human Resources represent the collective expertise, innovation, leadership, entrepreneurship and managerial skills of the employees of an organization and we at Gammon believe in nurturing and developing our employees. The existing employee strength is 3,547 of which 65% is technical and 35% is non-technical. In order to increase the effectiveness of the business your company went through a re-engineering exercise and the organization structure was revised demarking clear delegation of authority and empowering the employees to perform their best. The attrition rate for this fiscal was 13.3%.

A number of employee development initiatives were undertaken such as ‘GALLOP’ with the objective of developing future leaders ‘Personal Growth Lab’ training program was organized to strike work-life balance.

VII. CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company’s objectives, projections, estimates and expectations are “Forward Looking Statements”. Actual results might differ from those anticipated because of changing ground realities, government policies, economic and political developments, market conditions etc.

For GAMMON INDIA LIMITED

ABHIJIT RAJAN
Chairman & Managing Director

Place: Mumbai
Date: 14th August, 2010

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 2010 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date in which are incorporated the returns of the Nagpur branch including the overseas branches at Algeria, Nigeria, Kenya, audited by other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of Gammon India Limited – Nagpur Branch which was audited by the branch auditors reflecting total assets of ₹ 1,439.46 Crores and total revenue of ₹ 1,291.48 Crores whose reports have been received by us.

4. Without qualifying our report we invite attention to:

   a. Note no B-12 to the notes to accounts relating to recoverability of an amount of 94.54 Crores under sundry debtors in respect of recognition of contract revenue in previous years where the Company has received arbitration awards in its favour in respect of which the client has preferred an appeal for setting aside the said arbitration awards. The recoverability is dependent upon the final outcome of the appeals getting resolved in favour of the Company.

   b. Note no. 28C to the notes to accounts relating to the investments in one of the joint ventures of a wholly owned subsidiary which has applied for creditors' protection in a Court in Italy. The final outcome and the resultant investment would be dependent upon the approval of the courts to the composition scheme pending which no effects have been taken in these accounts.

   c. Note no. 38(b) to the notes to accounts relating to recognition of variation claims and revenue in respect of works carried out by the joint venture in Oman, where the final outcome of the project is dependent on the resolution of the disputes and settlement of the claims by the client.

5. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order on the basis of information and explanations received by us and reports of the branch auditors on which we have relied.

6. Further to our comments in the Annexure referred to above, we report that:

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.

   (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books. Proper returns adequate for the purpose of our audit have been received from the branches not visited by us.

   (iii) The reports on accounts of the branches audited by the other Auditors have been forwarded to us and have been appropriately dealt by us in preparing our report

   (iv) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

(v) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

(vi) On the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date.

(vii) In our opinion and to the best of our information and according to the explanation given to us, the accounts and 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 2010;

(b) in the case of Profit and Loss Account of the profit for the year ended on 31st March 2010; and

(c) In the case of the Cash Flow Statement, of the net cash flow for the year ended on that date.

For NATVARLAL VEPARI & CO.
Chartered Accountants
Firm Registration No. 106971W

N. Jayendran
Partner
M. No. 40441

Mumbai , Dated : 14th August, 2010

ANNEXURE TO THE AUDITORS' REPORT
(REFERRED TO IN PARAGRAPH 5 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.

(c) The Company has not disposed off any substantial part of the fixed assets.

(ii) (a) The Company is primarily a construction company having work sites spread all over India and Abroad. The records of materials, stores are maintained at the respective sites, which have been verified by the management during the year at reasonable intervals. In respect of its manufacturing operations the stock of finished goods, stores, spare parts and raw materials has been physically verified by the management at reasonable intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The discrepancies noticed between the physical stocks and books stocks were not material and the valuation of stock has been done on the basis of physically verified quantity. Therefore Shortage/Excess automatically get adjusted and the same is properly dealt in the books of accounts.

(iii) (a) The Company has during the year granted unsecured loans to one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 139.46 Crores and at the end of the year balance of loans granted to such parties was ₹ 67.20 Crores.

(b) In our opinion the rate of interest, wherever charged, and the other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

(c) There are no stipulations for the repayment of principal and the interest, wherever charged. The outstanding interest receivable as at 31st March 2010 was ₹ 13.19 Crores.

(d) The Company has not taken any loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us there is a reasonable internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services which has scope for further improvement. We have however not come across any continuing failure to correct major weaknesses in internal control.

(v) (a) In our opinion and according to the information and explanations given to us the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been so entered.

(b) All the transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time and the nature of services rendered by such parties.

(vi) The Company has not accepted any deposits from the public during the year under review and consequently the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the rules framed there under are not applicable. We are further informed that no orders have been passed by the Company Law Board in the case of the Company requiring compliance.

(vii) In our opinion the internal audit system is presently commensurate with the size and nature of its business.

(viii) According to the records produced and information given to us, the Central Government has not prescribed the maintenance of the cost records and accounts under Section 209(1)(d) of the Companies Act, 1956.

(ix) (a) The Company is generally regular in depositing Provident Fund, Employees State Insurance, Income tax, wealth tax and sales tax dues with the appropriate authorities observed on a test check basis *except for many cases of delays observed in deposit of TDS, service tax and PF at sites. Further the tax on dividend also was not paid on time and has been paid since the balance sheet date.*

(b) On the basis of the audit procedures followed, test checks of the transaction and the representation from the Management there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable except VAT Tax/Works Contract Tax of ₹ 0.13 Crores, Profession Tax of ₹ 0.01 Crores, and Provident Fund/Family Pension Fund of ₹ 0.55 Crores and ₹ 0.26 Crores to be deposited with Investor Education and Protection Fund.

(c) According to the information and explanation given to us, the following Tax/duty etc. has not been deposited on account of dispute.

Name of the Statute	State	Nature of the dues	₹ in Crores	Period to which it relates	Forum where Dispute is pending
Sales Tax	A.P.	Sales in Transit (E-1)	0.13	1987-88	D.C. Appeals
	A.P.	Reassessment matter	0.23	1999-00	Tribunal
	A.P.	Reassessment matter	0.19	2001-02	H.C.
	A.P.	Tax levied on value of material instead of purchase price. Rule 6(3)(i)	2.10	2002-03	Tribunal / H.C.
	A.P.	Tax levied on value of material instead of purchase price. Rule 6(3)(i)	1.64	2003-04	Tribunal / H.C.
	A.P.	Rejection of Form G	1.77	2001-02 to 2004-05	D.C. Appeals
	A.P.	Disallowance of Inter state purchase	0.24	2005-07	H.C.
	A.P.	Levy of Penalty	1.89	2005-07	H.C.
Sales Tax	Gujarat	Levy of Penalty	0.01	2001-02	J.C. Appeals
	Gujarat	Levy of Penalty	0.20	2003-04	J.C. Appeals
Sales Tax	M.P.	Entry Tax	0.01	1992-93 & 1993-94	A.C. Appeals
Sales Tax	Maharashtra	Denial of deduction on Pre cost component	0.79	1993-94 to 1997-98	Tribunal / A.C. Appeals
		Disallowance of WCT & BST	5.66	1999-2002	Jt. Appeals / Tribunal
		Lease Matter	0.19	1998-99 to 2001-02	D.C. Appeals / Tribunal
Sales Tax	Orissa	Lab. and Service Charges disallowed	0.11	1992-93 to 1999-00	A.C. Appeals
		Various disallowance	0.88	2001-04	A.C. Appeals
Sales Tax	West Bengal	CTO wrongly estimated Transfer Price	0.64	1994-95 to 2002-03	Tribunal
Sales Tax	Jharkhand	Non Receipt of F Form	0.04	2001-02	C.T.
Sales Tax	H.P.	Disallowance of deduction	0.92	2006-09	High Court
Sales Tax	Chattisgarh	Entry Tax	0.05	1979-80 to 1998-99	Tribunal
		Disallowance of Sales in Transit	2.79	2005-06	D.C. Appeals
Sales Tax	Kerala	Best Judgment Offer	1.70	1999-00 to 2000-01	D.C. Appeals
Sales Tax	Assam	Penalty u/s 10 of CST Act	0.84	2006-07	D.C. Appeals
Excise	AP	Disputed Demand	1.38	2006-07	Commissioner-C Ex
Service Tax	Gujarat – Sabarmati Job	River Development Matter	5.60	2005-2009	A.D.G / C.T.
Service Tax	Gujarat – Sipat Job	Show Cause cum demand notice	1.43	2005-06	A.D.G / C.T.
Service Tax	Gujarat – Surendranagar	Whether for commercial purpose or not	5.72	2005-06	A.D.G.

Name of the Statute	State	Nature of the dues	₹ in Crores	Period to which it relates	Forum where Dispute is pending
Service Tax	Bhilai	Demand Notice	0.96		A.D.G.
Service Tax	New India Hotel	Non Inclusion of Value of Material	0.25	2006-09	DG -CEI
Service Tax	Godrej Woodsman	Non Inclusion of Value of Material	2.57	2006-09	DG –CEI
Excise	Chennai	Disputed Demand	0.03	2006	CESTAT Chennai
Custom Duty		Disputed Demand of NHAI Project	0.32	2001-02	S.C.

(x) The Company does not have any accumulated losses and has not incurred cash losses in current year and the previous year.

(xi) In our Opinion and according to the information and explanation given to us by the Management the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

(xii) On the basis of the audit procedures followed, the test checks of the transactions during the course of our audit and the representations from the management, the Company has maintained adequate records for loans granted on the basis of security by way of pledge of shares.

(xiii) The Company is not a nidhi/mutual benefit fund/societies and accordingly Clause (xiii) is not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations the company has given corporate guarantee for loans taken by other companies from banks or financial institutions for which it has obtained counter guarantee from the other entities. The other terms and conditions are not prejudicial to the interest of the Company.

(xvi) The term loans taken during the year have been applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanation given to us, on an over all examination of the Balance sheet of the Company, we report that no short term funds have been applied towards long term purposes.

(xviii) The Company has made preferential allotment of equity warrants during the year to parties and companies covered in the Register maintained under Section 301 of the Act, at a price prescribed in SEBI Issue of Capital and Disclosure Regulations 2009 and therefore the same are not prejudicial to the interests of the Company.

(xix) The Company has raised secured redeemable debentures aggregating to ₹ 74 crores during the year the securities in respect of which have been created before the balance sheet date.

(xx) The Company has not raised any money by public issues during the year and accordingly Clause (xx) of Companies (Auditors' Report) Order, 2003 is not applicable.

(xxi) Based on the audit procedures performed and the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.

For NATVARLAL VEPARI & CO.
Chartered Accountants
Firm Registration No. 106971W

N. Jayendran
Partner
M. No. 40441

Mumbai , Dated : 14th August, 2010

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule No.	As at 31st March, 2010 ₹ in Crores	₹ in Crores	As at 31st March, 2009 ₹ in Crores	₹ in Crores
SOURCES OF FUNDS:					
Shareholders' Funds					
Share Capital	1	25.83		126.71	
Employee Stock Option Outstanding	1A	1.75		1.81	
Equity Share Warrants (Refer Note B-4)		18.60		–	
Reserves & Surplus	2	1,898.72		1,452.12	
			1,944.90		1,580.64
Loan Funds					
Secured Loans	3	488.55		325.25	
Unsecured Loans	4	806.01		647.02	
			1,294.56		972.27
Deferred Tax Liability (Refer Note B-29)			71.73		54.36
TOTAL			3,311.19		2,607.27
APPLICATION OF FUNDS:					
Fixed Assets	5				
Gross Block		1,478.80		1,275.01	
Less: Depreciation & Impairment		394.45		326.98	
Net Block		1,084.35		948.03	
Add: Capital Work-in-progress		84.64		35.38	
			1,168.99		983.41
Investments	6		197.84		220.61
Current Assets, Loans and Advances					
Interest Accrued Receivable		43.42		27.51	
Inventories	7	1,309.15		1,011.10	
Sundry Debtors	8	1,763.68		1,343.70	
Cash & Bank Balances	9	72.48		51.36	
Loans & Advances	10	1,065.55		870.09	
		4,254.28		3,303.76	
***Less:* Current Liabilities and Provisions**	11				
Current Liabilities		2,279.74		1,874.38	
Provisions		30.18		26.13	
		2,309.92		1,900.51	
			1,944.36		1,403.25
TOTAL			3,311.19		2,607.27
Notes to Accounts	16				

Schedules 1 to 16 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N. JAYENDRAN
Partner
M. No. 40441

Mumbai, Dated :14th August, 2010

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

ROHIT MODI
Deputy Managing Director

RAJUL A. BHANSALI
Executive Director

D. C. BAGDE
Executive Director

C. C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 14th August, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule No.	2009 – 2010 ₹ in Crores	2009 – 2010 ₹ in Crores	2008 – 2009 ₹ in Crores	2008 – 2009 ₹ in Crores
INCOME:					
Sales/Turnover	12	4,534.25		3,681.96	
Less: Excise Duty		66.14		46.00	
		4,468.11		3,635.96	
Other Operating Income	12A	16.99		21.90	
Other Income	12B	41.10		41.54	
			4,526.20		3,699.40
EXPENDITURE:					
Expenditure on Contracts	13	3,960.28		3,245.59	
Establishment Expenses	14	129.11		71.82	
Financial Cost (Net)	15	139.66		105.26	
Depreciation		74.06		67.08	
Depreciation withdrawn from Revaluation Reserve		(3.13)		(3.13)	
Share in Loss of Joint Venture (Refer Note B-38)		14.96		4.09	
			4,314.94		3,490.71
PROFIT BEFORE TAX			211.26		208.69
Provision for Taxation:					
– Current Tax		48.55		59.18	
– Deferred Tax		17.24		7.17	
– Fringe Benefit Tax		–		2.65	
– Foreign Tax Paid		0.68		0.69	
			66.47		69.69
PROFIT AFTER TAX			144.79		139.00
Add/(Less):					
Additional Tax Provision (Refer Note B-35)			(17.00)		–
Excess/(Short) Provision of taxation for earlier years			(2.07)		1.48
NET PROFIT FOR THE YEAR			125.72		140.48
Profit Brought Forward from last year			231.43		159.92
PROFIT AVAILABLE FOR APPROPRIATION			357.15		300.40
Amount Transferred to General Reserve		29.75		29.71	
Amount Transferred to Debenture Redemption Reserve		38.38		24.90	
Dividend from Own Shares		(0.35)		–	
Amount Transferred from Foreign Projects Reserve		–		(0.32)	
Dividend from erstwhile ATSL Received in PVRS Year		–		(0.29)	
Proposed Dividend					
– Equity Shares		7.65		6.50	
– Preference Shares		6.08		6.30	
Tax on Dividend		2.28		2.17	
			83.79		68.97
Balance Carried to Balance Sheet			273.36		231.43
Earnings Per Share (Refer Note B-25)					
Basic			10.72		12.46
Diluted			10.26		12.35
Face Value Per Share			2.00		2.00
Notes to Accounts	16				

Schedules 1 to 16 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N. JAYENDRAN
Partner
M. No. 40441

Mumbai, Dated :14th August, 2010

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

ROHIT MODI
Deputy Managing Director

RAJUL A. BHANSALI
Executive Director

D. C. BAGDE
Executive Director

C. C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 14th August, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

		2009 – 2010		2008 – 2009	
		₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before tax and extraordinary items		**211.25**		*208.68*
	Adjustments for:				
	Depreciation	**70.93**		*63.95*	
	Profit/Loss on Sale of Assets	**0.32**		*(0.43)*	
	Profit/Loss on Sale of Investments	**(38.82)**		*(39.32)*	
	Employees Compensation Expenses	**0.55**		*0.86*	
	Dividend Income	**(0.39)**		*(0.49)*	
	Interest (Net)	**139.66**		*105.26*	
	Foreign Exchange loss/gain	**0.65**		*0.45*	
	Write off against Leasehold Land	**0.01**		*0.01*	
	Provision for Doubtful Debt	**3.15**		*2.41*	
	Bad Debts Written off	**4.07**		*2.23*	
			180.13		*134.93*
	Operating Profit before Working Capital Changes		**391.38**		*343.61*
	Adjustments for :				
	Trade and Other Receivables	**(424.35)**		*(520.78)*	
	Inventories	**(298.05)**		*(197.81)*	
	Trade Payables & Working Capital Finance	**409.20**		*704.90*	
	Loan and Advances	**(79.90)**		*(110.57)*	
			(393.10)		*(124.26)*
	Cash Generated from the Operations		**(1.72)**		*219.35*
	Direct Taxes paid		**(84.27)**		*(101.59)*
	NET CASH FLOW FROM OPERATING ACTIVITIES		**(85.99)**		*117.76*
B.	**CASH FLOW FROM INVESTMENT ACTIVITIES**				
	Purchase of Fixed Assets	**(259.46)**		*(166.51)*	
	Sale of Fixed Assets	**1.34**		*4.31*	
	Cash & Bank balance taken over pursuant to amalgamation	**–**		*4.32*	
	Share Application Money Pending Allotment	**5.76**		*(40.76)*	
	Loans given to Subsidiaries, Associates and others	**(371.08)**		*(726.23)*	
	Loans Refund from Subsidiaries, Associates and others	**243.83**		*380.86*	
	Purchase of Investments:				
	– Subsidiary, Joint Ventures & Associates	**(6.98)**		*(19.62)*	
	– Deposit paid on acquisition of shares	**–**		*–*	
	– Others	**(11.09)**		*(100.19)*	
	Sale of Investments:				
	– Subsidiary, Joint Ventures & Associates	**–**		*–*	
	– Deposit received on transfer of beneficial interest	**32.69**		*0.03*	
	– Others	**41.21**		*145.18*	
	Interest received	**32.29**		*24.21*	
	Dividend received	**0.39**		*0.78*	
	NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(291.10)**		*(493.62)*
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Interest Paid	**(190.95)**		*(135.96)*	
	Proceeds from issue of Share Capital & Securities Premium	**385.22**		*0.01*	
	Repayment of Preference Share Capital	**(105.00)**		*–*	
	Proceeds from/(Repayment of) borrowings	**322.27**		*530.38*	
	Dividend Paid (Including Tax)	**(12.68)**		*(4.85)*	
	NET CASH FLOW FROM FINANCING ACTIVITIES		**398.86**		*389.58*
	NET INCREASE IN CASH AND CASH EQUIVALENTS		**21.77**		*13.72*
	Balance as on 31.03.2009		**51.36**		*38.09*
	Balance as on 31.03.2010		**73.13**		*51.81*
	NET INCREASE IN CASH AND CASH EQUIVALENTS		**21.77**		*13.72*

Note: – Figures in brackets denote outflows
– Cash and Cash Equivalents include ₹ 1.93 Crores as on 31.03.2010 *(Previous Year – ₹ 1.93 Crores as on 31.03.09)* with Bank Branch in Foreign countries relating to certain Foreign Projects which are not readily available for use by the Company.

	As at 31.3.2010	*As at 31.3.2009*
Cash and Cash Equivalents	**72.48**	*51.36*
Effect of Exchange Rate Charges	**0.65**	*0.45*
Balance Restated above	**73.13**	*51.81*

As per our attached report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N. JAYENDRAN
Partner
M. No. 40441
Mumbai, Dated :14th August, 2010

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

ROHIT MODI
Deputy Managing Director

RAJUL A. BHANSALI
Executive Director

D. C. BAGDE
Executive Director

C. C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 14th August, 2010

SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31st March, 2010		*As at 31st March, 2009*	
	₹ in Crores	₹ in Crores	*₹ in Crores*	*₹ in Crores*
SCHEDULE 1				
SHARE CAPITAL				
AUTHORISED				
355,000,000 *(Previous Year 355,000,000)* Equity Shares of ₹ 2/- each		71.00		*71.00*
3,000,000 6% Optionally Convertible Preference Shares of ₹ 350/- each *(Previous Year 3,000,000)*		105.00		*105.00*
		176.00		*176.00*
ISSUED				
129,019,238 Equity Shares of ₹ 2/- each fully paid *(Previous Year 108,431,316 Equity Shares of ₹ 2/- each)*		25.80		*17.67*
SUBSCRIBED AND PAID-UP				
127,438,698 Equity Shares of ₹ 2/- each *(Previous Year 106,850,776 Equity Shares of ₹ 2/- each)*		25.49		*17.35*
Of the above				
264,000 Shares are issued for consideration other than Cash				
5,806,700 Shares are issued as fully paid Bonus Shares by Capitalisation of ₹ 0.70 Crores from Reserves and ₹ 0.45 Crores from Securities Premium Account				
20,106,106 Shares are issued as consideration on merger of ATSL with the Co.				
EQUITY SHARE SUSPENSE A/C		–		*4.02*
PREFERENCE SHARES SUSPENSE A/C (Refer Note B-5)		–		*105.00*
SHARE FORFEITURE ACCOUNT		0.34		*0.34*
Money received in respect of 170,948 Rights shares of ₹ 10/- each forfeited				
		25.83		*126.71*
SCHEDULE 1 A				
EMPLOYEE STOCK OPTION OUTSTANDING				
Employee Stock Option Outstanding	2.56		*2.66*	
Less: Transfer to General Reserve for Lapse of ESOP	0.25		*0.07*	
Less: Transfer to Securities Premium on Exercise of ESOP	0.36		*0.03*	
Less: Deferred Employee Compensation Cost	0.20		*0.75*	
(For details of Stock Option Outstanding Refer Note B-17)		1.75		*1.81*
		1.75		*1.81*
SCHEDULE 2				
RESERVES AND SURPLUS				
CAPITAL REDEMPTION RESERVE				
As per last Balance Sheet	–		*–*	
Add: Transfer from General Reserve	105.00		*–*	
		105.00		*–*
GENERAL RESERVE				
As per last Balance Sheet	275.00		*125.00*	
Add: On Amalgamation of ATSL	–		*120.22*	
Less: Transferred to Capital Redemption Reserve (Refer Note B-5)	105.00		*–*	
Add: On Forfeiture/Lapse of ESOPs during the year	0.25		*0.07*	
Add: Transferred from Profit & Loss A/c	29.75		*29.71*	
		200.00		*275.00*
SECURITIES PREMIUM				
As per last Balance Sheet	594.67		*594.63*	
Add: On issue of Equity Shares under QIP	301.60		*–*	
Add: On issue of Equity Shares on exercise of Warrants	68.36		*–*	
Add: On issue of Equity Shares on exercise of ESOP	0.46		*0.01*	
Add: Transfer from Employees Stock Option Outstanding	–		*0.03*	
Less: Exps. in connection with the placement of Equity Shares under QIP	7.56		*–*	
		957.53		*594.67*

	As at 31st March, 2010 ₹ in Crores	As at 31st March, 2010 ₹ in Crores	*As at 31st March, 2009 ₹ in Crores*	*As at 31st March, 2009 ₹ in Crores*
FOREIGN PROJECTS RESERVE				
As per last Balance Sheet	**–**		*0.32*	
Less: Transfer to Profit & Loss A/c	**–**		*0.32*	
		–		*–*
REVALUATION RESERVE				
As per last Balance Sheet	**245.56**		*249.66*	
Less: On Sale of Revalued Assets	**–**		*0.96*	
Less: Depreciation on Revalued Assets	**3.13**		*3.13*	
		242.43		*245.57*
DEBENTURE REDEMPTION RESERVE				
As per last Balance Sheet	**56.27**		*31.37*	
Add: Transferred from Profit and Loss A/c	**38.38**		*24.90*	
		94.65		*56.27*
SPECIAL CONTINGENCY RESERVE				
As per last Balance Sheet	**50.00**		*50.00*	
Add: Transferred from Profit and Loss A/c	**–**		*–*	
		50.00		*50.00*
FOREIGN CURRENCY TRANSLATION RESERVE				
As per last Balance Sheet	**(0.82)**		*0.07*	
Add: Arising out of current year	**(23.43)**		*(0.89)*	
		(24.25)		*(0.82)*
PROFIT AND LOSS ACCOUNT		**273.36**		*231.43*
		1,898.72		*1,452.12*

SCHEDULE 3

SECURED LOANS

	As at 31st March, 2010 ₹ in Crores	*As at 31st March, 2009 ₹ in Crores*
Non-Convertible Debentures placed with Banks and Financial Institutions (Amount Payable within One Year ₹ 7 Crores) (Refer Note B-1)	**300.00**	*226.00*
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)	**113.70**	*19.26*
From ICICI Bank Led Consortium : (Cash Credit facility secured by hypothecation of Plant & Machinery Land & Building, Stocks, Debtors of the erstwhile ATSL)	**6.45**	*34.00*
Term Loan (Secured by hypothecation of Plant & Machinery Land & Building of the erstwhile ATSL) (Out of the above term loans, amount of repayment due within one year ₹ 1,716 Crores)	**68.40**	*45.97*
Loans (Secured by hypothecation of assets purchased under various financing schemes):		
Ford Credit Kotak Mahindra Ltd.	**–**	*0.01*
ICICI Bank Ltd.	**–**	*0.01*
	488.55	*325.25*

SCHEDULE 4

UNSECURED LOANS

	As at 31st March, 2010 ₹ in Crores	*As at 31st March, 2009 ₹ in Crores*
Buyers Credit (Secured by Guarantee of Consortium Bankers) (Amount repayable within one year ₹ 71.67 Crores, *Previous Year ₹ 162.66 Crores*)	**71.67**	*162.66*
Commercial Paper (Amount repayable within one year ₹ 80 Crores, *Previous Year ₹ 100 Crores*) (Maximum outstanding during the year ₹ 345 Crores, *Previous Year ₹ 100 Crores*)	**80.00**	*100.00*
Other Short Term Loans		
– From Banks	**624.30**	*354.31*
– From Others	**30.04**	*30.05*
	806.01	*647.02*

SCHEDULE 5

FIXED ASSETS

(₹ in Crores)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
PARTICULARS	**AS AT 01.04.2009**	**ADDITIONS**	**DIFF ON A/C OF FETR**	**DEDUCTIONS/ ADJUSTMENTS**	**AS AT 31.03.2010**	**AS AT 01.04.2009**	**FOR THE YEAR**	**DEDUCTIONS/ ADJUSTMENTS**	**DIFF ON A/C OF FETR**	**AS AT 31.03.2010**	**AS AT 31.03.2010**	**AS AT 31.03.2009**
TANGIBLE ASSETS												
LEASEHOLD LAND	3.66	0.13	–	0.01	**3.78**	0.04	0.03	–	–	**0.07**	**3.70**	*3.62*
FREEHOLD PROPERTY	303.38	27.09	–	0.12	**330.34**	23.25	4.14	0.12	–	**27.27**	**303.07**	*280.13*
PLANT AND MACHINERY	795.53	155.98	2.63	3.53	**945.34**	234.96	51.10	2.69	1.04	**282.33**	**663.01**	*560.57*
MOTOR VEHICLES	122.49	21.02	0.20	3.87	**139.44**	54.30	12.45	2.67	0.08	**64.00**	**75.43**	*68.19*
OFFICE EQUIPMENTS	18.47	8.88	–	0.01	**27.34**	8.14	2.34	0.01	–	**10.47**	**16.87**	*10.33*
ELECTRICAL INSTALLATION	0.97	1.09	–	–	**2.05**	0.23	0.05	–	–	**0.28**	**1.77**	*0.73*
WINDMILLS	26.95	–	–	–	**26.95**	5.64	2.79	–	–	**8.43**	**18.52**	*21.31*
TOTAL TANGIBLE ASSETS	**1,271.45**	**214.17**	**2.83**	**7.55**	**1,475.24**	**326.57**	**72.90**	**5.50**	**1.12**	**392.86**	**1,082.38**	**944.87**
INTANGIBLE ASSETS												
TOWER DESIGN	3.47	–	–	–	**3.47**	0.40	1.16	–	–	**1.56**	**1.92**	*3.07*
ERP SOFTWARE	0.09	–	–	–	**0.09**	0.01	0.03	–	–	**0.04**	**0.05**	*0.08*
TOTAL INTANGIBLE ASSETS	**3.56**	**–**	**–**	**–**	**3.56**	**0.41**	**1.19**	**–**	**–**	**1.59**	**1.97**	**3.15**
TOTAL ASSETS	**1,275.01**	**214.17**	**2.83**	**7.55**	**1,478.80**	**326.98**	**74.08**	**5.50**	**1.12**	**394.45**	**1,084.35**	**948.03**
PREVIOUS YEAR	*1,126.79*	*161.00*	–	*12.79*	*1,275.01*	*262.64*	*67.10*	*2.77*	–	*326.98*	*948.03*	
ADD: CAPITAL WORK IN PROGRESS INCLUDING CAPITAL ADVANCES											**84.64**	*35.38*
											1,168.99	*983.41*

NOTES :

1. Freehold Property includes cost of Freehold Land ₹ 123.50 Crores including the revaluation portion. *(Previous Year ₹ 127.51 Crores)*
2. Leasehold Land is at cost less amount written off.
3. The Company has once again revalued on 31st March, 2007 all its Freehold Property, most of which were revalued earlier on 31st March, 1999 by Approved valuers.
   The consequent increase in the value of Fixed Assets pursuant to the second revaluation amounted to ₹ 186.89 Crores and has been credited to the Revaluation Reserve A/c.
4. Depreciation for the Year Ended 31st March, 2010 amounts to ₹ 74.08 Crores *(Previous Year Ended* 31st March, 2009 ₹ *67.10 Crores)* from which has been deducted a sum of ₹ 3.13 Crores *(Previous Year ₹ 3.13 Crores)* being the Depreciation in respect of Revaluation of Fixed Assets which has been drawn from the Revaluation Reserve A/c.
5. Exchange Valuation difference in respect of Foreign Branch Fixed Assets ₹ 1.72 Crores *(Previous Year ₹ 5.27 Crores)* being transferred to Foreign Currency Translation reserve.
6. Borrowing cost capitalised to Capital Work In Progress is ₹ 4.46 Crores *(Previous Year ₹ 1.47 Crores)*

	Face Value ₹	Nos. as on 31.03.2010	Nos. as on 31.03.2009	31.03.2010 ₹ in Crores	31.03.2009 ₹ in Crores
SCHEDULE 6					
INVESTMENTS					
INVESTMENTS (AT BOOK VALUE)					
(Long term unless otherwise stated)					
1. INVESTMENT IN GOVERNMENT SECURITIES:					
Government Securities lodged with Contractees as Deposit:					
Unquoted:					
Sardar Sarovar Narmada Nigam Ltd. – Bonds				0.10	0.10
Others				0.12	0.12
Government Securities Others – Unquoted				0.01	0.01
(Indira Vikas Patras and National Savings Certificates)					
(A)				0.23	0.23
2. INVESTMENT IN SHARES & DEBENTURES:					
(a) TRADE INVESTMENTS (FOREIGN)					
Ordinary Shares: (Unquoted, fully paid up)					
Gammon Mideast Ltd., Dhs. 1,000 each Dhs. 785,000 (under Liquidation) (Fully Provided)		1,142	1,142	0.18	0.18
Finest SPA, Italy (Associates)	1 Euro	780,000	780,000	19.52	19.52
(B)				19.70	19.70
(b) TRADE INVESTMENTS (INDIAN)					
(Fully paid-up unless otherwise stated)					
Ordinary Shares: (Unquoted)					
Shah Gammon Ltd.	100	835	835	0.01	0.01
STFA Piling (India) Ltd. (Fully Provided)	10	217,321	217,321	0.22	0.22
Technofab Engineering Ltd.	10	1,175,000	1,175,000	3.17	3.17
Indira Container Terminal Pvt. Ltd. (Refer Note B-40(b)(c))	10	26,407,160	15,497,068	26.41	15.50
Gammon Turnkeys Ltd.	100	600	600	0.01	0.01
Ordinary Shares: (Quoted)					
Sadbhav Engineering Ltd.	10	251,585	649,585	1.51	3.90
Bank of Baroda	10	4,200	4,200	0.04	0.04
Gujrat State Financial Corporation	10	4,600	4,600	0.01	0.01
Cords Cable Industries Ltd.	10	33,502	33,502	0.45	0.45
(C)				31.83	23.31
(c) INVESTMENT IN SUBSIDIARY COMPANIES (FOREIGN)					
(Fully paid-up unless otherwise stated)					
Ordinary Shares: (Unquoted)					
Gammon International LLC	1 RO	103,500	103,500	1.10	1.10
Gammon International FZE	150,000 AED	1	1	0.16	0.16
Gammon International BV	100 Euro	180	–	0.12	–
Gammon Holding BV	100 Euro	180	–	0.12	–
Campo Puma Oriente	1 USD	6,441	6,441	0.03	0.03
Associated Transrail Structure Limited Nigeria	1 Naira	10,000,000	10,000,000	0.36	0.36
ATSL Holdings BV (Netherland)	100 Euro	180	180	0.11	0.11
				2.00	1.76
(d) INVESTMENT IN SUBSIDIARY COMPANIES (INDIAN)					
Ordinary Shares: (Unquoted unless otherwise stated)					
Gammon Infrastructure Projects Ltd. (Quoted)	2*	528,000,000	105,600,000	105.60	105.60
Gactel Turnkey Projects Ltd.	10	5,050,000	5,050,000	5.05	5.05
Gammon & Billimoria Ltd.	10	50,940	50,940	0.05	0.05
Gammon Realty Ltd.	10	15,049,940	15,049,940	15.05	15.05
Gammon Power Ltd.	10	49,940	49,940	0.05	0.05
Tidong Hydro Power Ltd.	10	25,500	25,500	0.02	0.02
Deepmala Infrastructure Private Ltd.	10	5,100	5,100	0.01	0.01
Gammon Retail Infrastructure Pvt. Ltd.	10	9,900	–	0.01	–
Rajamundry Godavari Bridge Ltd.	10	441,250	–	0.44	–
ATSL Infrastructure Projects Ltd.	10	25,500	25,500	0.03	0.03

	Face Value ₹	Nos. as on 31.03.2010	Nos. as on 31.03.2009	31.03.2010 ₹ in Crores	31.03.2009 ₹ in Crores
(d) INVESTMENT IN SUBSIDIARY COMPANIES (INDIAN) (Contd.)					
Transrail Lighting Ltd.	10	**5,150,000**	*5,150,000*	**5.15**	*5.15*
Gorakhpur Infrastructure Co. Ltd. (Refer Note B-40(b)&(c))	10	**11,478,672**	*11,478,672*	**11.48**	*11.48*
Kosi Bridge Infrastructure Co. Ltd. (Refer Note B-40(b)&(c))	10	**12,562,831**	*6,284,146*	**12.56**	*6.28*
Rajahmundry Expressway Ltd. (Refer Note B-40(a)&(c))	10	**5,655,000**	*5,655,000*	**5.65**	*5.65*
Andhra Expressway Ltd. (Refer Note B-40(a)&(c))	10	**5,655,000**	*5,655,000*	**5.66**	*5.65*
				168.81	*161.83*
Add : Acquisition of Beneficial Interest in REL & AEL in lieu of Deposit paid (Refer Note B-40(a))				**5.66**	*5.66*
				174.47	*167.49*
Less : Transfer of Beneficial Interest in SPV's in lieu of Deposit received (Refer Note B-40)				**65.56**	*32.87*
(D)				**108.91**	*134.62*
(e) OTHER INVESTMENTS (Fully paid-up unless otherwise stated) – Current					
Ordinary Shares: (Quoted)					
Housing Development Finance Corporation Ltd.	10	**8,000**	*8,000*	**0.18**	*0.18*
HDFC Bank Ltd.	10	**1,069**	*1,069*	**0.02**	*0.02*
ICICI Bank Ltd.	10	**2,500**	*2,500*	**0.04**	*0.04*
Infosys Ltd.	5	**400**	*400*	**0.03**	*0.03*
Larsen & Toubro Ltd.	2	**8,000**	*8,000*	**0.05**	*0.05*
Ultratech Cement Ltd.	10	**1,600**	*1,600*	**0.04**	*0.04*
(E)				**0.36**	*0.36*
3. MUTUAL FUND (CURRENT)					
HDFC Mutual Fund – Equity Fund (Growth)				**0.03**	*0.11*
HDFC Mutual Fund – Top 200 Fund (Growth)				**0.26**	*0.11*
HDFC Mutual Fund – Prudence Fund (Growth)				**0.23**	*–*
Kotak Mahindra Mutual Fund K-30 Equity Scheme (Growth)				**0.31**	*0.13*
(F)				**0.83**	*0.35*
4. SHARE APPLICATION MONEY PENDING ALLOTMENT **(G)**				**35.00**	*40.76*
5. OTHERS					
Investment in Equity Shares of Own Co. through Gammon India Trust (Refer Note B-27) **(H)**				**1.69**	*1.69*
GRAND TOTAL (A+B+C+D+E+F+G+H)				**198.55**	*221.02*
Less : Provisions for diminution in the value of Investment				**0.71**	*0.41*
				197.84	*220.61*

** Previous Year Face Value ₹ 10/-*

SUMMARY OF INVESTMENTS:

	31.03.2010 ₹ in Crores	31.03.2009 ₹ in Crores
Unquoted		
Aggregate Book Value of Foreign Investments	**21.70**	*21.46*
Aggregate Book Value of Indian Investments (including Share Application money)	**67.69**	*88.02*
	89.39	*109.48*
Quoted		
Aggregate Book Value of Indian Investments	**109.16**	*111.54*
GRAND TOTAL	**198.55**	*221.02*
Market Value of Quoted Investments	**1,480.81**	*572.00*

	As at 31st March, 2010		As at 31st March, 2009	
	₹ in Crores	₹ in Crores	*₹ in Crores*	*₹ in Crores*
SCHEDULE 7				
INVENTORIES				
Raw Material		**149.64**		*103.56*
Stores and Other Construction Materials at or below costs as verified and valued by Site Auditors	**357.51**		*214.74*	
Less: Value of Materials drawn from Contractees Contra – Refer Schedule 11	**0.24**		*1.17*	
		357.27		*213.57*
Work In Progress				
– Construction		**744.19**		*603.90*
– Manufacturing		**39.53**		*45.10*
Finished Goods		**18.52**		*44.97*
		1,309.15		*1,011.10*
SCHEDULE 8				
SUNDRY DEBTORS (Refer Note B-10)				
Unsecured Considered Good				
Outstanding for over six months (including Retention Money ₹ 196.35 Crores, *Previous Year ₹ 166.57 Crores*)	**787.98**		*503.23*	
Other Debts (including Retention Money ₹ 77.02 Crores, *Previous Year ₹ 52.75 Crores*)	**977.26**		*842.35*	
	1,765.24		*1,345.58*	
Less: Provision for Doubtful Debts	**1.56**		*1.88*	
		1,763.68		*1,343.70*
		1,763.68		*1,343.70*
SCHEDULE 9				
CASH AND BANK BALANCES				
Cash on Hand (Including at Foreign Sites ₹ 0.0035 Crores, *Previous Year ₹ 0.084 Crores*)		**3.56**		*2.07*
Funds-in-Transit		**22.07**		*5.39*
With Scheduled Banks:				
(a) On Current Accounts		**24.14**		*21.60*
(b) Unpaid Dividend Bank Account		**0.55**		*0.47*
(c) On Fixed Deposit Account		**16.68**		*16.00*
(As Margin against Bank Guarantees given)				
With Non-Scheduled Banks: (Refer Note B-36)				
(a) On Current Accounts:				
Rafidian Bank, Baghdad		**0.06**		*0.06*
Nabil Bank US $ Account		**0.01**		*0.01*
Affairs of the USSR		**1.83**		*1.83*
Standard Chartered Bank, Bangladesh		**0.01**		*0.01*
HSBC, Abu Dhabi		**0.12**		*0.04*
BNP Paribas, Algeria		**0.07**		*3.51*
BNA, Algeria		**3.28**		*0.27*
(b) On Call Deposits:				
UCO Bank, London		**0.02**		*0.02*
(c) On Fixed Deposits:				
UCO Bank, London		**0.08**		*0.08*
		72.48		*51.36*

	As at 31st March, 2010		*As at 31st March, 2009*	
	₹ in Crores	**₹ in Crores**	*₹ in Crores*	*₹ in Crores*
SCHEDULE 10				
LOANS AND ADVANCES				
(Unsecured, considered good, unless otherwise stated)				
Project Advances	**78.89**		*134.23*	
Other Advances recoverable in cash or in kind for value to be received	**168.20**		*60.32*	
Less: Provision made	**2.02**		*2.02*	
		245.07		*192.53*
Dues from/loans to Subsidiary Companies		**516.23**		*331.57*
Dues from Gammon Al Matar JV (Net)		**33.55**		*79.30*
Direct Taxes Paid	**371.44**		*333.40*	
Less: Provision for Taxation	**288.20**		*266.26*	
		83.24		*67.14*
Balance with Tax Authorities		**39.96**		*48.23*
Tender Deposits		**16.90**		*29.70*
Other Deposits		**20.59**		*19.17*
Deposits with Joint Stock Companies:				
Secured (Refer Note B-8)	**50.00**		*50.00*	
Unsecured				
– Considered Good	**60.01**		*52.45*	
– Considered Doubtful (including interest)	**6.40**		*6.40*	
Less: Provisions made	**6.40**		*6.40*	
		110.01		*102.45*
		1,065.55		*870.09*
SCHEDULE 11				
CURRENT LIABILITIES				
Sundry Creditors		**1,248.95**		*958.84*
Other Creditors		**59.97**		*44.12*
Advances from Clients	**935.92**		*834.39*	
Less: Value of Materials drawn from Contractees Contra – Refer Schedule 7	**0.24**		*1.17*	
		935.68		*833.22*
Interest accrued but not due on Loans		**34.41**		*37.53*
Unpaid Dividends (Refer Note B-31)		**0.60**		*0.52*
Unpaid Matured Fixed Deposits		**0.13**		*0.15*
		2,279.74		*1,874.38*
PROVISIONS				
Proposed Dividend				
– Equity Shares		**7.65**		*6.45*
– Preference Shares		**6.08**		*6.30*
Provision for Tax on Dividend		**2.28**		*2.17*
Provision for Gratuity		**1.52**		*1.86*
Provision for Leave Encashment		**12.65**		*9.35*
		30.18		*26.13*

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	2009 – 2010		*2008 – 2009*	
	₹ in Crores	₹ in Crores	*₹ in Crores*	*₹ in Crores*
SCHEDULE 12				
SALES/TURNOVER				
Sales/Turnover		4,534.25		*3,681.96*
Other Contractual Revenue	105.78		*24.14*	
Less: Sub Contract Cost	105.78		*24.14*	
		–		–
		4,534.25		*3,681.96*
SCHEDULE 12A				
OTHER OPERATING INCOME				
Fees & Operating Receipts		13.84		*21.90*
Hire Charges on Assets		3.15		–
		16.99		*21.90*
SCHEDULE 12B				
OTHER INCOME				
Dividend Income		0.39		*0.49*
Miscellaneous Income		1.89		*1.29*
Profit on Sale of Assets		–		*0.44*
Profit on Sale of Investments		38.82		*39.32*
		41.10		*41.54*
SCHEDULE 13				
EXPENDITURE ON CONTRACTS				
Opening Works-in-progress:				
Stores and Construction Material at Sites	318.29		*183.69*	
Add: On a/c of amalgamation of ATSL	–		*58.60*	
Expenditure on Contracts	603.90		*524.57*	
Add: On a/c of amalgamation of ATSL	–		*13.17*	
		922.19		*780.03*
Add:				
Purchases of Materials	2,049.99		*1,822.24*	
Sub Contract Expenses	1,413.86		*1,027.53*	
Plant Hire Charges	43.45		*30.29*	
Consumption of Spares	39.60		*29.79*	
Outward Freight	63.71		*34.59*	
Sales Tax	62.66		*44.62*	
Service Tax	53.26		*50.80*	
Power and Fuel	113.52		*91.86*	
Fees and Consultations	33.66		*17.32*	
Insurance	22.51		*16.58*	
Site Personnel Expenses	216.44		*154.60*	
Sundry Expenses (As per schedule 13A annexed)	144.75		*107.90*	
		4,257.41		*3,428.12*
Less:				
Closing Stock of Stores & Construction Materials (including materials drawn from Contractees ₹ 0.24 Crores, *Previous Year ₹ 1.76* Crores)	507.15		*318.29*	
Closing Work-in-progress including estimated profits	744.19		*603.90*	
		1,251.34		*922.19*
Finished Good and WIP (Manufacturing)				
Opening Stock				
– Work-in-progress	45.10		*19.60*	
– Fincished Goods	44.97		*30.10*	
Less: Closing stock				
– Work-in-progress	39.53		*45.10*	
– Finished Goods	18.52		*44.97*	
		32.02		*(40.37)*
		3,960.28		*3,245.59*

	2009 – 2010		*2008 – 2009*	
	₹ in Crores	**₹ in Crores**	*₹ in Crores*	*₹ in Crores*
SCHEDULE 13A				
SUNDRY EXPENSES INCLUDED UNDER EXPENDITURE OF CONTRACTS				
Plant Repairs		**19.17**		*18.30*
Rent, Rates & Taxes		**16.13**		*13.61*
Staff Welfare		**12.86**		*8.44*
Travelling Expenses		**19.92**		*20.31*
Guarantee Bond Commission and Bank Charges		**11.54**		*9.57*
Other Site Expenses*		**65.13**		*37.67*
		144.75		*107.90*
* None of the individual items included in Other Site Expenses exceeds one percent of the total turnover				
SCHEDULE 14				
ESTABLISHMENT EXPENSES				
Electricity, Power & Fuel		**1.77**		*1.27*
Rent		**0.81**		*0.59*
Salaries including Provision for Commission and Bonus		**46.23**		*35.16*
Contribution to Employees' Provident Fund, ESIS & Other Funds		**5.41**		*4.03*
Contribution to Gratuity Fund		**0.78**		*0.94*
Staff Welfare Expenses		**1.73**		*1.30*
Insurance		**6.91**		*6.01*
Rates and Taxes		**1.00**		*0.34*
Communication Expenses		**2.73**		*2.89*
Travelling, Leave Passage and Motor Car Expenses		**7.25**		*5.44*
Professional Fees		**5.96**		*4.10*
Repairs & Maintenance		**3.61**		*2.70*
General Charges		**6.17**		*4.13*
Auditors Remuneration:				
– Audit Fees including Tax Audit Fees & Consolidation	**0.51**		*0.38*	
– Limited Review	**0.07**		*0.05*	
– Certification	**0.07**		*0.02*	
– Other Services	**0.05**		*0.09*	
– Reimbursement of Out of Pocket Expenses	**0.01**		*0.01*	
		0.71		*0.55*
Branch Auditors' Fees		**0.20**		*0.20*
Directors Sitting Fees		**0.12**		*0.09*
Managerial Remuneration		**6.32**		*2.54*
Write off against Leasehold Land		**0.01**		*0.01*
Bad debt w/off		**4.07**		*2.23*
Provision for doubtful debts (Net)		**3.15**		*2.41*
Donation		**0.04**		*0.01*
Loss on Sale of Assets		**0.32**		*–*
Foreign Exchange (Gain)/Loss		**23.26**		*(5.98)*
Employee Compensation Expense – ESOS		**0.55**		*0.86*
		129.11		*71.82*
SCHEDULE 15				
FINANCIAL COST (NET)				
INTEREST EXPENSED				
Fixed Period Loans	**102.21**		*58.51*	
Other Loans	**59.76**		*74.57*	
Other Finance Charges	**29.10**		*13.49*	
Provision for Marked to Market Loss (Refer Note B-9(b))	**(3.23)**		*2.54*	
		187.84		*149.11*
***Less :* INTEREST EARNED**				
Fixed Deposits with Banks (TDS ₹ 0.19 Crore, *Previous Year ₹ 0.1 Crore*)	**1.05**		*1.28*	
Fixed Deposits with Joint Stock Companies (TDS ₹ 5.84 Crores, *Previous Year ₹ 6.21 Crores*)	**37.20**		*30.34*	
Others (TDS ₹ 0.18 Crore, *Previous Year ₹ 0.30 Crore*)	**9.93**		*12.23*	
		48.18		*43.85*
		139.66		*105.26*

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of Financial Statements:

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies discussed more fully below, are consistent with those used in the previous year.

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. The percentage of work completed is determined by the expenditure incurred on the job till each review date to total expected expenditure of the job.

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) On supply of materials related to the transmission towers, revenue is recognized upon the delivery of goods to the client in accordance with the terms of contract. Sales include excise duty & other receivable from the customers but exclude VAT, wherever applicable.

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

(d) Interest income is recognised on time proportion method basis taking into account the amounts outstanding and the rate applicable.

(e) Dividend Income is accounted when the right to receive the same is established. The dividend declared by the subsidiary companies after the date of balance sheet are also included if they are in respect of accounting period which closed on or before the date of company's Balance Sheet.

4. Turnover:

Turnover represents work certified upto and after taking into consideration the actual cost incurred and profit evaluated by adopting the percentage of the work completion method of accounting.

Turnover also includes the revenue from the supply of material in the transmission tower contracts in accordance with the terms of contract.

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:

Retirement benefits in the form of provident fund and superannuation is a defined contribution scheme and contributions are charged to the Profit and Loss Account for the year/period when the contributions are due.

Gratuity a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year/period on projected Unit Credit Method.

Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year on projected Unit Credit Method.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

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. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition of its intended use.

Depreciation for the accounting period is provided on:

(a) Straight Line Method, for assets purchased after 2nd April, 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 2nd April, 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 situated in countries outside India are accounted at the rates of depreciation prescribed as per the relevant local laws of such countries which are as follows except in case of Oman Branch where the depreciation is as per Schedule XIV.

Assets Category	**Kenya**	**Nigeria**	**Algeria**
Computers	30%	–	15%
Furniture and Fittings	12.50%	10%	15%
Plant and Machineries	–	15%	15%
Office Equipments	–	15%	15%
Electrical fittings	–	15%	–
SPC Tools	–	–	15%
Vehicles	–	–	20%
Building/Store Cabin	–	–	5%

(f) Intangible assets are amortised uniformly over three 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:**

Investments are classified as current and long term investments. Current Investments are valued at lower of cost or market value. Long Term Investments are stated at cost. The decline in the value of long term Investments, other than temporary, is provided for.

11. **Inventories:**

(a) 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.

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

(c) Raw materials are valued at cost, net of Excise duty and Value Added Tax, wherever applicable. Stores and spares, loose tools are valued at cost except unserviceable and obsolete items that are valued at estimated realizable value thereof. Costs are determined on FIFO method.

(d) Work-in-progress from manufacturing operation is valued at cost and Costs are determined on FIFO method.

(e) Finished Goods are valued at cost or net realizable value, whichever is lower. Costs are determined on FIFO 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.

(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.

(f) The transactions of branches at Kenya, Nigeria and Algeria are accounted as integral operation.

(g) The exchange gain/loss on long term loans to non integral operations being subsidiaries are restated to Foreign Exchange Translation Reserve Account and will be transferred to the profit & loss account in the year when the disposal or otherwise transfer of the operations are done.

13. Borrowing Cost:

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

14. Employee Stock Option Scheme:

Employee stock options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to profit and loss account on graded vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding which is shown under Reserves and Surplus.

15. 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 incomes 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.

Tax on FBT is means the specified rate on the value of fringe benefit in accordance with the provision of section 115 WC of the Income Tax Act, 1961. Accordingly, FBT is done as per the guidance note issued by the Institute of Chartered Accountants of India.

At each balance sheet date the Company re-assesses un-recognised deferred tax assets. It recognised unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

16. Sales Tax/Cenvat Credit/VAT/WCT:

Sales Tax/VAT/Works Contract Tax on construction contracts are accounted on payment basis. The cost of Material (inputs) is accounted at purchase cost net of excise duty and Value Added Tax, wherever applicable. The excise duty elements of materials (inputs) is debited to "Modvat Credit Receivable A/c." and Value Added Tax element of materials (inputs) is debited to "VAT Credit Receivable A/c.", under the head "Loans & Advances" The excise duty and Value Added Tax payable on dispatch of goods are credited to Modvat Credit Receivable A/c. and VAT Credit Receivable A/c by debiting the same to excise duty and value added tax (sales tax), respectively in Profit & Loss A/c.

17. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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.

18. 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.

19. 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. 8.75% – Secured Redeemable Non-Convertible Debentures of ₹ 5 Crores are secured by hypothecation of specific Plant & Machinery and *paripassu* 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 ₹ 15 Crores and 7.25% – Redeemable Non-Convertible Debentures of ₹ 6 Crores are secured by hypothecation of specific Plant & Machinery and *paripassu* charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non Convertible Debentures of ₹ 5 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 ₹ 38 Crores and 7.25% Redeemable Non-Convertible Debentures of ₹ 12 Crores are secured by hypothecation of specific Plant & Machinery with paripassu charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non-Convertible Debentures of ₹ 5 Crores and 7.50% Secured Non-convertible Debenture of ₹ 15 Crores and 7.25% Secured Non-Convertible Debenture of ₹ 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.

   9.95% – Redeemable Non-Convertible Debentures of ₹ 50 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 ₹ 5 Crores and 7.50% Secured Non-convertible Debenture of ₹ 53 Crores and 7.25% Secured Non-Convertible Debenture of ₹ 18 Crores. The Debentures are due for repayment at the end of 8th, 9th and 10th year from the date of allotment being, 24th March, 2008.

   10.80% – Redeemable Non-Convertible Debentures of ₹ 100 Crores are secured by hypothecation of specific Plant & Machinery with pari passu charge by mortgage of immovable property in Gujarat with 9.95% Secured Redeemable Non-Convertible Debentures of ₹ 50 Crores and 8.75% Secured Redeemable Non-Convertible Debentures of ₹ 5 Crores and 7.50% Secured Non-convertible Debenture of ₹ 53 Crores and 7.25% Secured Non-Convertible Debenture of ₹ 18 Crores. The Debentures are due for repayment at the end of 5th, 6th and 7th year from the date of allotment being, 25th July, 2008.

   10.50% – Redeemable Non-Convertible Debentures of ₹ 74 Crores are secured by hypothecation of specific Plant & Machinery with pari passu charge by mortgage of immovable property in Gujarat with 10.80% Secured Redeemable Non-Convertible Debentures of ₹ 100 Crores and 9.95% Secured Redeemable Non-Convertible Debentures of ₹ 50 Crores and 8.75% Secured Redeemable Non-Convertible Debentures of ₹ 5 Crores and 7.50% Secured Non-convertible Debenture of ₹ 53 Crores and 7.25% Secured Non-Convertible Debenture of ₹ 18 Crores. The Debentures are due for repayment at the end of 8th, 9th and 10th year from the date of allotment being, 7th May, 2009.

2. Issued Share Capital includes 725,800 shares of ₹ 2 each kept in abeyance.

3. Share Forfeited account includes ₹ 0.26 Crores of Share Premium collected on application in respect of forfeited shares.

4. In terms of the approval of the shareholders in the Extra-Ordinary General Meeting of the Company on 17th June, 2009 the Company issued 16,000,000 equity warrants to the promoter group on a preferential basis, entitling them to apply for and obtain allotment of one equity shares of ₹ 2 each at a premium of ₹ 88.20 per share. The promoter group during the year has exercised 7,750,000 warrants for conversion to equity shares and paid in an amount equivalent to 25% of the 8,250,000 outstanding warrants.

5. (a) The Company allotted 3,000,000 preference shares of ₹ 350 each aggregating to ₹ 105.00 Crores to the preference shareholders of the erstwhile ATSL in terms of the scheme of amalgamation between ATSL and the Company approved by the Hon'ble High Court of Mumbai and Gujarat. The holders of the preference shareholders have sought redemption of the preference shares and the Company has during the year redeemed the said shares from its profits in accordance with the provision of Sec. 80. Accordingly, an amount of ₹ 105 Crores has been transferred to the Capital Redemption Reserve from the General Reserve. Dividend is payable for the proportionate period up to the date of redemption to the preference shareholders.

   (b) The Company allotted 12,809,400 equity shares of ₹ 2 each at a premium of ₹ 235.45 per share to Qualified Institutional Buyers under Qualified Institutional Placement.

6. As per the intimation available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

   The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

7. The Company has made following Purchases & Sales of Investments during the period ended 31st March, 2010.

(a) **Mutual Fund:**

(₹ in Crores)

Particulars	Units	Purchase Cost	Sale Value
Canara Robeco Mutual Fund	109,793,297.94	118.00	118.03
Shinsei Liquid Fund	15,001,217.32	15.00	15.01
UTI Liquid Cash Plan Institutional	294,372.39	30.00	30.01
HDFC Top 200 Fund – Growth	4,821.60	0.06	0.07
HDFC Equity Fund – Growth	4,049.52	0.06	0.07
HDFC Floating Rate Income Fund – STP	456,308.47	0.46	0.46
Kotak 30 Equity Scheme Growth	11,466.88	0.08	0.09
Kotak Flexi Debt Scheme-Daily Dividend	268,164.30	0.27	0.27

(b) **Investment:**

During the year, the Company has subscribed 441,250 Shares (₹ 0.44 Crores) in Rajahmundry Godavari Bridge Ltd. and 9,900 Shares (₹ 0.01 Crores) in Gammon Retail Infrastructure Pvt. Ltd., both Subsidiary Companies.

8. Loans and advances include ₹ 50.00 Crores *(Previous Year ₹ 50.00 Crores)* which are secured by pledge of equity shares of a private company. The security value is adequate to recover the amount advanced.

9. (a) Foreign currency exposure un-hedged as at 31st March, 2010 is ₹ 579.34 Crores *(Previous Year ₹ 363.49 Crores)* receivables and ₹ 189.68 Crores *(Previous Year ₹ 250.46 Crores)* payables. Currency wise unhedged amounts are as follows:

Currency	As at 31st March, 2010		*As at 31st March, 2009*	
	Receivables	Payables	*Receivables*	*Payables*
USD	**54,172,011**	**16,162,378**	*6,978,309*	*29,461,096*
EURO	**40,678,977**	**3,194,889**	*29,031,899*	*6,125,625*
GBP	–	**55,307**	–	*1,509*
AED	**55,560**	–	*55,560*	–
OMR	**6,257,892**	**3,375,490**	*9,400,161*	*3,395,021*
DZD	**217,629,782**	**160,514,270**	*96,480,930*	*196,978,219*
NGN	–	**6,213,707**	*1,170,092*	–
KSH	**8,992,397**	**5,381,707**	–	*7,432,799*

(b) In respect of currency swap derivative contracts entered into by the company, the company has Marked to Market loss of ₹ 3.92 Crores *(Previous Year ₹ 7.15 Crores)* as at 31st March, 2010 based on the valuation given by the bankers. Following the principle of prudence and in accordance with the announcement of the ICAI, the company has made a provision for the same. Since the same was entered into to reduce the cost of borrowings, the said MTM loss is included under Financial Costs.

10. Sundry Creditors include ₹ 10.81 Crores *(Previous Year ₹ 12.03 Crores)* due to Gammon Infrastructure Projects Ltd., ₹ 0.16 Crores *(Previous Year ₹ 0.16 Crores)* due to Cochin Bridge Infrastructure Company Ltd., Advance from client include ₹ Nil *(Previous Year ₹ 24.00 Crores)* due to Mumbai Nasik Expressway Ltd., ₹ 23.09 Crores *(Previous Year ₹ 47.71 Crores)* due to Kosi Bridge Infrastructure Company Ltd., and ₹ 44.48 Crores *(Previous Year ₹ 56.03 Crores)* due to Gorakhpur Infrastructure Company Ltd., ₹ 51.27 Crores *(Previous Year ₹ 31.25 Crores)* due to Rajahmundry Godavari Bridge Ltd., all subsidiary companies, ₹ 53.63 Crores *(Previous Year ₹ 0.97 Crores)* due to Indira Container Terminal Private Ltd., a Joint Venture company.

Sundry Debtors include ₹ 4.71 Crores *(Previous Year ₹ 8.92 Crores)* due from Rajamundry Expressway Ltd., ₹ 6.37 Crores *(Previous Year ₹ 5.21 Crores)* due from Andhra Expressway Ltd., ₹ 34.13 Crores *(Previous Year ₹ 3.89 Crores)* due from Rajahmundry Godavari Bridge Ltd., ₹ 13.62 Crores *(Previous Year ₹ 1.56 Crores)* due from SAE Powerlines S.r.l., ₹ 4.67 Crores *(Previous Year ₹ 9.31 Crores)* due from Mumbai Nasik Expressway Ltd., ₹ Nil *(Previous Year ₹ 0.87 Crores)* due from Vizag Seaport Pvt. Ltd. all subsidiary companies.

Interest receivables include ₹ 3.35 Crores *(Previous Year ₹ 2.40 Crores)* due from Gammon & Billimoria Ltd., ₹ 13.19 Crores *(Previous Year ₹ 13.62 Crores)* due from Gammon Realty Ltd., ₹ 1.10 Crores *(Previous Year ₹ Nil Crores)* due from Gammon Cooling Tower Ltd., ₹ 1.95 Crores *(Previous Year ₹ 0.14 Crores)* due from Deepmala Infrastructure Pvt. Ltd., ₹ 0.87 Crores *(Previous Year ₹ 1.42 Crores)* due from SAE Power Lines S.r.l., ₹ 0.10 Crores *(Previous Year ₹ 0.02 Crores)* due from ATSL Holding B.V. Nethrlands, ₹ 0.27 Crores *(Previous Year ₹ 0.02 Crores)* due from Transrail Lighting Ltd., ₹ 0.04 Crores *(Previous Year ₹ Nil)* due from Associated Transrail Structure Ltd., Nigeria.,all subsidiary companies.

Investment includes ₹ 65.56 Crores *(Previous Year ₹ 32.88 Crores)* received from Gammon Infrastructure Projects Ltd., on account of deposit for acquisition of shares.

Details of Loan to/dues from subsidiary:

(₹ in Crores)

Name of the Company	As at 31st March, 2010	As at 31st March, 2009
Andhra Expressway Ltd.	0.15	0.10
Campo Puma Oriente S.A.	87.36	–
Deepmala Infrastruture Pvt. Ltd.	23.49	8.16
Franco Tosi Mecanica S.p.A.	0.45	0.55
Gactel Turnkey Projects Ltd.	8.92	–
Gammon Infrastructure Projects Ltd.	0.06	–
Gammon & Billimoria Ltd.	9.76	9.78
Gammon Realty Ltd.	67.20	122.07
Gammon International FZE	189.18	165.62
Gammon Holding BV	32.49	–
Gammon International BV	61.37	–
Gammon International LLC	0.19	0.19
Gammon Power Ltd.	0.14	–
Kosi Bridge Infrastructure Projects Ltd.	0.03	0.03
Rajahmundry Expressway Ltd.	0.12	0.30
Vizag Seaport Pvt. Ltd.	0.41	–
Sikkim Hydro Power Ventures Ltd.	0.01	0.01
Tidong Hydro Power Ltd.	0.56	0.56
Transrail Lighting Ltd.	4.84	0.45
Associated Transrail Structures Ltd., Nigeria	0.53	0.11
SAE Power Lines Srl	25.56	22.36
ATSL BV Netherlands	3.41	1.28
TOTAL	**516.23**	*331.57*

11. **Managerial Remuneration:**

(₹ in Crores)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Managerial remuneration for Directors included in the Profit and Loss Account comprises:		
– Salaries, Contribution to Provident Fund and Other Funds	4.89	2.20
– Commission	1.40	0.30
– Sitting fees to Independent Directors	0.12	0.09
– Perquisites (at monetary value)	0.03	0.03
TOTAL	**6.44**	*2.62*
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	211.25	208.69
Add: Directors' remuneration	6.44	2.62
Directors' fees	0.12	0.09
Depreciation	70.93	63.95
Loss/(Profit) on sale of assets	0.31	(0.44)
Less: Depreciation under section 350	70.93	63.95
Loss/(Profit) on sale of assets as per section 350	0.31	(0.44)
Net Profit under section 349 of the Companies Act, 1956	217.81	211.40
Managerial Remuneration at 10% thereof	**21.78**	*21.14*
Restricted to Actual Remuneration	**6.32**	*2.53*

12. In respect of the road projects undertaken by the Company, in furtherance to the recommendation of the Dispute Resolution Board (DRB), the company has been awarded claims by the Arbitration Tribunal for an aggregate amount of ₹ 94.54 Crores which has been recognized as revenue & included in Sundry Debtors. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards.

Considering the fact that the Company has received favorable awards from the DRB and the arbitration tribunal, the Management is reasonably certain that the claims will get favorable verdict from the courts.

Accordingly the Company has recognized contract revenue of ₹ Nil *(Previous Years ₹ 37.50 Crores)* from such awards on the basis of the DRB recommendation and opinion of experts on the matter.

13. **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 ₹ 0.25 Crores is available to cover any liability arising there from.

14. **Foreign Exchange Earnings:**

(₹ in Crores)

Particulars	**Year ended 31st March, 2010**	*Year ended 31st March, 2009*
Revenue from Overseas Project and receipts from World Bank aided projects in Foreign Currency	**46.14**	*27.93*
Earnings in foreign currency – FOB	**253.87**	*150.68*
Others	**1.02**	*2.01*
TOTAL	**301.03**	*180.62*

15. (a) **Remittance of Dividend in Foreign Currency:**

Pertaining to	**Non resident Shareholders**	**No. of shares**	**Amount (Net) (₹ in Crores)**
2008-2009 (Final Dividend)	11	7,933,400	0.48
2007-2008 (Final Dividend)	10	7,933,205	0.40

(b) **Expenditure in Foreign Currency:**

Particulars	**Year ended 31st March, 2010**	*Year ended 31st March, 2009*
(i) Expenditure at Foreign Sites/Foreign Branches:		
Commission paid	**4.73**	–
Others	**38.11**	*16.20*
(ii) Other Expenditure:		
Books and Periodical/Membership and Subscription	**0.09**	*0.05*
Travelling	**0.31**	*0.68*
Royalty and Technical/Professional fees	**3.09**	*16.09*
Bank charges	–	*0.11*
Interest paid	**4.77**	*3.17*
Agency Commission	–	*0.86*
Bought out materials, stores & spares	**14.14**	*47.78*
Others	**1.54**	*0.59*
TOTAL	**66.78**	*85.53*

Note: Net of TDS and service tax

(c) **C I F Value of Imports:**

(₹ in Crores)

Particulars	**Year ended 31st March, 2010**	*Year ended 31st March, 2009*
Capital goods	**57.00**	*42.22*
Material	**11.35**	*4.03*
Consumables, Components and Spares	**9.62**	*4.93*
TOTAL	**77.97**	*51.18*

16. Dividend income includes dividend of ₹ 675,000 from trade investments.

17. Pursuant to the amalgamation of ATSL with the Company, the outstanding options of the employees of the erstwhile ATSL outstanding as on 1st April, 2008 have been taken up as an obligation by the Company in accordance with the Scheme approved by the court. Accordingly the Company has accounted for the grant of 106,300 options to such employees at an exercise prize of ₹ 80 per share. The Company will issue two equity shares against each option in terms of the scheme of amalgamation approved by the Courts.

    The options were granted by the erstwhile ATSL on 27th March, 2007. The options vest in a graded manner over the period of four years and are exercisable during a period of three years from the date of vesting thereof.

    Since the assets and liabilities of the erstwhile ATSL has been accounted at the book value, the accounting effect in the accounts are continued at the same value.

    The fair value of the option however has been computed under the Black Scholes method considering the data of the Company as on the date of grant of option for the purpose of disclosure as required under Guidance note on Employee share based payments detailed hereunder.

    Options granted on 27th March, 2007:

Vesting Date	No. of Options	Exercise Period	Intrinsic Value on the date of grant of options	Fair Value of options as on date of grant of option
			(₹)	(₹)
(1)	(2)	(3)	(4)	(5)
28th September, 2008	21,260	28.9.2008 to 27.9.2011	250.00	677.65
28th September, 2009	26,575	28.9.2009 to 27.9.2012	250.00	677.65
28th March, 2010	26,575	28.3.2010 to 27.3.2013	250.00	677.65
28th March, 2011	31,890	28.3.2011 to 27.3.2014	250.00	677.65
	106,300			

    Had the compensation cost been accounted under the Fair value method, the company's net profit would have changed as follows:

(₹ in Crores)

Particulars	**Year Ended 31st March, 2010**	*Year Ended 31st March, 2009*
Net Income as reported	**125.72**	*140.48*
Add : ESOP compensation cost as accounted on Intrinsic value method	**0.55**	*0.86*
Less : ESOP compensation cost as accounted on fair value method	**1.59**	*1.59*
Net Profit Adjusted	**124.68**	*139.75*
Basic earnings per share – as reported	**10.72**	*12.46*
Basic earning per share – Adjusted	**10.63**	*12.40*
Diluted earning per share – as reported	**10.26**	*12.35*
Diluted earning per share – Adjusted	**10.17**	*12.29*

    The fair value of options accounted pursuant to the scheme of amalgamation was determined as at the date of grant of the options using the Black Scholes Option Pricing Model with the following assumptions:

a.	Risk free interest rate	7.50%
b.	Expected Dividend Yield	0.39%
c.	Expected life of the option	3 years
d.	Expected Volatility of Share Price	52.64%

    The status of Employees stock options for the year ended 31st March, 2010 is as under:

Particulars	**2009-2010**	*2008-2009*
Option Shares Outstanding at the beginning of the year	**102,480**	*106,300*
Options exercised during the year	**14,261**	*1,220*
Option Shares granted during the year	–	–
Option Shares lapsed during the year	**10,184**	*2,600*
Option Shares Outstanding at the end of the year	**78,035**	*1,02,480*

    During the year 14,261 *(P.Y. 1,220)* options were exercised by the employees and 10,184 *(P.Y. 2,600)* options were lapsed during the year on account of cessation of employment. None of the 78,035 *(P.Y. 1,02,480)* options outstanding have been forfeited during the year.

18. **Consumption of Raw Materials:**

(₹ in Crores)

Particulars	**2009-10**		*2008-09*	
	Amount	**%**	*Amount*	*%*
Imported	**1.08**	**0.27**	*1.04*	*0.30*
Indigenous	**399.95**	**99.73**	*347.36*	*99.70*

19. Additional information pursuant to Schedule VI to the Companies Act, 1956.

(a) **Licensed and installed capacity and production of goods manufactured:**

Particulars	**Transmission Line Towers & Parts**	**Conductors**
Licensed/Registered capacity (No License is required)	N.A. *(N.A.)*	N.A. *(N.A.)*
Installed capacity(as certified by the management and accepted by the auditors, being a technical matter)	110,000 MT p.a. *(60,000 MT p.a.)*	36,000 MT p.a. *(36,000 MT p.a.)*
Actual production including job work	83,512 MT p.a *(64,210 MT p.a.)*	3,860.666 MT p.a. *(3,266 MT p.a.)*

(Figures in brackets are for the previous year)

(b) **Opening and Closing stock of goods manufactured and traded in:**

(₹ in Crores)

Particulars	**2009-2010**		*2008-09*	
	(Qty.)	**Amount**	*(Qty.)*	*Amount*
Opening Stock – Transmission Line Towers & Parts (MT)	**6,780**	**41.61**	*6,126*	*30.09*
Closing Stock – Transmission Line Towers & Parts (MT) (*)	**3,348**	**17.53**	*6,780*	*41.61*
Purchase of Tower Material (MT)	–	–	*1,011*	*5.94*
Outside Purchases lying at Port	–	–	–	*1.02*
Opening Stock-Conductor (KM)	**150.266**	**2.34**	*7.135*	*0.01*
Closing Stock-Conductor (KM)	**90.643**	**0.99**	*150.266*	*2.34*

*Excludes NIL *(P.Y. 667MT)* considered as Scrap Stock.

(₹ in Crores)

Particulars	**2009-2010**		*2008-2009*	
	Qty (M.T.)	**Amount**	*Qty (M.T.)*	*Amount*
Raw materials consumed-Transmission Line Towers & Parts:				
Steel	**99,943**	**352.83**	*67,724*	*291.23*
Zinc	**4,717**	**48.20**	*3,077*	*25.32*
Raw materials consumed-Conductor:				
Aluminum Ingots	**3,134.032**	**30.89**	*2,676.887*	*25.29*
Aluminum/EC Wire Rod	**363.253**	**4.18**	*229.721*	*3.46*
GI Wire	**394.454**	**1.79**	*538.853*	*2.82*
Turnover:				
i) Sale of Towers *(Includes Job work)	**86,944**	**696.66**	*63,900*	*380.24*
ii) Sale of Power (In KwH)	**7,486,080**	**2.52**	*7,330,860*	*2.47*
iii) Conductor (km)	**2,359.119**	**57.51**	*7,286.514*	*49.21*
iv) Steel	–	–	*6,509.34*	*30.99*
v) Zinc	–	–	*175.484*	*1.65*

(c) The requirement of quantitative information of the Company as required by A.S.E. 494 – E dated 30.10.1973 is not applicable to the Company as regards construction activities of transmission line. As regards various other quantitative details the same have not been reported as various items are of dissimilar nature and it is not practicable to disclose the quantitative information.

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

(₹ in Crores)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Turnover for the year	**3440.84**	*2628.41*
Aggregate Expenditure (Net of inventory adjustments) for contracts existing as at the year end,	**11437.17**	*6280.55*
Aggregate Contract Profits/Losses recognized for contracts existing as at the year end,	**1510.34**	*912.49*
Contract Advances (Net)	**798.04**	*625.69*
Gross Amount due from customers for contract work	**1085.77**	*383.04*
Gross Amount due to customers for contract work	**50.00**	*45.06*

21. Disclosure relating to Employee Benefits – As per Revised AS-15

As per Accounting Standard –15 "Employee Benefits" and as defined in the accounting standard the summarised components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet are given herein below:

(₹ in Crores)

Sr. No.	Particulars	Gratuity 2009-10	Gratuity 2008-09
I	**Change in Benefit Obligation**		
	Liability at the beginning of the year	**6.03**	*5.17*
	Interest cost	**0.47**	*0.42*
	Current Service Cost	**0.61**	*0.57*
	Past Service Cost (Non Vested Benefit)	–	–
	Past Service Cost (Vested Benefit)	–	–
	Benefit Paid	**(0.57)**	*(0.47)*
	Actuarial (gain)/loss on obligations	**0.07**	*0.34*
	Curtailments and Settlements	–	–
	Liability at the end of the year	**6.61**	*6.03*
II.	**Fair Value of Plan Assets**		
	Fair Value of Plan Assets at the beginning of the year	**4.05**	*3.70*
	Expected Return on Plan Assets	**0.38**	*0.32*
	Contributions	**1.23**	*0.50*
	Benefit paid	**(0.57)**	*(0.47)*
	Actuarial gain/(loss) on Plan Assets	–	–
	Fair Value of Plan Assets at the end of the year	**5.09**	*4.05*
	Total Actuarial (gain)/loss to be Recognised	**0.07**	*0.34*
III.	**Actual Return on Plan Assets**		
	Expected Return on Plan Assets	**0.38**	*0.32*
	Actuarial gain/(loss) on Plan Assets	–	–
	Actual Return on Plan Assets	**0.38**	*0.32*
IV.	**Amount Recognised in the Balance Sheet**		
	Liability at the end of the year	**6.61**	*6.03*
	Fair Value of Plan Assets at the end of the year	**5.09**	*4.05*
	Difference	**1.52**	*1.98*
	Unrecognised Past Service Cost	–	–
	Amount Recognised in the Balance Sheet	**1.52**	*1.98*
V.	**Expenses Recognised in the Income Statement**		
	Current Service Cost	**0.61**	*0.57*
	Interest Cost	**0.47**	*0.42*
	Expected Return on Plan Assets	**(0.38)**	*(0.32)*
	Net Actuarial (gain)/loss to be Recognised	**0.07**	*0.34*
	Past Service Cost (Non Vested Benefit) Recognised	–	–
	Past Service Cost (Vested Benefit) Recognised	–	–
	Effect of Curtailment or Settlements	–	–
	Expense Recognised in Profit and Loss Account	**0.77**	*1.01*

(₹ in Crores)

Sr. No.	Particulars	Gratuity 2009-10	*Gratuity 2008-09*
VI.	**Balance Sheet Reconciliation**		
	Opening Net Liability	**1.98**	*1.47*
	Expense as above	**0.77**	*1.01*
	Employers Contribution	**(1.23)**	*(0.50)*
	Effect of Curtailment or Settlements	–	–
	Amount Recognised in Balance Sheet	**1.52**	*1.98*
VII.	**Actuarial Assumptions**		
	Discount Rate Current	**8.00%**	*8.00%*

Note:

(i) Employer's contribution includes payments made by the Company directly to its past employees.

(ii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(iii) The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

(iv) Provision for gratuity has been made on the basis of the earlier amounts of ₹ 350,000. The data for the incremental liability is being computed by LIC and the effect will be given in next year.

(v) The Company's Leave Encashment liability is entirely unfunded.

22. The Company is engaged mainly in only one reportable segment viz., "Construction and Engineering" including the business transferred from the erstwhile ATSL on amalgamation with the company with all its manufacturing operations which are integral to its transmission tower business. Additionally the company has revenue from Windmills which is not significant and accounts for less than 10% of the total revenue and total assets of the Company. Therefore no disclosure of separate segment reporting as required in terms of Accounting Standard AS-17 is done. The Company also primarily operates under one geographical segment namely India.

23. Disclosure of transactions with Related Parties, as required by Accounting Standard – 18 'Related Party Disclosures' has been set out in a separate statement annexed to this Schedule.

24. Disclosure under Accounting Standard – 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 lease 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.

25. **Earning per Share (EPS):**

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

Particulars	As at 31st March, 2010	*As at 31st March, 2009*
Net Profit After Taxation (₹ In Crores)	**125.72**	*140.48*
Preference Dividend (incl. Dividend Distribution Tax)	**7.08**	*7.37*
Net profit attributable to the Equity Share holders	**118.64**	*133.11*
Outstanding equity shares at the end of the year	**127,438,698**	*106,850,776*
Weighted Number of Shares during the period – Basic	**110,624,017**	*106,850,776*
Weighted Number of Shares during the period – Diluted	**115,609,343**	*113,748,742*
Earning Per Share – Basic (₹)	**10.72**	*12.46*
Earning Per Share – Diluted (₹)	**10.26**	*12.35*

Reconciliation of weighted number of outstanding during the year:

Particulars	As at 31st March, 2010	As at 31st March, 2009
Nominal Value of Equity Shares (₹ per share)	**2**	*2*
For Basic EPS:		
Number of Equity Shares at the beginning	**106,850,776**	*86,740,670*
Add: Shares issued to ATSL shareholders on merger	–	*20,106,106*
Add: Issue of shares under ESOP	**28,522**	–
Add: Issue of shares under QIP	**12,809,400**	–
Add: On conversion of warrants	**7,750.000**	–
Number of Equity Shares at the end	**127,438,698**	*106,850,776*
Weighted average of equity shares at the end	**110,624,017**	*106,850,776*
For Dilutive EPS:		
Weighted average no. of shares in calculating basic EPS	**110,624,017**	*106,850,776*
Add: Convertible Preference Shares		*6,000,000*
Add: Shares kept in abeyance	**725,800**	*725,800*
Add: On grant of stock option under ESOP	**131,099**	*172,166*
Add: On account of convertible warrant	**4,128,427**	–
Weighted average no. of shares in calculating dilutive EPS	**115,609,343**	*113,748,742*

For the purposes of computation of earning per shares the equity shares to be issued against the Equity Share Suspense account pursuant to the scheme of amalgamation, preference dividend on preference share suspense account and the options granted to the employees of the erstwhile ATSL have been considered in the weighted average shares during the period. Similarly 725,800 equity shares kept in abeyance from earlier equity offerings have also been considered for dilution. The weighted shares have been determined with reference to the respective dates of allotment of the shares issued under QIP, ESOP's and the Warrants respectively.

26. With effect from 1st January, 2010 the Company has modified the terms of the supports by way of loans to the overseas Special Purpose Vehicles which hold the Companies equity investments in overseas subsidiaries and joint ventures by treating the loans as long term loan repayable at the end of 5 years. Since these SPV's are in the nature of non integral operations of the company, exchange gain / loss on reinstatement of such loans are carried in the Foreign Exchange Translation Reserves in accordance with AS-11 "The Effects of changes in Foreign Exchange Rates" issued under the Companies (Accounting Standard) Rules, 2006.

27. Pursuant to the scheme of amalgamation, the Company owns 5,804,620 equity shares of itself through Gammon India Trust which was allotted the shares against the Company's holding in erstwhile ATSL in terms of the order of the Hon'ble High Court of Mumbai and Gujarat.

28. **Diminution in the Value of Investments:**

A. The Company through its Special Purpose Investment Vehicle holds the following stakes:

(1) Francotosi Meccanica, Italy

(2) Sofinter, Italy

(3) Sadelmi, Italy

(4) SAE, Italy

B. The Company has carried out its impairment test of the investments of Franco Tosi Mechannica , Sofinter and SAE Italy. Considering the results of the tests and the fact that all these investments have turned around their performance from loss to a marginal profits despite the turbulent market conditions in Europe, the management is of the view that there is no impairment in its investments in these companies.

C. The Company through its step down subsidiary P. Van Eerd Beheersmaatschappij B. V, Netherlands (PVAN) held a 50% shareholding in Sadelmi S.p.A., Italy (Sadelmi) with the remaining 50% held by Busi Impianti S.p.A, Italy since April 2008. Due to the economic conditions prevailing in different parts of the world where Sadelmi was present some of the projects under execution encountered serious contractual problems. Sadelmi therefore sought creditors' protection through a Court in Italy and simultaneously, as part of scheme, applied for transferring the remaining projects of Euro 46 million and leased all references standing in its name since inception to a new company Busi Power S.r.L. wholly held by Busi Group. By an Agreement dated 2nd March, 2009, Busi Group agreed to give PVAN 50% stake in lieu of its stake in Sadelmi for a consideration of Euro 1 and convert the S.r.L. status into an S.p.A. to facilitate the same. Consequently PVAN will cease to be a shareholder of Sadelmi from that date and will become a shareholder of Busi Power. The Court approval which was received subsequent to 31st March, 2010 was subject to several compliances being met and which are currently in progress. All compliances are expected to be reached in the 4th quarter of 2010, at which time Busi Group will duly capitalize its wholly owned subsidiary in India with an equity infusion of Euro 2.5 million and will also permit it to freely draw up the references to undertake future projects in India, as was mentioned in the previous year consequent upon this arrangement.

Consequent upon this arrangement, Busi Group will be wholly responsible for the operations and all future funding of Busi Power S.r.L. and Gammon will be wholly responsible for the operations and future funding of the Indian subsidiary for the projects undertaken by them in the territories identified respectively for them. The results of these operations will be consolidated in the Company with effect from FY 2010-11 after the Court scheme is given effect to and the fresh set of financial are drawn up.

29. The break up of Deferred Tax Liability and Assets are as follows:

(₹ in Crores)

Particulars	**Year ended 31st March, 2010**	*Year ended 31st March, 2009*
Deferred Tax Liability:		
– On Account of Depreciation	**74.30**	*67.21*
– On Foreign Exchange Translation Reserve	**8.78**	–
Deferred Tax Assets:		
– On Account of Gratuity/Leave Encashment Provision	**4.20**	*4.30*
– On Account of Interest on NCD	**0.27**	*0.28*
– On Account of Other Disallowances	**6.88**	*8.27*
Net Balance	**71.73**	*54.36*

30. The Company had deposited customs duty of ₹ 2.20 Crores 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.

31. Unpaid dividend includes ₹ 0.10 Crores *(Previous Year – ₹ 0.09 Crores)* and accrued interest includes ₹ 0.16 Crores towards interest on fixed deposits to be transferred to the Investor Education & Protection Fund.

32. **CONTINGENT LIABILITIES:**

(₹ in Crores)

Sr. No.	**Particulars**	**As at 31st March, 2010**	*As at 31st March, 2009*
1.	Liability on contracts remaining to be executed on Capital Accounts	**73.83**	*63.73*
2.	Counter Guarantees given to Bankers for Guarantees given by them and Corporate Guarantees, on behalf of subsidiary, erstwhile subsidiary, associate Companies stand at	**5,436.41**	*4,515.33*
3.	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	**463.36**	*502.51*
4.	Disputed Sales Tax liability for which the Company has gone into Appeal is	**23.88**	*22.23*
5.	Claims against the Company not acknowledged as debts	**4.81**	*47.69*
6.	Disputed Excise Duty liability	**0.03**	*0.03*
7.	Disputed Customs Duty liability	**0.32**	*0.32*
8.	Disputed Service Tax Liability	**29.21**	*15.24*
9.	Contingent Liability on partly paid shares	–	–

10. There is a disputed demand of UCO Bank pending since 1986, of US$ 436,251 i.e. ₹ 1.72 Crores. Against this, UCO Bank has unilaterally adjusted the Company's Fixed Deposit of US$ 30,584 i.e. ₹ 0.12 Crores, which adjustment has not been accepted by the Company.
11. In respect of Joint Venture and operations in Oman, Gammon India Limited – AL Matar JV, refer note no. 38.
12. Counter claims in arbitration matters referred by the Company – liability unascertainable.

33. The balance with The Freyssinet Prestressed Concrete Company Limited is as per books of accounts and subject to reconciliation.

34. Balances in Foreign Bank Accounts are as per ledger and are subject to reconciliation.

35. During the course of action u/s 132 of the Income Tax Act after the Balance Sheet date, the Company has made declaration in order to buy peace. On a prudent basis an additional tax provision of ₹ 17 Crores have been made in accounts, pending receipt of all the paper and statements from the Income Tax department.

36. Cash & Bank balances include ₹ 2.13 Crores *(Previous Year ₹ 2.13 Crores)* 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.

37. **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 Srinivas	Jointly Controlled Operation	80.00%
2.	BBJ GIL	Jointly Controlled Operation	30.50%
3.	JAGER GIL	Jointly Controlled Operation	50.00%
4.	Jaeger Gammon	Jointly Controlled Operation	50.00%
5.	Patel Gammon	Jointly Controlled Operation	49.00%
6.	Gammon Patel	Jointly Controlled Operation	50.00%
7.	Hyundai Gammon	Jointly Controlled Operation	49.00%
8.	Jaeger Gammon	Jointly Controlled Operation	50.00%
9.	Gammon BBJ	Jointly Controlled Operation	50.00%
10.	Hyundai Gammon	Jointly Controlled Operation	49.00%
11.	Jaeger Gammon	Jointly Controlled Operation	50.00%
12.	BBJ Gammon	Jointly Controlled Operation	49.00%
13.	Gammon Hot Engineering	Jointly Controlled Operation	70.00%
14.	Gammon Technofab (Transmission & Distribution of Electricity & Water)	Jointly Controlled Operation	70.00%
15.	Gammon Limak (Vishnugod Pipalnote HEPP)	Jointly Controlled Operation	51.00%
16.	Gammon Tensacuai	Jointly Controlled Operation	80.00%
17.	Gammon Construtora Tensacuai	Jointly Controlled Operation	60.00%
18.	Lencon Gammon	Jointly Controlled Operation	51.00%
19.	Mosmetrostroy Gammon	Jointly Controlled Operation	49.00%
20.	Gammon Sadelmi (Power Plant in Sylhet, Bangladesh)	Jointly Controlled Operation	90.00%
21.	Gammon Sadelmi (Power Project in Siddhirganj, Bangladesh)	Jointly Controlled Operation	90.00%
22.	Technofab Gammon (commissioning of pipeline at Srinagar)	Jointly Controlled Operation	70.00%
23.	Aydeniz Gammon	Jointly Controlled Operation	30.00%
24.	Gammon Aydinar (Rammam)	Jointly Controlled Operation	50.00%
25.	GIL Simplex (Khongsang Imphal)	Jointly Controlled Operation	51.00%
26.	GIL Simplex (Dholakal Tupul)	Jointly Controlled Operation	51.00%
27.	Gammon International & OHI (Pipeline Tanks & booster for Salalah)	Jointly Controlled Operation	69.00%
28.	GIL Marti (Civil Work Sainj HEP)	Jointly Controlled Operation	51.00%
29.	GIL KCT (Rupiasagar Kasiabara HEP)	Jointly Controlled Operation	67.00%
30.	Afghanistan ATSL AEPC Consortium	Jointly Controlled Operation	75.00%

(b) Details of Income & Expenditure and Assets & Liabilities of Jointly controlled entities as per the audited accounts of the Joint Venture entity are as under:

(₹ in Crores)

Sr. No.	Particulars of JV with share	Share of Assets	Share of Liabilities	Share of Income	Share of Expenditure
1.	Gammon Al Matar (85%)	68.68 *(89.27)*	80.14 *(13.74)*	16.95 *(51.27)*	29.66 *(54.73)*
2.	Gammon Encee Consortium (51%)	4.63 *(2.68)*	1.44 *(0.96)*	2.30 *(1.89)*	2.30 *(1.89)*
3.	Jager Gammon (90%)	44.95 *(40.18)*	52.49 *(42.15)*	58.09 *(47.53)*	58.05 *(47.53)*
(Previous year figures are in brackets)					

38. **Joint venture and operations in Oman:**

(a) There are claims against the Joint venture not acknowledged as debts of OR 0.88 million (₹ 10.36 Crores) in respect of which the lower courts have ruled in favour of the claimant. The Management is hopeful of obtaining relief from the higher courts in the matter.

(b) The joint venture has raised invoices on the client which is subject to certification and acceptance by the client which the management is hopeful of recovery. No effects have been given in these accounts for the same. The total value of such uncertified billing considered in these accounts aggregates to OR 0.73 million (₹ 9.13 Crores).

The joint venture has carried out certain works including operations and maintenance of the project based on work instructions received from the consultant/client which is subject to certification and acceptance by the client on account of certain disputes with the client which the management is hopeful of resolving in favour of the Joint venture. The total value of such works being carried as part of the job estimates is OR 0.91 million (₹ 11.33 Crores). Further the control estimates for the balance work includes certain expected variation orders aggregating to OR 0.90 million (₹ 11.20 Crores) which the joint venture has factored considering the discussions with the client and the past trends of the acceptance by the client. Accordingly the works in progress are being carried as part of inventory pending receipt of the variation order from the client.

(c) The banking facilities including fund and other non-fund based borrowings utilized by the Joint Venture entity which 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, 2010 is OR 4,002,265 (₹ 46.99 Crores) *[Previous Year OR 2,442,185 (₹ 32.12 Crores)]* which consists of Fund based OR 3,628,768 (₹ 42.61 Crores) *[Previous Year OR 860,440 (₹ 11.32 Crores)]* and Non-fund based OR 373,498 (₹ 4.39 Crores) *[Previous Year OR 1,581,741 (₹ 20.80 Crores)].*

(d) Transactions of Oman Branch and the accounting effect of the Gammon Al Matar Joint Venture profits are accounted on the basis of the accounts prepared specially for this purpose and which is duly audited by the Company's Auditor.

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:

(₹ in Crores)

Particulars	Amount Outstanding at period end		Maximum Amount Outstanding	
	31.03.10	*31.03.09*	**31.03.10**	*31.03.09*
Subsidiaries/Fellow Subsidiaries:				
Gammon & Billimoria Ltd.	**9.76**	*9.79*	**10.03**	*9.81*
Gammon Infrastructure Projects Ltd.	**0.06**	–	**0.56**	*29.30*
Gammon Realty Ltd.	**67.20**	*122.07*	**139.55**	*229.39*
Gammon Cooling Towers Ltd.	**8.92**	–	**165.71**	*75.45*
Gammon International FZE*	**189.18**	*165.63*	**240.44**	*165.63*
Deepmala Infrastructure Pvt. Ltd.	**23.49**	*8.16*	**117.43**	*107.65*
Gammon Holding BV*	**32.49**	–	**33.50**	–
Gammon International BV*	**61.37**	–	**66.96**	–
Campo Puma Oriente SA	**87.36**	–	**90.33**	–

Particulars	Amount Outstanding at period end		Maximum Amount Outstanding	
	31.03.10	*31.03.09*	**31.03.10**	*31.03.09*
Gammon Power Ltd.*	**0.14**	–	**0.19**	–
Transrail Lighting Ltd.	**4.84**	*0.45*	**4.84**	*0.91*
Associated Transrail Structures Ltd., Nigeria	**0.53**	*0.11*	**0.55**	*0.11*
SAE Power Lines Srl	**25.43**	*27.34*	**29.54**	*55.36*
ATSL BV Netherlands	**3.41**	*1.28*	**3.75**	*1.28*
Associates & Group Companies:				
Fin Est Spa	**2.42**	*3.20*	**3.20**	*3.20*

* The above loans are interest free.

None of the above loanee companies hold any shares in the Company.

40. (a) The Company had in the past acquired voting rights and other beneficial interests in two companies Rajahmundry Expressway Limited and Andhra Expressway Limited in respect of 4,360,500 equity shares and 4,564,500 equity shares respectively from its Joint Venture partner in these entities in consideration of payment of deposit for the acquisition of shares of ₹ 5.66 Crores. Subsequently the company transferred its voting rights and other beneficial interests so acquired along with the voting rights and beneficial interests in respect of 11,092,500 equity shares of Rajahmundry Expressway Limited and 11,092,500 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 ₹ 32.84 Crores from the subsidiary. During the previous year 2008-2009, out of the said transfer of beneficial interest, the Company had transferred titular interest in respect of 5,437,500 equity shares of Rajahmundry Expressway Limited and 5,437,500 equity shares of Andhra Expressway Limited and had adjusted the deposit received against the consideration of transfer. The balance 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 allotees as per the records of the respective companies.

(b) Similarly the company had also transferred beneficial interest in respect of the investment in Kosi Bridge Infrastructure Company Ltd., Gorakhpur Infrastructure Company Ltd. and Tidong Hydro Power Ltd. in favour of its subsidiary company Gammon Infrastructure Project Ltd. In consideration of payment of deposit for an aggregate sum of ₹ 15.91 Crores. The said deposits received are reflected in the Investment schedule.

During the year, the Company has transferred beneficial interest in respect of 6,278,685 Shares in Kosi Bridge Infrastructure Company Ltd. & the investment in Indira Container Terminal Pvt. Ltd. in favour of its subsidiary company Gammon Infrastructure Project Ltd. in consideration of payment of deposit for an aggregate sum of ₹ 32.69 Crores. The said deposits received are reflected in the Investment schedule.

(c) As at 31st March, 2010 following is the status of transfer of beneficial interest of the group companies –

(₹ in Crores)

Sr. No.	Name of Company	As at 31st March, 2010		*As at 31st March, 2009*	
		No. of Shares	**Deposit Received**	*No. of Shares*	*Deposit Received*
1.	Kosi Bridge Infra. Co. Ltd	**12,562,831**	**12.56**	*6,284,146*	*6.28*
2.	Gorakhpur Infra. Co. Ltd.	**9,596,923**	**9.60**	*9,596,923*	*9.60*
3.	Andhra Expressway Ltd.	**5,655,000**	**8.49**	*5,655,000*	*8.49*
4.	Rajahmundry Expressway Ltd.	**5,655,000**	**8.48**	*5,655,000*	*8.48*
5.	Tidong Hydro Power Ltd.	**25,500**	**0.03**	*25,500*	*0.03*
6.	Indira Container Terminal Pvt. Ltd.	**26,407,160**	**26.40**	–	–

41. Auditor's remuneration does not include ₹ 1,378,750/- paid towards fees for QIP issue which is debited to Security Premium Account.

42. Previous year's figures are regrouped and rearranged with those of the current year to make them comparable.

43. **Details of rounded off amounts:**

The financial statements are represented in ₹ Crores. Those items which were not represented in the financial statement due to rounding off to the nearest ₹ Crores are given below:

Balance Sheet Items (Amount in ₹)

REFER	DESCRIPTION	As at 31st March, 2010	As at 31st March, 2009
Schedule 6	INVESTMENTS		
	(a) Trade Investments:		
	Airscrew (India) ltd.	**1,000**	*1,000*
	Bhagirathi Bridge Construction Co. Ltd.	**30,000**	*30,000*
	Alpine Environmental Engineers Ltd.	**20,000**	*20,000*
	Neptune Tower Properties Pvt. Ltd.	**1,000**	*1,000*
	(b) Other Investments:		
	Modern Flats Ltd.	**22,100**	*22,100*
	(c) Investment In Partnership – Capital Contribution		
	Gammon Shah	**25,000**	*25,000*
Schedule 9	CASH & BANK BALANCES WITH NON – SCHEDULED BANKS:		
	On Current Accounts:		
	(a) Canara Bank, Nepal	**35,095**	*35,095*
	(b) Bank of Bhutan	**2,947**	*2,947*
	(c) Nepal Bank	**968**	*968*
	(d) Umma Bank, Al- Fatah	**8,000**	*8,000*
	(e) Umma Bank, Tripoli	**8,390**	*8,390*
	(f) Nepal Bank Ltd.	**511**	*511*
	(g) Nabil Bank Site Account	**3,967**	*3,967*
	(h) Nabil Bank Collection Account	**16,618**	*16,618*
Schedule 10	DUES FROM / LOAN TO SUBSIDIARY COMPANIES:		
	(a) Gammon Retail Infra. Pvt. Ltd.	**28,300**	*27,200*
	(b) Youngthan Power Ventures Ltd.	**8,105**	*4,309*

Notes To Accounts *(Amount in ₹)*

REFER	DESCRIPTION	As at 31st March, 2010	Year ended 31st March, 2009
Note No. 34 (12)	Contingent liability on partly paid shares	**19,000**	*19,000*

As per our attached report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N. JAYENDRAN
Partner
M. No. 40441

Mumbai, Dated :14th August, 2010

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

ROHIT MODI
Deputy Managing Director

RAJUL A. BHANSALI
Executive Director

D. C. BAGDE
Executive Director

C. C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 14th August, 2010

Annexure

Related Party Disclosure as required by Accounting Standard – 18 "Related Party Disclosure"

(A) Relationships:

	Entities where control exists:
1.	Devyani Estate & Properties Pvt. Limited
2.	First Asian Capital Resources Pvt. Limited
3.	Masayor Enterprises Limited
4.	Nikhita Estate Developers Pvt. Limited
5.	Pacific Energy Pvt. Limited
	Subsidiaries/Fellow Subsidiaries:
1.	Andhra Expressway Limited
2.	ATSL BV, Netherland
3.	ATSL Infrastructure Projects Limited
4.	ATSL Nigeria
5.	Campo Puma Oriente SA
6.	Cochin Bridge Infrastructure Company Limited
7.	Deepmala Infrastructure Private Limited
8.	Franco Tosi Meccanica S.p.A.
9.	GACTAL Turnkey Projects Limited
10.	Gammon & Billimoria Limited
11.	Gammon & Billimoria LLC
12.	Gammon Holding BV
13.	Gammon Hospitality Limited
14.	Gammon Infrastructure Projects Limited
15.	Gammon International BV
16.	Gammon International FZE
17.	Gammon International LLC, Oman
18.	Gammon Italy Srl
19.	Gammon Logistics Limited
20.	Gammon Power Limited
21.	Gammon Projects Developers Limited
22.	Gammon Realty Limited
23.	Gammon Renewable Energy Infra Limited
24.	Gammon Retail Infrastructure Private Limited
25.	Gammon Road Infrastructure Limited
26.	Gammon Seaport Infrastructure Limited
27.	Gorakhpur Infrastructure Company Limited
28.	Jaguar Projects Developers Limited
29.	Kosi Bridge Infrastructure Company Limited
30.	Marine Projects Services Limited
31.	Mumbai Nasik Expressway Limited
32.	P. Van Eerd Beheersmaatschappij BV – Netherlands
33.	Pataliputra Highway Limited
34.	Patna Highway Projects Limited
35.	Pravara Renewable Energy Limited
36.	Rajahmundry Expressway Limited
37.	Rajahmundry Godavari Bridge Limited
38.	RAS Cities and Townships Private Limited
39.	SAE Powerlines Srl
40.	Sikkim Hydro Power Ventures Limited
41.	Tidong Hydro Power Limited
42.	Transrail Lighting
43.	Youngthang Power Ventures Limited
44.	Vizag Sea Port

	Associates & Group Companies:
1.	Eversun Sparkle Maritime Services Pvt. Limited
2.	Finest S.p.A. Italy
3.	Modern Toll Roads Limited
	Joint Ventures:
1.	BBJ GIL
2.	Blue Water Iron Ore Terminal Pvt. Limited
3.	Gammon AL Matar JV
4.	Gammon Atlanta JV
5.	Gammon BBJ JV
6.	Gammon Encee Rail Linkers
7.	Gammon JMC
8.	Gammon Oversea Engineering P. Limited
9.	Gammon Patel JV
10.	Gammon Progressive
11.	Gammon Rizzani
12.	Gammon Sadelmi JV
13.	Gammon Srinivas JV
14.	GIL Archirodon JV
15.	Haryana Bio Mass Power Limited
16.	Hyundai Gammon
17.	Indira Container Terminal P. Limited
18.	Jaegar Gammon
19.	Jager Gammon JV
20.	OSE Gammon JV
21.	Patel Gammon
22.	Punjab Biomass Power Limited
23.	Sofinter SPA
24.	Aydeniz Gammon
25.	Gammon Aydinar (Rammam)
26.	GIL Simplex (Khongsang Imphal)
27.	GIL Simplex (Dholakal Tupul)
28.	Gammon International & OHI (Pipeline Tanks & booster for Salalah)
29.	GIL Marti (Civil Work Sainj HEP)
30.	GIL KCT (Rupiasagar Kasiabara HEP)
31.	Afghanistan ATSL AEPC Consortium
	Key Management Personnel & Relatives:
1.	Mr. Abhijit Rajan
2.	Mr. Himanshu Parikh
3.	Mr. Rajul A. Bhansali
4.	Mr. Rohit Modi
5.	Mr. Harshit Rajan
6.	Mr. D. C. Bagde

(B) Related Parties transactions during the year in normal course of business:

(₹ in Crores)

Nature of Transactions/relationship/major parties	Current Year		*Previous Year*	
	Amounts	**Amounts from Major Parties**	*Amounts*	*Amounts from Major Parties*
SUBSIDIARIES				
Subcontracting Income	**432.57**		*344.84*	
Mumbai Nasik Expressway Limited		**112.89**		*181.49*
Kosi Bridge Infrastructure Company Limited		**90.17**		*87.74*
Gorakhpur Infrstructure Company Limited		**89.08**		*71.72*
Rajahmundry Godavari Bridge Limited		**140.43**		*3.89*
Subcontracting expenditure	**0.70**		*–*	
Gammon Logistics Limited		**0.70**		*–*
Operating and Maintenance Income	**105.20**		*24.17*	
Andhra Expressway Limited		**52.89**		*10.15*
Rajahmundry Expressway Limited		**52.32**		*14.02*
Operating and Maintenance Expenses	**105.20**		*25.82*	
Gammon Infrastructure Projects Limited		**105.20**		*25.82*
Sale of Assets	**38.03**		*12.03*	
Transrail Lighting Limited (TLL)		**–**		*2.08*
SAE Power Lines s.r.l.		**38.03**		*9.68*
Purchase of Investments/Advances towards Equity/Allotment of Shares	**31.98**		*131.85*	
Kosi Bridge Infrastructure Company Limited		**6.28**		*–*
RAS Cities		**25.00**		*25.00*
Youngthang Power Venture Limited		**–**		*52.90*
SAE Power Lines s.r.l.		**–**		*31.21*
Sale of Investment/Deposit for transfer of Beneficial Interest	**–**		*100.82*	
SAE Power Lines s.r.l		**–**		*31.97*
Gammon Infrastructure Projects Limited		**–**		*68.85*
Refund of Deposit for transfer of Beneficial Interest/Advance towards Equity	**32.69**		*121.58*	
Youngthang Power Venture Limited		**–**		*52.85*
Gammon Infrastructure Projects Limited		**32.69**		*68.73*
Rendering of Services	**–**		*0.32*	
Gammon Infrastructure Projects Limited		**–**		*0.13*
Rajahmundry Expressway Limited		**–**		*0.12*
Andhra Expressway Limited		**–**		*0.07*
Receiving of Services	**5.13**		*1.54*	
Gammon Infrastructure Projects Limited		**–**		*0.19*
GACTEL Turnkey Project Limited		**5.08**		*1.31*

(₹ in Crores)

Nature of Transactions/relationship/major parties	Current Year		*Previous Year*	
	Amounts	**Amounts from Major Parties**	*Amounts*	*Amounts from Major Parties*
Finance provided (incl. Loans and equity contribution in cash or in kind)	**567.80**		*851.49*	
GAMMON INTL. FZE		**74.81**		*200.26*
Gammon International BV		**66.96**		–
Campo Puma Orient S.p.A.		**74.81**		–
Gammon Realty Limited		**–**		*335.51*
GACTEL Turnkey Project Limited		**169.37**		*149.31*
Deepmala Infra P. Limited		**115.33**		*108.01*
Finance provided for expenses & on a/c payments	**3.26**		*1.67*	
GACTEL Turnkey Project Limited		**1.85**		*0.09*
Franco Tosi Meccanica S.p.A.		**–**		*0.36*
Gammon Infrastructure Projects Limited		**0.75**		*0.35*
Gammon International LLC Oman		**–**		*0.19*
SAE Power Lines s.r.l.		**–**		*0.48*
Amount liquidated towards the finance provided	**370.38**		*580.14*	
GACTEL Turnkey Project Limited		**160.69**		*149.57*
Deepmala Infra P. Limited		**100.00**		*99.85*
Gammon Realty Limited		**80.80**		*213.70*
Interest Income during the year	**23.79**		*25.55*	
GACTEL Turnkey Project Limited		**–**		*4.84*
Gammon Realty Limited		**15.75**		*17.62*
Deepmala Infra P. Limited		**2.30**		*0.19*
Finance received (incl. Loans and equity contribution in cash or in kind)	**0.06**		*234.37*	
ATSL Infrastructure Projects Limited		**0.06**		–
Gammon Infrastructure Projects Limited		**–**		*199.00*
Andhra Expressway Limited		**–**		*11.00*
Rajahmundry Expressway Limited		**–**		*24.00*
Gammon & Billimoria Limited		**–**		*0.36*
Amount liquidated towards the above finance	**0.03**		*249.00*	
Gammon Infrastructure Projects Limited		**–**		*199.00*
ATSL Infrastructure Projects Limited		**0.02**		–
Andhra Expressway Limited		**0.01**		*26.00*
Rajahmundry Expressway Limited		**–**		*24.00*
Interest Paid	**0.08**		*6.47*	
Gammon Infrastructure Projects Limited		**–**		*2.64*
Rajahmundry Godavari Bridge Limited		**0.08**		–
Andhra Expressway Limited		**–**		*1.49*
Rajahmundry Expressway Limited		**–**		*1.81*
Write off of balances	**–**		*0.09*	
Cochin Bridge Infrastructure Company Limited		**–**		*0.09*

(₹ in Crores)

Nature of Transactions/relationship/major parties	Current Year		*Previous Year*	
	Amounts	**Amounts from Major Parties**	*Amounts*	*Amounts from Major Parties*
Contract Advance received	**23.94**		*71.25*	
Mumbai Nasik Expressway Limited		**–**		*40.00*
Rajahmundry Godavari Bridge Limited		**23.94**		*31.25*
Kosi Bridge Infrastructure Company Limited		**–**		*–*
Gorakhpur Infrstructure Company Limited		**–**		*–*
Refund against Contract advance	**93.37**		*55.74*	
Gorakhpur Infra Co. Limited		**20.89**		*13.72*
Rajahmundry Godavari Bridge Limited		**34.62**		*–*
Kosi Bridge Infra Co. Limited		**12.77**		*21.93*
Mumbai Nasik Expressway Limited		**24.00**		*16.00*
Guarantees and Collaterals Outstanding	**1,893.76**		*1,405.48*	
Franco Tosi Meccanica SpA		**244.06**		*423.05*
Gammon Holding BV		**347.58**		*–*
Gammon International BV		**433.34**		*–*
Gammon Billimoria LLC		**219.01**		*425.87*
Outstanding Balances Receivables	**625.70**		*381.20*	
Gammon International BV		**61.37**		*–*
Campo Puma Orient SpA		**89.42**		*–*
GAMMON INTL. FZE		**189.18**		*165.63*
Gammon Realty Limited		**80.39**		*135.69*
Outstanding Balances Payable	**99.36**		*173.32*	
Kosi Bridge Infrastructure Company Limited		**23.09**		*47.71*
Gammon Infrastructure Projects Limited		**10.81**		*12.16*
Mumbai Nasik Expressway Limited		**–**		*24.00*
Rajahmundry Godavari Bridge Limited		**20.57**		*31.25*
Gorakhpur Infrstructure Company Limited		**44.48**		*56.03*
Deposit Outstanding (Payable)	**65.56**		*32.87*	
Gammon Infrastructure Projects Limited		**65.56**		*32.87*
TOTAL	**4,518.58**		*4,807.45*	
ASSOCIATES				
Finance provided (incl. Loans and equity contribution in cash or in kind)	**–**		*3.20*	
Finest SpA		**–**		*3.20*
Amount liquidated towards the finance provided	**0.66**		*–*	
Finest SpA		**0.66**		*–*
Interest Income during the year	**0.22**		*–*	
Finest SpA		**0.22**		*–*
Outstanding Balances Receivables	**2.87**		*3.20*	
Finest SpA		**2.87**		*3.20*
TOTAL	**3.76**		*6.40*	

(₹ in Crores)

Nature of Transactions/relationship/major parties	Current Year		*Previous Year*	
	Amounts	Amounts from Major Parties	*Amounts*	*Amounts from Major Parties*
ENTITIES WHERE CONTROL EXISTS				
Dividend paid to Shareholders	1.50		*1.62*	
Devyani Estate & Properties Pvt. Limited		0.32		*0.32*
Masayor Enterprises Limited		–		*0.19*
Nikhita Estate Developers Pvt. Limited		0.21		*0.21*
Pacific Energy Pvt. Limited		0.90		*0.90*
First Asian Capital Resources Pvt. Limited		0.02		–
Abhijit Rajan		0.06		–
TOTAL	1.50		*1.62*	
KEY MANAGERIAL PERSONNEL				
Remuneration paid	6.48		*2.54*	
Mr. Abhijit Rajan		1.42		*1.43*
Mr. H. V. Parikh		0.80		*0.54*
Mr. R. A. Bhansali		0.55		*0.57*
Mr. Rohit Modi		1.87		–
Mr. D. C. Bagde		1.84		–
TOTAL	6.48		*2.54*	
JOINT VENTURE				
Subcontracting Income	385.20		*450.97*	
Patel Gammon		118.10		*111.72*
Jager Gammon		61.19		–
Gammon JMC		120.24		*189.84*
Purchase of Investments/Advances towards Equity	10.91		*7.23*	
Indira Containor Terminal Pvt. Limited		10.91		*7.23*
Finance provided (incl. Loans and equity contribution in cash or in kind)	–		*33.32*	
Gammon Al Matar JV		–		*31.42*
Finance provided for expenses & on a/c payments	7.66		*5.75*	
Gammon Enceerail		5.02		*0.73*
Gammon Rizzani		1.80		–
Gammon Al Matar JV		–		*5.01*
Amount liquidated towards the finance provided	26.41		*2.26*	
Gammon Al Matar JV		25.92		–
Gammon Enceerail		–		*2.25*

(₹ in Crores)

Nature of Transactions/relationship/major parties	Current Year		*Previous Year*	
	Amounts	**Amounts from Major Parties**	*Amounts*	*Amounts from Major Parties*
Interest Income during the year	**1.76**		*4.15*	
Gammon Al Matar JV		**1.76**		*4.15*
Interest paid during the year	**6.70**		*9.98*	
Jager–Gammon		**3.30**		*4.15*
Gammon Al Matar JV		**1.76**		*4.15*
Gammon JMC		**1.50**		–
Gammon Srinivas		**–**		–
Contract Advance received	**94.05**		*88.87*	
Jager – Gammon		**18.81**		*13.01*
Indira Containor Terminal Pvt. Limited		**38.48**		–
Gammon – JMC		**–**		*20.55*
Patel Gammon		**28.08**		*50.10*
Refund received against Contract Advance	**108.72**		*77.01*	
Jager – Gammon		**17.30**		–
Gammon JMC		**29.75**		*19.66*
Patel Gammon		**57.35**		*43.54*
Gammon Srinivas		**–**		*8.12*
Guarantees and Collaterals Outstanding	**316.68**		*967.65*	
Outstanding Balances Receivables	**250.34**		*270.08*	
Gammon AL Matar JV		**73.18**		*123.95*
Jager – Gammon		**63.47**		*38.62*
Patel Gammon		**48.61**		*28.16*
Gammon JMC		**–**		*28.90*
Outstanding Balances Payable	**149.67**		*100.28*	
Gammon – JMC		**–**		–
Indira Containor Terminal Pvt. Limited		**55.13**		–
Jager – Gammon		**37.35**		*28.22*
Patel Gammon		**14.92**		*15.78*
Gammon AL Matar JV		**39.63**		*44.67*
TOTAL	**1,358.11**		*2,017.54*	

BALANCE SHEET ABSTRACT OF COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.	1 1 – 9 9 7	State Code	1 1
Balance Sheet Date	3 1 (Date) 0 3 (Month) 1 0 (Year)		

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placements
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	Total Assets
33111905	33111905

Sources of Funds

Paid-Up Capital	Reserves & Surplus
258298	18987247
Secured Loans	Unsecured Loans
4885385	8060076
Deferred Tax Liability	
717345	

Application of Funds

Net Fixed Assets	Investments
11689928	1978456
Net Current Assets	Misc. Expenditure
19443520	NIL
Accumulated Losses	
NIL	

IV. Performance of Company (Amount in ₹ Thousands)

Turnover	Total Expenditure
44681063	42999937
Profit Before Tax	Profit After Tax
2112467	1257049
Earning Per Share in ₹	Dividend Rate %
10.72	30

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

Product Description	BRIDGES
Product Description	TUNNELS
Product Description	DAMS ETC

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO THE SUBSIDIARY COMPANIES

Sr. No.	Name of Susidiaries	Gammon Infrastructure Projects Limited	Cochin Bridge Infrastructure Co. Limited	Andhra Expressway Limited	Rajahmundry Expressway Limited	Mumbai Nasik Expressway Limited	Sikkim Hydro Power Ventures Limited	Gammon Project Developers Limited	Gorakhpur Infrastructure Company Limited	Kosi Bridge Infrastrcture Company Limited
1.	The Financial Year of the Subsidiaries ended	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
2.	Shares of the Subsidiary Companies held by Gammon India Limited									
	(i) Number	550,400,000	6,250,070	#29,000,000	#29,000,000	41,595,000	3,173,900	250,000	36,897,050	48,300,000
	(ii) Extent of Holding	75.89%	97.66%*	100%*	100%*	79.99%*	100%*	100%*	100%*	100%*
3.	The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon India Ltd. were :									
	(i) Dealt with in the accounts of Gammon India Ltd. amounted to:									
	(a) For subsidiaries' financial year ended on 31st March, 2009									
	(b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon India Ltd.									
	(ii) Not dealt with in the accounts of Gammon India Ltd. amount to :									
	(a) For subsidiaries' financial year ended on 31st March, 2010	10.63	1.06	13.35	12.97	(0.66)	(0.23)	0.00	(0.55)	(0.47)
	(b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon India Ltd.	27.41	3.75	57.96	63.99	–	–	(0.04)	–	–

(₹ in Crores)

Marine Projects Services Limited.	Tidong Hydro Power Limited	Gammon Logistics Limited	Pravara Renewable Energy Limited	Jaguar Projects Developers Limited	Rajahmundry Godavari Bridge Limited	Gammon Hospitality Limited	Youngthang Power Ventures Limited	RAS Cities and Townships Private Limited	Gammon Renewable Energy Infrastructure Limited	Gammon Road Infrastructure Limited	Gammon Sea port Infrastructure Limited	Patliputra Highway Limited
31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
50,000	25,500	2,550,000	7,000,000	50,000	62,121,250	50,000	9,610,000	10,000	50,000	50,000	50,000	15,000
100%*	51%*	100%*	100%*	100%*	100%*	100%*	100%*	100%*	100%*	100%*	100%*	100%*
0.16	(0.00)	(2.82)	(0.18)	(0.00)	(1.69)	(0.03)	(0.08)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)
(0.00)	–	(1.76)	–	(0.00)	–	(0.22)	–	–	–	–	–	(0.04)

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO THE SUBSIDIARY COMPANIES

Sr. No.	Name of Susidiaries	Patana Highway Projects Ltd	Vizag Sea port Pvt Ltd	GACTEL Turnkey Projects Limited	Gammon & Billimoria Limited.	Gammon Realty Limited	Gammon International LLC ‡	Gammon International FZE ‡	P.Van Eerd Beheersmaa-tschappaji B.V. ‡	Deepmala Infrastructure Private Limited
1.	The Financial Year of the Subsidiaries ended	31^{st} March, 2010	31^{st} March, 2010	31^{st} March, 2010	31^{st} March, 2010	31^{st} March, 2010	31^{st} March, 2010	31^{st} March, 2010	31^{st} March, 2010	31^{st} March, 2010
2.	Shares of the Subsidiary Companies held by Gammon India Limited									
	(i) Number	50,000	64,313,847	5,050,000	50,940	15,049,940	103,500	1	35	5,100
	(ii) Extent of Holding	100%*	73.76%*	100%	50.94%	75.06%	69%	100%	100%***	51%
3.	The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon India Ltd. were :									
	(i) Dealt with in the accounts of Gammon India Ltd. amounted to:									
	(a) For subsidiaries' financial year ended on 31^{st} March, 2009									
	(b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon India Ltd.									
	(ii) Not dealt with in the accounts of Gammon India Ltd. amount to :									
	(a) For subsidiaries' financial year ended on 31^{st} March, 2010	(0.02)	10.43	(3.83)	0.11	(19.95)	(0.66)	10.16	(6.99)	**
	(b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon India Ltd.	–	–	(7.42)	0.30	(4.07)	0.02	(13.69)	(7.77)	–

* Subsidiaries of Gammon Infrastructure Projects Ltd. (Subsidiary of Gammon India Ltd.).

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

*** Subsidiary of Gammon International FZE (Subsidiary of Gammon India Ltd.).

‡ Opening retained earning of foreign currency at 31^{st} March 2010 rupee rate.

^ Shareholding is through subsidiary – Gammon International BV.

\# Including Beneficial Interest in 1,812,500 shares held by Punj Lloyd Ltd.

(₹ in crores)

Gammon Retail Infrastructure Private Limited	Gammon Power Limited	Gammon Holdings B.V. ‡	Gammon International B.V ‡	Franco Tosi Meccanica SPA ‡	Campo Puma Oriente S.A.	Gammon Italy Srl ‡	ATSL Infrastructure Projects Ltd	SAE Powerlines Srl ‡	ATSL Holdings BV, Nether Lands ‡	Transrail Lighting Ltd	Associated Transrail Structures Ltd., Nigeria‡
31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
9,900	50,000	180	180	65,315,972	6,639	10,000	50,000	5,000,000	200	5,150,000	1,000,000
99%	100%	100%	100%	75.1% ^	66.39%	100% ^	100%	100%	100%	100%	100%
(0.00)	(0.13)	(31.06)	(27.35)	0.89	**	(0.02)	(0.00)	0.47	(4.40)	(0.00)	(0.36)
–	–	(33.39)	(24.32)	0.20	–	(0.03)	(0.00)	(1.85)	(0.77)	(0.16)	(0.36)

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

ROHIT MODI
Deputy Managing Director

RAJUL A. BHANSALI
Executive Director

D. C. BAGDE
Executive Director

C. C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 14th August, 2010

DETAILS OF SUBSIDIARIES OF GAMMON INDIA LTD.

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

Sr. No.	Particulars	Gammon Infrastructure Projects Ltd.	Cochin Bridge Infrastructure Co. Ltd.	Andhra Expressway Ltd.	Rajahmundry Expressway Ltd.	Mumbai Nasik Expressway Ltd.	Sikkim Hydro Power Ventures Ltd.	Gammon Project Developers Ltd.	Gorakhpur Infrastructure Company Ltd.	Kosi Bridge Infrastrcture Company Limited
(a)	Capital	1,479,522,082	64,000,700	290,000,000	290,000,000	697,620,000	31,739,000	6,000,000	542,870,500	483,000,000
(b)	Reserves	3,914,681,912	49,133,718	859,307,762	873,190,931	324,135,202	(2,349,356)	(375,563)	(5,539,359)	(4,714,341)
(c)	Total Assets	5,748,101,345	265,367,378	3,104,676,919	3,317,367,550	7,398,643,316	163,168,933	5,656,467	3,486,862,300	2,700,601,334
(d)	Total Liabilities	353,897,351	152,232,960	1,955,369,157	2,154,176,619	6,376,888,114	133,779,289	32,030	2,949,531,159	2,222,315,675
(e)	Investment (except in case of investment in subsidiaries)*	402,170,900	–	12,149,775	42,656,017	–	–	–	–	–
(f)	Turnover	1,176,199,199	56,816,252	558,240,000	593,843,240	–	–	–	–	–
(g)	Profit/(Loss) before Taxation	204,614,222	12,831,017	148,826,561	151,711,357	(3,744,275)	(2,324,556)	60,538	(1,489,974)	(2,048,112)
(h)	Provision for Taxation including Deferred Tax	64,573,366	1,959,845	15,343,360	22,005,667	13,228	–	21,000	8,053	274
(i)	Profit/(Loss) after Taxation	140,040,856	10,871,172	133,483,201	129,705,690	(3,757,503)	(2,324,556)	39,538	(1,498,027)	(2,048,386)
(j)	Propossed Dividend	–	–	–	–	–	–	–	–	–
	Details of Investment*									
	(I) Joint Ventures									
	Punjab Biomass Power Ltd.	108,750,000	–	–	–	–	–	–	–	–
	Eversun Sparkle Maritimes Services Pvt. Ltd.	21,439,500	–	–	–	–	–	–	–	–
	SEZ Adityapur Ltd.	190,000	–	–	–	–	–	–	–	–
	Indira Container Terminal Pvt. Ltd.	243,758,400	–	–	–	–	–	–	–	–
	Modern Toll Roads	13,239,500	–	–	–	–	–	–	–	–
	ATSL Infrastructure Projects Ltd.	244,500	–	–	–	–	–	–	–	–
	Haryana Biomass Power Limited	250,000	–	–	–	–	–	–	–	–
	Blue Water Iron Ore Terminal Pvt. Ltd.	14,299,000	–	–	–	–	–	–	–	–
	Sadelmi Spa	–	–	–	–	–	–	–	–	–
	(II) Other									
	Non-Traded, Redeemable, Quoted NCDs'	–	–	–	30,000,000	–	–	–	–	–
	Investment in mutual fund	–	–	12,149,775	12,656,017	–	–	–	–	–
	Other	–	–	–	–	–	–	–	–	–

(Amount in ₹)

Marine Projects Services Limited	Tidong Hydro Power Limited	Gammon Logistics Limited	Pravara Renewable Energy Limited	Jaguar Projects Developers Limited	Rajahmundry Godavari Bridge Limited	Gammon Hospitality Limited	Youngthang Power Ventures Limited	RAS Cities and Townships Private Limited	Gammon Renewable Energy Infrastructure Ltd.	Gammon Road Infrastructure Ltd.	Gammon Sea Port Infrastructure Ltd.	Patliputra Highway Limited
6,000,000	500,000	25,500,000	158,000,000	500,000	711,212,500	500,000	101,000,000	752,600,000	500,000	500,000	500,000	1,600,000
1,538,277	(81,872)	(45,805,593)	(1,786,310)	(58,807)	(16,856,128)	(2,507,748)	(826,964)	(58,488)	(27,483)	(27,639)	(27,549)	(1,480,592)
8,273,792	660,369	50,375,480	170,589,195	446,708	2,283,051,218	533,311	554,207,102	752,547,027	478,032	477,876	477,966	142,224
735,515	242,241	70,681,073	14,375,505	5,515	1,588,694,846	2,541,059	454,034,066	5,515	5,515	5,515	5,515	22,816
–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	121,846,865	–	–	–	–	–	–	–	–	–	–
2,331,738	(36,378)	(27,988,419)	(1,748,140)	(16,670)	(9,733,261)	(260,060)	(190,346)	(9,251)	(27,483)	(27,639)	(27,549)	(27,474)
730,000	–	207,822	6,030	–	–	–	–	–	–	–	–	–
1,601,738	(36,378)	(28,196,241)	(1,754,170)	(16,670)	(9,733,261)	(260,060)	(190,346)	(9,251)	(27,483)	(27,639)	(27,549)	(27,474)
–	–	–	–	–	–	–	–	–	–	–	–	–
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DETAILS OF SUBSIDIARIES OF GAMMON INDIA LTD.

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

Sr. No.	Particulars	Patana Highway Projects Ltd.	Vizag Sea port Pvt. Ltd.	GACTEL Turnkey Projects Limited	Gammon & Billimoria Ltd.	Gammon Realty Ltd.	Gammon International LLC	Gammon International FZE	P.Van Eerd Beheersmaatsc-happaji B.V.	Deepmala Infrastructure Private Limited
(a)	Capital	500,000	1,062,403,285	50,500,000	1,000,000	200,500,000	18,339,300	1,839,000	961,814	100,000
(b)	Reserves	(199,076)	(279,669,279)	(112,637,684)	8,087,968	(319,968,792)	(8,898,717)	(41,169,125)	(140,724,963)	–
(c)	Total Assets	830,258	2,859,242,047	1,280,590,921	468,635,071	711,562,871	18,379,647	1,858,246,077	501,563,113	2,673,909,672
(d)	Total Liabilities	529,334	2,076,508,041	1,342,728,605	459,547,103	831,031,663	8,939,064	1,897,576,202	641,326,262	2,673,809,672
(e)	Investment(except in case of investment in subsidiaries)*	–	–	***5,024,372	–	–	–	–	–	–
(f)	Turnover	–	1,144,859,211	843,025,521	–	–	–	–	–	–
(g)	Profit/(Loss) before Taxation	(199,076)	141,725,841	(26,198,777)	3,115,452	(265,726,326)	(9,585,907)	101,551,773	(69,936,203)	**
(h)	Provision for Taxation including Deferred Tax	–	334,017	(12,069,409)	962,675	–	–	–	–	–
(i)	Profit/(Loss) After Taxation	(199,076)	141,391,824	(38,268,186)	2,152,777	(265,726,326)	(9,585,907)	101,551,773	(69,936,203)	–
(j)	Propossed Dividend	–	–	–	–	–	–	–	–	–
	Details of Investment *									
	(I) Joint Ventures									
	Punjab Biomass Power Ltd.	–	–	–	–	–	–	–	–	–
	Eversun Sparkle Maritimes Services Pvt. Ltd.	–	–	–	–	–	–	–	–	–
	SEZ Adityapur Ltd.	–	–	–	–	–	–	–	–	–
	Indira Container Terminal Pvt. Ltd.	–	–	–	–	–	–	–	–	–
	Modern Toll Roads	–	–	–	–	–	–	–	–	–
	ATSL Infrastructure Projects Ltd.	–	–	–	–	–	–	–	–	–
	Haryana Biomass Power Limited	–	–	–	–	–	–	–	–	–
	Blue Water Iron Ore Terminal Pvt. Ltd.	–	–	–	–	–	–	–	–	–
	Sadelmi Spa	–	–	–	–	–	–	–	454,515,676	–
	(II) Other									–
	Non-Traded, Redeemable, Quoted NCDs'	–	–	–	–	–	–	–	–	–
	Investment in mutual fund	–	–	5,024,372	–	–	–	–	–	–
	Other	–	–	–	–	–	–	–	–	–

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

*** Excluding Investment in Gammon Infrastructure Project Ltd. of ₹ 681,652,512/–.

(Amount in ₹)

Gammon Retail Infrastructure Private Limited	Gammon Power Limited	Gammon Holdings B.V.	Gammon International B.V.	Franco Tosi Meccanica SPA	Campo Puma Oriente S.A.	Gammon Italy Srl	ATSL Infrastructure Projects Ltd.	SAE Powerlines Srl	ATSL Holdings BV, Nether Lands	Transrail Lighting Ltd.	Associated Transrail Structures Ltd., Nigeria
100,000	500,000	1,090,080	1,090,080	2,974,938,140	466,800	670,700	500,000	335,350,000	1,152,855	51,500,000	3,000,000
(34,642)	(1,322,811)	(614,259,951)	(490,155,348)	(359,283,901)	–	(569,718)	(81,989)	(182,324,341)	(51,748,336)	(1,681,826)	(7,031,924)
108,688	592,849	2,814,430,883	3,577,271,174	17,090,978,426	789,101,173	356,297	426,853	2,009,654,440	623,700,060	448,379,659	1,384,943
43,330	1,415,660	3,427,600,754	4,066,336,442	14,475,324,187	788,634,373	255,315	8,842	1,856,628,781	674,295,541	398,561,485	5,416,867
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	4,778,494,751	–	–	–	3,608,713,500	–	–	–
(34,642)	(1,322,811)	(310,582,439)	(273,499,140)	(70,514,893)	**	(200,298)	(21,542)	44,001,576	(44,000,788)	–	(3,612,081)
–	–	–	–	(82,392,123)	–	40,194	–	39,279,183	–	26,251	–
(34,642)	(1,322,811)	(310,582,439)	(273,499,140)	11,877,230	-	(240,492)	(21,542)	4,722,393	(44,000,788)	(26,251)	(3,612,081)
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
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–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	346	–	–	–	–	–	–	–

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

ROHIT MODI
Deputy Managing Director

RAJUL A. BHANSALI
Executive Director

D. C. BAGDE
Executive Director

C. C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 14th August, 2010

AUDITOR'S REPORT
TO
THE BOARD OF DIRECTORS OF GAMMON INDIA LIMITED
ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of **Gammon India Limited** and its Subsidiaries, Joint Ventures and Associates **('GIL Group')**, as at 31st March 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the GIL's management and have been prepared by the management on the basis of separate financial statements and other financial information of the components of GIL group. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the 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:

   a. Certain Subsidiaries whose financial statements reflect total assets of ₹ 4,156.17 Crores, total revenue of ₹ 1,393.37 Crores and net cash flows of ₹ (33.48) Crores; and,

   b. Certain Joint Ventures whose financial statements reflect total assets of ₹ 3,886.76 Crores, total revenue of ₹ 2,499.57 Crores and cash flows amounting to ₹ 81.11 Crores, the Company's share of such assets, revenues and cash flows being ₹ 1,942.89 Crores, ₹ 1,249.79 Crores and ₹ 40.30 Crores respectively.

   c. Certain Associates whose financial statements reflect a net total loss of ₹ 1.00 Crores. The group's share of loss of such associates being ₹ (0.25) Crores.

4. The abovementioned financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. Apart from the above the following have been incorporated based on Un-audited Financial Statements.

   (a) Certain Joint Ventures, whose financial statements reflect total assets of ₹ 156.58 Crores as at 31st March, 2010, total revenues of ₹ 7.91 Crores and cash flows of ₹ (0.04) Crores for the year then ended, and the Group's share of such assets, revenues and cash flows being ₹ 78.26 Crores, ₹ 3.96 Crores and ₹ (0.01) Crores respectively, which are based on un-audited financial statements certified by management of the said joint ventures.

   (b) Certain other Subsidiaries whose financial statements reflect total assets of ₹ 0.04 Crores, and net cash flows of ₹ (0.01) Crores.

   (c) Certain Associates whose financial statements reflect a net total profit of ₹ 0.20 Crores. The group's share of profit of such associates being ₹ 0.10 Crores.

5. The subsidiaries referred in para 3 (a) above does not include the standalone financial statements of Gammon Infrastructure Projects Limited, where the audit has been conducted by us as the joint statutory auditors of the Company.

6. We report that the consolidated financial statements have been prepared by the GIL's management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", Accounting Standards (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27, "Financial Reporting of Interests in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006.

7. Without qualifying our report, we draw attention to:

   (a) Note No. B-2(e) to the notes to accounts relating to "Going concern assumption" of one of the joint ventures of the group which illustrates the measures taken by the management of the joint venture during the year, the uncertainties existing at the date of preparation of the financial statements about the occurrence of certain future events that may affect the joint venture's ability to operate as a going concern, as well as the considerations that led them to conclude that the going concern basis of accounting was appropriate for the preparation of their consolidated financial statements as at 31st December 2009.

(b) Note No. B-16(a) to the notes to accounts regarding the Early Completion Bonus accrued by two subsidiary Companies in earlier years and included in sundry debtors at 31st March, 2010. The outcome of the matter cannot be presently determined and hence no provision for any liability has been made in the financial statements.

(c) Note No. B-16(c) to the notes to accounts relating to recoverability of an amount of ₹ 94.54 Crores under sundry debtors in respect of recognition of contract revenue in previous years where the Company has received arbitration awards in its favour in respect of which the client has preferred an appeal for setting aside the said arbitration awards. The recoverability is dependent upon the final outcome of the appeals getting resolved in favour of the Company.

(d) Note No.B-26.C to the notes to accounts relating to the investments in one of the joint ventures of a wholly owned subsidiary which has applied for creditors' protection in a Court in Italy. The final outcome and the resultant investment would be dependent upon the approval of the courts to the composition scheme pending which no effects have been taken in these accounts.

(e) Note No. B-32(b) to the notes to accounts relating to recognition of variation claims and revenue in respect of works carried out by the joint venture in Oman, where the final outcome of the project is dependent on the resolution of the disputes and settlement of the claims by the client.

8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements and read with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the GIL Group as at 31st March 2010;

(b) in the case of the Consolidated Profit and Loss Account, of the profit of the GIL Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the GIL Group for the year ended on that date.

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N Jayendran
Partner
M. No. 40441

Mumbai, Dated : 14th August, 2010.

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule No.	As at 31st March, 2010 ₹ in Crores	₹ in Crores	As at 31st March, 2009 ₹ in Crores	₹ in Crores
SOURCES OF FUNDS:					
Shareholders' Fund					
Share Capital	1	25.83		126.71	
Employee Stock Options		4.01		4.39	
Equity Share Warrant Account		18.60		—	
Reserves & Surplus	2	2,069.70		1,555.45	
			2,118.14		1,686.55
Minority Interest			230.02		231.83
Loan Funds					
Secured Loans	3	3,292.04		2,460.82	
Unsecured Loans		1,963.05		1,866.53	
			5,255.09		4,327.35
Deferred Tax Liability			247.80		194.98
TOTAL			7,851.05		6,440.71
APPLICATION OF FUNDS:					
Goodwill on Consolidation			645.85		647.83
Fixed Assets	4				
Gross Block		4,150.22		3,682.74	
Less : Depreciation & Impairment		1,218.93		1,043.05	
Net Block		2,931.29		2,639.69	
Add : Capital Work-in-progress		1,692.26		1,051.89	
			4,623.55		3,691.58
Investments	5		92.54		94.75
Foreign Currency Monetary Item Translation Difference A/c.			23.70		62.47
Deferred Tax Assets			82.83		55.90
Current Assets, Loans and Advances					
Interest Accrued Receivable		24.35		11.80	
Property Development		251.65		223.09	
Inventories	6	1,894.81		1,558.29	
Sundry Debtors	7	3,016.50		2,719.00	
Cash & Bank Balances	8	553.16		611.37	
Loans & Advances	9	1,529.41		1,501.98	
		7,269.88		6,625.53	
Less : Current Liabilities and Provisions	*10*				
Current Liabilities		3,987.45		3,885.78	
Provisions		899.85		853.87	
		4,887.30		4,739.65	
			2,382.58		1,885.88
Miscellaneous Expenditure	11		—		2.30
TOTAL			7,851.05		6,440.71
Notes to Accounts	18				

Schedules 1 to 18 annexed hereto form part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account.

As per our attached report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N. JAYENDRAN
Partner
M. No. 40441

Mumbai, Dated :14th August, 2010

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

ROHIT MODI
Deputy Managing Director

RAJUL A. BHANSALI
Executive Director

D. C. BAGDE
Executive Director

C. C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 14th August, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule No.	2009-2010 ₹ in Crores	2009-2010 ₹ in Crores	2008-2009 ₹ in Crores	2008-2009 ₹ in Crores
INCOME					
Sales/Turnover	12	7,113.62		5,212.18	
Less : Excise Duty		66.14		46.00	
		7,047.48		5,166.18	
Other Operating Income	13	22.37		53.80	
Other Income	14	72.96		58.81	
			7,142.81		5,278.79
EXPENDITURE					
Expenditure on Contracts/Direct Costs	15	5,866.07		4,389.55	
Establishment Expenses	16	515.36		352.75	
Financial Costs (Net)	17	389.23		241.45	
Depreciation		198.11		143.91	
			6,968.77		5,127.66
PROFIT BEFORE TAX & SHARE IN ASSOCIATES			174.04		151.13
Add : Share of Profit/(Loss) in Associates (Refer Note B-3)			(6.56)		(1.87)
PROFIT BEFORE TAX & AFTER SHARE IN ASSOCIATES			167.48		149.26
Provision for Taxation:					
– Current		91.05		85.04	
– Deferred		5.73		(3.47)	
– Foreign Tax Paid		0.68		—	
– Fringe Benefit Tax		—		2.85	
			97.46		84.42
PROFIT AFTER TAX			70.02		64.84
Add/(Less)					
Additional Tax Provision (Refer Note B-29)			(17.00)		—
(Short)/Excess provision for taxation for earlier years			(0.50)		0.87
Prior Period Adjustments			(2.79)		4.52
Transferred to Minority Interest			(4.03)		(13.91)
NET PROFIT AFTER PRIOR YEAR TAX CHARGE			45.70		56.32
Profit Brought Forward from last year			70.32		118.39
			116.02		174.71
PROFIT AVAILABLE FOR APPROPRIATION					
Amount Transferred to General Reserve		29.75		29.71	
Reversal of Profits of erstwhile ATSL pursuant to Amalgamation		—		35.47	
Amount Transferred to Debenture Redemption Reserve		38.38		24.90	
Amount Transferred from Foreign Projects Reserve		—		(0.32)	
Dividend from erstwhile ATSL received during the year		—		(0.29)	
Dividend from own shares		(0.35)		—	
Transferred to Foreign Currency Translation Reserve		(9.01)		—	
Adjustments to Minority Interest		0.31		—	
Proposed Dividend					
– Equity Shares		7.65		6.50	
– Preference Shares		6.07		6.30	
Tax on Dividend		2.28		2.17	
Compensation Cost Reversed in Forfeiture of ESOP		—		(0.05)	
			75.08		104.39
BALANCE CARRIED TO BALANCE SHEET			40.94		70.32
Earnings per Share (Refer Note B-23)					
After Prior Year Tax Charges					
Basic			3.49		4.58
Diluted			3.34		4.58
Notes to Accounts	18				

Schedules 1 to 18 annexed hereto form part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account.

As per our attached report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N. JAYENDRAN
Partner
M. No. 40441

Mumbai, Dated :14th August, 2010

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

ROHIT MODI
Deputy Managing Director

RAJUL A. BHANSALI
Executive Director

D. C. BAGDE
Executive Director

C. C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 14th August, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010		2008-2009	
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax and extraordinary items		167.48		149.27
Adjustments for:				
Depreciation	198.11		143.91	
Profit/Loss on Sale of Assets	(0.09)		—	
Profit/Loss on Sale of Investments	(42.47)		(44.13)	
Employees Compensation Expenses	3.00		2.36	
Dividend Income	(5.88)		(10.76)	
Interest (Net)	389.24		241.45	
Foreign Exchange loss/gain	0.65		0.45	
Preliminary Expenses Written off	1.18		0.22	
Foreign Currency Monetary Translation Difference	37.55		31.23	
Prior Period Adjustments	(1.45)		4.52	
Share of Loss in Associates	6.56		1.87	
Amount Written off	16.24		6.31	
		602.64		377.43
Operating Profit before Working Capital Changes		770.12		526.70
Adjustments for:				
Effect of Foreign Currency Translation of Cash Flows	101.81		(17.38)	
Trade and Other Receivables	(310.88)		(164.86)	
Inventories	(334.74)		(636.65)	
Trade Payables & Working Capital Finance	42.39		900.57	
Loan and Advances	63.52		(118.87)	
Property Development	(28.56)		—	
		(466.46)		(37.19)
Cash Generated from the Operations		303.66		489.51
Direct Taxes paid		(95.80)		(173.74)
NET CASH FLOW FROM OPERATING ACTIVITIES		207.86		315.77
B. CASH FLOW FROM INVESTMENT ACTIVITIES:				
Goodwill on Acquisition	—		(560.65)	
Purchase of Fixed Assets	(978.87)		(1,044.78)	
Sale of Fixed Assets	1.34		4.31	
Cash & Bank balance taken over pursuant to amalgamation	—		343.12	
Share Application Money Pending Allotment	(8.71)		2.49	
Loans given to Subsidiaries, Associates and others	(25.25)		(133.64)	
Loans Refund from Subsidiaries, Associates and others	36.53		66.12	
Purchase of Investments in – Associates	(5.61)		(5.52)	
– Others	(968.66)		(2,018.60)	
Sale of Investments in – Others	1,022.29		2,114.15	
Stake in Group Companies	(35.98)			
Interest received	18.81		27.68	
Dividend received	0.48		10.76	
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(943.65)		(1,194.55)

	2009-2010		2008-2009	
	₹ in Crores	₹ in Crores	*₹ in Crores*	*₹ in Crores*
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Interest Paid	**(423.47)**		*(261.59)*	
Grant Received	**—**		*33.24*	
Proceeds from issue of Share Capital & Share Premium	**395.07**		*26.44*	
Minority Interest Contribution	**1.30**		*10.34*	
Foreign Currency Translation Reserve	**(5.48)**		*(1.07)*	
Repayment of Preferance Share Capital	**(105.00)**		*—*	
Proceeds from/(Repayment of) borrowings	**828.70**		*1,305.67*	
Preliminary Expenses	**(0.22)**		*(1.13)*	
Dividend Paid (Including Tax)	**(12.67)**		*(4.85)*	
NET CASH FLOW FROM FINANCING ACTIVITIES		**678.23**		*1,107.05*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(57.56)**		*228.26*
Balance as on 31.03.2009		**611.36**		*383.54*
Balance as on 31.03.2010		**553.80**		*611.81*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(57.56)**		*228.27*

Note:

Figure in brackets denote outflows

Cash and Cash Equivalents include ₹ 1.93 Crores as on 31.03.2010 *(Previous Year – ₹ 1.93 Crores as on 31.03.09)* with Bank Branch in Foreign countries relating to certain Foreign Projects which are not readily available for use by the Company.

	As At 31.3.2010	*As At 31.3.2009*
Cash and Cash Equivalents	**553.15**	*611.36*
Effect of Exchange Rate Charges	**0.65**	*0.45*
Balance Restated above	**553.80**	*611.81*

As per our attached report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N. JAYENDRAN
Partner
M. No. 40441

Mumbai, Dated :14th August, 2010

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

ROHIT MODI
Deputy Managing Director

RAJUL A. BHANSALI
Executive Director

D. C. BAGDE
Executive Director

C. C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 14th August, 2010

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 31st March, 2010 ₹ in Crores	As at 31st March, 2010 ₹ in Crores	As at 31st March, 2009 ₹ in Crores	As at 31st March, 2009 ₹ in Crores
SCHEDULE 1				
SHARE CAPITAL				
AUTHORISED				
355,000,000 *(Previous Year 355,000,000)* Equity Shares of ₹ 2/- each		**71.00**		*71.00*
3,000,000 6% optionally Convertible Preference Shares of ₹ 350/- each		**105.00**		*105.00*
		176.00		*176.00*
ISSUED				
129,019,238 Equity Shares of ₹ 2/- each fully Paid (*Previous Year 108,431,316)* Equity Shares of ₹ 2/- each)		**21.69**		*17.69*
SUBSCRIBED AND PAID-UP				
127,438,698 Equity Shares of ₹ 2/- each (*Previous Year 106,850,776)* Equity Shares of ₹ 2/- each)		**25.49**		*17.35*
EQUITY SHARE SUSPENSE A/C.		**—**		*4.02*
PREFERENCE SHARES SUSPENSE A/C [Refer Note B-7(a)]		**—**		*105.00*
SHARE FORFEITURE ACCOUNT		**0.34**		*0.34*
		25.83		*126.71*
SCHEDULE 2				
RESERVES AND SURPLUS				
Capital Redemption Reserve		**105.00**		*—*
General Reserve Account		**201.82**		*276.83*
Securities Premium Account		**1,230.53**		*855.84*
Revaluation Reserve		**262.32**		*245.56*
Debenture Redemption Reserve Account		**94.65**		*56.27*
Other Reserves (As per Subsidiary Accounts)		**1.01**		*0.23*
Special Contingency Reserve		**50.00**		*50.00*
Capital Reserve (Grant received from NHAI)		**33.24**		*33.24*
Foreign Currency Translation Reserve		**50.19**		*(32.84)*
Profit and Loss Account		**40.94**		*70.32*
		2,069.70		*1,555.45*
SCHEDULE 3				
SECURED LOANS				
(Refer Note B-4)				
Non Convertible Debentures placed with Banks and Financial Institutions		**300.00**		*226.00*
Working Capital Loan from Banks		**121.69**		*23.21*
Term Loan from Banks		**883.54**		*876.36*
Loan from Leasing Company		**123.54**		*—*
Project Loans – Public Private Partnership Projects SPVs (Including interest accrued and due)		**1,863.27**		*1,335.25*
		3,292.04		*2,460.82*
UNSECURED LOANS				
Short Term Loans from Banks (Including interest accrued and due)		**892.45**		*1,442.43*
Other Loans:				
– From Banks	**716.40**		*177.53*	
– From Financial Institutions	**70.66**		*–*	
– From Others	**283.54**		*246.57*	
		1,070.60		*424.10*
		1,963.05		*1,866.53*

SCHEDULE 4

FIXED ASSETS

(₹ In Crores)

	GROSS BLOCK						DEPRECIATION						NET BLOCK	
Particulars	As at 01.04.2009	On A/c. of Amalgamation/ Further Acquisition	Additions	Deductions/ Adjustments	Foreign Translation Adjustments	**As at 31.03.2010**	As at 01.04.2009	On A/c. of Amalgamation/ further Acquisition	For the Year	Deductions/ Adjustments	Foreign Translation Adjustments	**As at 31.03.2010**	**As at 31.03.2010**	As at 31.03.2009
Intangible Asset	136.69	—	3.68	(7.67)	(1.89)	**130.81**	78.74	—	11.56	—	(1.37)	**88.93**	**41.88**	57.95
Leasehold Land	184.81	—	1.57	(4.17)	(3.05)	**179.16**	18.57	—	4.48	—	(0.34)	**22.71**	**156.45**	166.24
Freehold Property	883.25	—	78.48	3.58	(9.65)	**955.66**	100.57	—	18.64	(0.59)	(1.38)	**117.24**	**838.42**	782.68
Plant and Machinery	1,670.63	41.81	170.54	(32.99)	(18.89)	**1,831.09**	569.80	6.04	99.38	(30.43)	(8.04)	**636.75**	**1,194.34**	1,100.83
Office Equipments	73.38	0.43	13.70	(0.07)	(3.06)	**84.40**	45.73	0.12	8.01	0.01	(2.58)	**51.29**	**33.11**	27.65
Motor Vehicles	143.29	0.17	25.66	(6.02)	(0.68)	**162.41**	66.14	0.06	15.19	(4.54)	(0.35)	**76.50**	**85.91**	77.15
Road & Project Bridges	486.26	—	98.10	(8.44)	—	**575.92**	146.46	—	35.30	—	—	**181.76**	**394.16**	339.80
Project Berth	77.48	110.26	16.08	—	—	**203.82**	11.39	15.93	5.93	2.07	—	**35.32**	**168.50**	66.09
Windmills	26.95	—	—	—	—	**26.95**	5.65	—	2.78	—	—	**8.43**	**18.52**	21.30
Total	**3,682.74**	**152.67**	**407.81**	**(55.78)**	**(37.22)**	**4,150.22**	**1,043.05**	**22.15**	**201.27**	**(33.48)**	**(14.06)**	**1,218.93**	**2,931.29**	**2,639.69**
Previous Year	*1,664.51*	*1,547.79*	*216.04*	*(14.77)*	*269.17*	*3,682.74*	*396.27*	*433.74*	*147.11*	*(3.19)*	*69.13*	*1,043.05*		
Add: Capital WIP													**1,692.26**	1,051.89
Total													**4,623.55**	3,691.58

NOTES:

1. Leasehold Land is at cost less amount written off.
2. The Company has once again revalued on 31st March, 2007 all its Freehold Property present in it's books, most of which were revalued earlier on 31st March, 1999 by Approved valuers. The consequent increase in the value of Fixed Assets pursuant to the second revaluation amounted to ₹ 265.49 Crores and has been credited to the Revaluation Reserve A/c.
3. Depreciation for the Year Ended 31st March, 2010 amounts to ₹ 201.27 Crores *(Previous Year Ended 31st March, 2009 ₹ 147.11 Crores)* from which has been deducted a sum of ₹ 3.13 Crores *(Previous Year Ended 31.03.09 ₹ 3.13 Crores)* being the Depreciation in respect of Revaluation of Fixed Assets which has been drawn from the Revaluation Reserve A/c.
4. In Francotossi, the Company has revalued land by approved valuers and the consequent increase in value of ₹ 36.52 Crores, net of deferred tax asset/liability, has been credited to revaluation reserve account.

	As at 31st March, 2010 ₹ in Crores	₹ in Crores	As at 31st March, 2009 ₹ in Crores	₹ in Crores
SCHEDULE 5				
INVESTMENTS				
INVESTMENTS (AT BOOK VALUE)				
1. INVESTMENT IN GOVERNMENT SECURITIES:		**0.23**		0.23
2. INVESTMENT IN SHARES & DEBENTURES:				
(a) Trade Investments				
Associates Accounted as per AS-23 (Refer Note B-3)		**25.54**		26.49
(b) Other Investments				
Quoted		**2.01**		5.30
Unquoted		**50.30**		58.40
3. INVESTMENT IN PARTNERSHIP – CAPITAL CONTRIBUTION				
Gammon Shah (Fully Provided) (₹ 25,000)		**—**		—
4. Investment In Mutual Funds		**7.18**		0.84
5. Share Application Money Pending Allotment		**6.30**		1.99
6. Investment in Own Shares through GIL Trust Account		**1.69**		1.69
GRAND TOTAL		**93.25**		94.94
Less : Provisions for Diminution in the value of Investment		**0.71**		0.19
		92.54		94.75
SCHEDULE 6				
INVENTORIES				
Raw Material		**173.20**		122.72
Stores and Construction Materials verified and valued by Site Auditors	**393.84**		259.03	
Less : Value of Materials drawn from Contractees				
Contra – Refer Schedule 10	**0.24**		1.17	
		393.60		257.86
Work In Progress				
– Construction		**1,269.96**		1,087.64
– Manufacturing		**39.53**		45.10
Finished Goods		**18.52**		44.97
		1,894.81		1,558.29
SCHEDULE 7				
SUNDRY DEBTORS (Refer Note. B-16)				
Unsecured Considered Good				
Outstanding for over six months (Including Retention Money)	**1,435.70**		1,146.34	
Other Debts (Including Retention Money)	**1,570.07**		1,555.29	
	3,005.77		2,701.63	
Less : Provision for Doubtful Debts	**27.10**		20.34	
		2,978.67		2,681.29
Accrued Income		**37.83**		37.71
		3,016.50		2,719.00
SCHEDULE 8				
CASH AND BANK BALANCES				
Cash in Hand		**6.18**		3.96
Funds-in-Transit and in hand		**22.08**		5.40
Balances in Current and Deposit Account				
– With Scheduled Banks		**172.14**		284.30
– With Non-Scheduled Banks		**352.76**		317.71
		553.16		611.37

	As at 31st March, 2010		*As at 31st March, 2009*	
	₹ in Crores	**₹ in Crores**	*₹ in Crores*	*₹ in Crores*
SCHEDULE 9				
LOANS AND ADVANCES				
(Unsecured, considered good, unless otherwise stated)				
Project Advances	**82.32**		*138.22*	
Advance recoverable in cash or kind for value to be received	**604.43**		*523.25*	
Less : Provision made	**2.57**		*2.02*	
		684.18		*659.45*
Tax Receivable		**172.98**		*178.13*
Direct Taxes Paid		**478.96**		*390.03*
Advance for Purchase of Development Rights		**—**		*76.75*
Advance for Purchase of Equity Shares		**—**		*—*
Tender Deposits		**17.34**		*29.70*
Other Deposits/Advances		**73.37**		*64.29*
Deposits with Joint Stock Companies:				
Considered Good				
– Secured	**50.00**		*50.04*	
– Other	**52.58**		*53.59*	
Considered doubtful (including Interest)	**6.40**		*6.40*	
Less : Provisions made	**(6.40)**		*(6.40)*	
		102.58		*103.63*
		1,529.41		*1,501.98*
SCHEDULE 10				
CURRENT LIABILITIES				
Sundry Creditors		**2,867.94**		*2,609.41*
Advances from Clients	**1,083.67**		*1,238.64*	
Less : Value of Materials drawn from Contractees Contra (Refer Schedule 6)	**0.24**		*1.17*	
		1,083.43		*1,237.47*
Interest accrued but not due on Loans		**35.35**		*38.23*
Unclaimed Dividends		**0.60**		*0.52*
Unclaimed Matured Fixed Deposits		**0.13**		*0.15*
		3,987.45		*3,885.78*
PROVISIONS				
Proposed Dividend				
– Equity Shares		**7.65**		*6.45*
– Preference Shares		**6.08**		*6.30*
Provision for Tax		**568.84**		*486.63*
Provision for Tax on Dividend		**2.28**		*2.17*
Provision for Risks and Contingencies		**190.85**		*221.52*
Provision for Staff Benefits		**124.15**		*130.80*
		899.85		*853.87*
SCHEDULE 11				
MISCELLANEOUS EXPENDITURE				
Preliminary & Share issue Expenses		**—**		*2.30*
		—		*2.30*

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	2009-2010 ₹ in Crores	2009-2010 ₹ in Crores	*2008-2009 ₹ in Crores*	*2008-2009 ₹ in Crores*
SCHEDULE 12				
SALES/TURNOVER				
Sales/Turnover		**6,891.64**		*5,055.43*
Toll Proceeds		**3.87**		*3.68*
Air Cargo Revenue		**10.99**		*—*
Annuity Income		**116.60**		*116.60*
Project Berth Revenue		**90.52**		*36.47*
		7,113.62		*5,212.18*
SCHEDULE 13				
OTHER OPERATING INCOME				
Fees & Miscellaneous receipts		**22.37**		*53.80*
		22.37		*53.80*
SCHEDULE 14				
OTHER INCOME				
Dividend Income		**5.88**		*10.76*
Miscellaneous Income		**24.17**		*2.94*
Profit on Sale of Assets		**0.44**		*0.98*
Profit on Sale of Investments (Net)		**42.47**		*44.13*
		72.96		*58.81*
SCHEDULE 15				
EXPENDITURE ON CONTRACTS/DIRECT COSTS				
Purchases of Materials	**3,005.59**		*2,478.53*	
Sub Contract Expenses	**1,981.81**		*1,199.96*	
Plant Hire Charges	**59.85**		*39.05*	
Insurance	**35.24**		*14.25*	
Fees and Consultations	**106.11**		*24.62*	
Consumption of Spares	**58.11**		*33.13*	
Outward Freight	**98.09**		*34.59*	
Sales Tax	**63.26**		*38.17*	
Service Tax	**53.33**		*50.80*	
Power and Fuel	**144.88**		*101.46*	
Site Personnel Expenses	**553.30**		*261.68*	
Operation & Maintenance Exp.	**144.57**		*33.75*	
Sundry Expenses (As per Schedule 15A annexed)	**228.86**		*154.42*	
A........	**6,533.00**		*4,464.41*	
Add: (Increase)/Decrease in Stores & Construction Materials including Materials drawn from Contractees ₹ 0.24 Crores *(Previous year ₹ 1.16 Crores)*	**(180.19)**		*(83.36)*	
(Increase)/Decrease in Work-in-progress including estimated profits	**(518.76)**		*48.86*	
B........	**(698.95)**		*(34.50)*	
(A+B)........		**5,834.05**		*4,429.91*
Finished Good and WIP (Manufacturing)				
Opening Stock				
– WIP – Mfg.	**45.10**		*19.61*	
– Finished Goods	**44.97**		*30.10*	
Less : Closing stock				
– WIP – Mfg.	**(39.53)**		*(45.10)*	
– Finished Goods	**(18.52)**		*(44.97)*	
		32.02		*(40.36)*
		5,866.07		*4,389.55*

	2009-2010 ₹ in Crores	2009-2010 ₹ in Crores	*2008-2009 ₹ in Crores*	*2008-2009 ₹ in Crores*
SCHEDULE 15A				
SUNDRY EXPENSES INCLUDED UNDER EXPENDITURE OF CONTRACT				
Plant Repairs		**34.39**		*21.95*
Rent, Rates & Taxes		**17.87**		*18.92*
Staff Welfare		**18.13**		*10.74*
Travelling Expenses		**40.52**		*19.21*
Guarantee Bond Commission and Bank Charges		**17.40**		*5.28*
Other Site Expenses*		**100.55**		*78.32*
		228.86		*154.42*

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

	2009-2010 ₹ in Crores	2009-2010 ₹ in Crores	*2008-2009 ₹ in Crores*	*2008-2009 ₹ in Crores*
SCHEDULE 16				
ESTABLISHMENT EXPENSES:				
Electricity Charges		**1.84**		*1.50*
Rent		**16.54**		*10.51*
Salaries incl. Provision for Commission and Bonus		**145.61**		*166.90*
Contribution to Employees Provident Fund, ESIS & Other Funds		**42.03**		*30.65*
Contribution to Gratuity Fund		**1.91**		*9.51*
Staff welfare expenses		**11.07**		*4.32*
Insurance		**13.54**		*11.77*
Rates and Taxes		**5.65**		*5.86*
Communication Expenses		**12.09**		*6.71*
Travelling, Leave Passage and Motor Car Expenses		**14.77**		*11.44*
Professional Fees		**91.45**		*37.74*
Advertisement and publicity expenses		**17.22**		*2.86*
Miscellaneous Expenses		**46.71**		*16.63*
Repairs & Maintenance		**10.15**		*3.56*
Auditors Remuneration:				
– Audit Fees including Tax Audit Fees & Consolidation	**0.51**		*0.20*	
– Limited Review	**0.07**		*0.05*	
– Certification	**0.07**		*0.02*	
– Other Services	**0.05**		*0.09*	
– Reimbursement of Out of Pocket Expenses	**0.01**	**0.71**	*0.01*	*0.37*
Branch Auditors' Fees		**0.20**		*0.20*
Directors Sitting Fees		**5.77**		*1.04*
Management Remuneration		**6.32**		*2.54*
Write off against Leasehold Land		**0.01**		*0.01*
Bad Debts/Interest written off		**11.49**		*3.89*
Provision for doubtful debts (Net)		**4.73**		*2.41*
Donation		**0.52**		*0.16*
Exchange Loss		**50.51**		*19.58*
Loss on Sale of Assets		**0.34**		—
Preliminary/Deferred Revenue Expenses		**1.18**		*0.23*
Employee Compensation Expense – ESOS		**3.00**		*2.36*
		515.36		*352.75*

	2009-2010 ₹ in Crores	2009-2010 ₹ in Crores	*2008-2009 ₹ in Crores*	*2008-2009 ₹ in Crores*
SCHEDULE 17				
FINANCIAL COST				
INTEREST PAID ON:				
On Fixed Period Loans		**151.60**		*84.33*
Other Loans		**170.23**		*165.54*
Provision for Marked to Market Loss		**(3.23)**		*2.54*
Other Finance Charges		**101.99**		*24.23*
		420.59		*276.64*
Less : INTEREST EARNED ON				
Fixed Deposits with Banks		**3.71**		*5.27*
Others		**27.65**		*28.71*
		31.36		*33.98*
Less : Amount Transferred to Capital WIP		**—**		*1.21*
		389.23		*241.45*

SCHEDULE 18 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. ACCOUNTING POLICIES:

1. Principles of consolidation

The Consolidated Financial Statements comprise the financial statements of GAMMON INDIA LTD. ("the Company") and its Subsidiary companies (the Company and its subsidiaries are hereinafter referred to as 'the Group'), Associates and Joint Ventures in the form of jointly controlled entities. The Consolidated Financial Statement has been prepared on the following basis:

(a) Interests in Subsidiaries

- The Financial Statements of the Company and its subsidiary companies have been combined on a line by line basis by adding 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 as per Accounting Standard-21 "Consolidated Financial Statements" issued by Institute of Chartered Accountants of India ('AS-21').
- The Consolidated Financial Statements have been prepared using uniform policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.
- The excess of cost of investments of the Company over its share of equity in the Subsidiary is recognised as goodwill. The excess of share of equity of Subsidiary over the cost of investments is recognised as capital reserve.
- The revenue related to construction services in respect of the BOT contracts, which are governed by Service Concession Agreements with government authorities (grantor), is considered as exchanged with the grantor against toll collection rights/annuities receivable, profit from such contracts is considered as realized. Accordingly, BOT contracts awarded where work is subcontracted within the group, the inter group transactions on BOT contracts and the profits arising thereon are taken as realised and not eliminated.

(b) Interests in Joint Ventures

The Company's interests in Joint Ventures in the nature of jointly controlled entities are included in these consolidated Financial Statements using the Proportionate Consolidation Method as per the Accounting Standard–27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India ('AS-27'). The group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, on a line by line basis.

(c) Investment in Associates

Investments in Associate Companies are accounted under the equity method as per the Accounting Standard – 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India ('AS -23').

Under the Equity Method, the investment in associates is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. The income statement reflects the Group's share of the results of operations of the associates.

The excess of the Company's cost of investment over its share of net assets in the associate on the date of acquisition of investment is accounted for as goodwill. The excess of the Company's share of net assets in the associate over the cost of its investment is accounted for as capital reserve.

Goodwill / Capital Reserve is included/adjusted in the carrying amount of the investment.

2. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent 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

1. 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. The percentage of work completed is determined by the expenditure incurred on the job till each review date to total expected expenditure of the job.

   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.
2. In case of certain high end boilers the milestones method is used for the measurement of the stage of completion, so as to ensure greater compliance of the valuation in the financial statements with respect to the effective stage of completion of the activities.
3. On supply of materials related to the transmission towers, revenue is recognized upon the delivery of goods to the client in accordance with the terms of contract. Sales include excise duty & other receivable from the customers but exclude VAT, wherever applicable.

4. Revenue from providing services are recognized in income statement at the moment said services are completed. As for works in progress, they are measured based on the status of completion of work. Whenever the results of the agreement cannot be reliably evaluated, revenues are recognized only to the extent that costs are deemed to be recoverable.
5. Insurance claims are accounted for on cash basis.
6. On Infrastructure Development Business:

   (i) *Annuity and Toll Receipts:*

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

   The cash compensation on account of multiple entries of cars has been accounted on accrual basis as per the order of Government of Kerala for which Supplementary Concession Agreement is being worked out between the Government of Kerala, Greater Cochin Development Authority and Cochin Bridge Infrastructure Company Limited. (a subsidiary of the Company).

   The annuity income earned from Build, Operate, Transfer ('BOT') projects 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.

   (ii) *Berth Operations:*

   Revenue by way of berth hire charges, dust suppression charges, cargo handling charges, plot rent, wharfage, barge freight, other charges etc. are recognised 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 operating income is recognised on an accrual basis when the same is due.
7. Cargo freight income:

   Cargo freight income is recognized at the time of booking of the consignment and is being accounted net of rebates, discounts and booking commission.
8. Revenue for design and assemblies are recognized on the basis of work progress reports provided for each contract.
9. Interest income is recognised on time proportion method basis taking into account the amounts outstanding and the rate applicable.
10. Dividend Income is accounted when the right to receive the same is established. The dividend declared by the subsidiary companies after the date of Balance Sheet are also included if they are in respect of accounting period which closed on or before the date of company's Balance Sheet.

4. Turnover

Turnover represents work certified upto and after taking into consideration the actual cost incurred and profit evaluated by adopting the percentage of the work completion method of accounting.

Turnover also includes the revenue from the supply of material in the transmission tower contracts in accordance with the terms of contract and revenues in respect of the infrastructure development business.

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.

The cost for development in relation to specific project are capitalized if and only if the project is clearly identified and the costs referring to it are identifiable and measurable reliably, the technical feasibility of the project is demonstrated, the intention of completing the project and selling the intangible assets generated by the project is demonstrated, a potential market exists or, in the event of internal use, the utility of the intangible asset is demonstrated for the production of the intangible assets generated by the project, the technical and financial resources necessary for the completion of the project are available.

The amortisation of any development costs recorded under intangible fixed assets starts as from the date when the result generated by the project can be marketed and is entered on a straight-line basis for a period representative of the useful life of the costs in question, normally five years.

6. 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.

7. Employee Retirement Benefits

The companies of the Group have both Defined Contribution Plans and Defined Benefit Plans.

Retirement benefits in the form of provident fund and superannuation is a Defined Contribution Scheme and contributions are charged to the Profit and Loss Account for the year/period when the contributions are due.

Gratuity, a Defined Benefit Obligation is provided on the basis of an actuarial valuation made at the end of each year/period on projected Unit Credit Method.

Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year on projected Unit Credit Method.

Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

In case of certain subsidiaries and a joint venture the 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 based on the laws of the respective country. The expected costs of these benefits are accrued over the period of employment. 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.

8. Fixed Assets

Fixed Assets are valued and stated at cost of acquisition less accumulated depreciation thereon. Revalued assets are stated at the revalued amount. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition of its intended use. Borrowing costs relating to acquisition of fixed assets which take a substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Assets held by virtue of financial lease agreements, through which the risks and benefits associated with ownership thereof are essentially transferred to the Group, are recognised as Group assets and accounted for at their current value or, if lower, the current value of the minimum payments due for the leasing, including any sum to be paid for exercising the purchase option. The corresponding liability to the lessor is represented in the accounts under financial payables.

Intangible assets are represented by non-monetary elements, identifiable and lacking physical consistency, controllable and capable of generating future economic benefits. These elements are recorded at purchase and/or production cost, inclusive of any directly attributable expenses for preparing the asset for use, net of accumulated amortisation and any impairment losses.

9. Depreciation and Amortization

Indian Operations

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) The Infrastructure Projects Assets are amortized over a period of the rights given under the various Concession Agreements to which they relate.

(f) Expenses incurred by the Company on periodic maintenance (required to be incurred by it in the 5^{th},10^{th} and 15^{th} year as per the Contract with NHAI) are capitalised on the completion of said activity. These costs are amortised over the period up to which the next periodic maintenance is due. The periodic maintenance of 5th and 10^{th} year is amortised over a period of 5 years from completion of the activity. The periodic maintenance of 15^{th} year is written off over the balance concession period of 1 year.

Overseas Operations

Depreciation is charged on a straight line basis over the useful life of the assets or as prescribed as per the relevant local laws of such country. Where the asset being depreciated is made up of distinctly identifiable elements, whose useful life significantly differs from that of the other parts the deprecation is provided separately in accordance with the component approach.

The estimated useful lives of the assets for calculating depreciation are as follows:

ASSET	From	To
Building	20 Years	40 Years
Plant & Machinery	3 Years	20 Years
Computer	3 Years	7 Years
Furniture & Fixtures	3 Years	10 Years
Office Equipment	3 Years	15 Years
Motor Vehicles	3 Years	8 Years
Temporary Site Office	2 Years	8 Years

Intangible Assets

Intangible assets are amortised over the period of the useful life of the rights and it begins when the asset is available for use. Intangible assets of infinite useful lives are not amortized but subject to impairment test, on an annual basis.

10. 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.

11. Investments

Investments are classified as current and long term investments. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

Investments in associates are accounted under Equity Method as per Accounting Standard-23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by Institute of Chartered Accountants of India ('AS 23').

12. Inventories

(a) In case of the Indian Operations, the 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. Raw materials are valued at cost, net of Excise duty and Value Added Tax, wherever applicable. Stores and spares, loose tools are valued at cost except unserviceable and obsolete items that are valued at estimated realizable value thereof. Costs are determined on FIFO method.

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

(c) Work in progress from manufacturing operation is valued at cost and costs are determined on FIFO method.

(d) Finished goods are valued at cost or net realizable value, whichever is lower. Costs are determined on FIFO method except in case of overseas operations where the Finished goods are valued on Weighted Average Cost basis.

(e) In case of the overseas operations, the stores & spares and construction materials are valued at Weighted Average Cost basis.

(f) Works in progress for service contracts are measured based on the status of completion of work. Whenever the results of the agreement cannot be reliably evaluated, revenues are recognized only to the extent that costs are deemed to be recoverable. The costs for purchasing goods and services are recognized in the income statement on accrual basis and develop into decreases in economic benefits, which occur in the form of cash outflows, or of impairment of assets or incurring liabilities.

13. Foreign Currency Translation

Initial Recognition

(a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Fixed Assets acquired in foreign currencies are translated at the rate prevailing on the date of Bill of Lading.

Conversion

(b) Current Assets and Current Liabilities are translated at the year end rate or forward contract rate.

Exchange Differences

(c) Any Gain or Loss on account of exchange difference either on settlement or translation is recognized in the Profit and Loss Account.

(d) The exchange gain/loss on long term loans to non integral operations being subsidiaries are restated to Foreign Exchange Translation Reserve Account and will be transferred to the Profit & Loss Account in the year when the disposal of or otherwise transfer of the operations are done.

Translation

(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.

(f) The transactions of branches at Kenya, Nigeria and Algeria are accounted as integral operation.

(g) The conversion of companies' financial statements expressed in foreign currency are as follows:

- the assets and liabilities are converted using the exchange rates in effect as of the Balance Sheet date;
- the income and expenditure are converted using the average exchange rate for the period/year;
- the "Foreign Exchange Translation Reserve" comprises both the exchange differences generated by the conversion of the economic quantities using a rate other than the closing one and those generated by the conversion of the opening shareholders' equities at an exchange rate other than the closing one for the reporting period;
- goodwill and adjustments deriving from the fair value linked to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted using the period end exchange rate.

(h) In line with notification of the Companies (Accounting Standards) Amendment Rules 2009 issued by Ministry of Corporate Affairs on March 31, 2009 amending Accounting Standard-11 (AS-11) "The Effects of Changes in Foreign Exchange Rates (revised 2003)", the Company has chosen to exercise the option under para 46 inserted in the standard by the notification. Accordingly, exchange differences on all long term monetary items, with retrospective effect from April 01, 2007, are:

(i) To the extent such items are used for the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset.

(ii) In other cases accumulated in the “Foreign Currency Monetary item Translation Difference Account” and amortised to the profit and loss account over the balance life of the long term monetary item but not beyond 31st March, 2011.

14. Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

15. Employee Stock Option Scheme

Employee stock options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to profit and loss account on graded vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option outstanding which is shown under Reserves and Surplus.

16. 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 incomes 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.

Tax on FBT is means the specified rate on the value of fringe benefit in accordance with the provision of Section 115 WC of the Income Tax Act, 1961. Accordingly, FBT is done as per the guidance note issued by the Institute of Chartered Accountants of India.

At each Balance Sheet date the Company re-assesses un-recognised deferred tax assets. It recognised unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

In case of overseas subsidiaries and joint ventures, current taxes are calculated on the basis of the taxable income for the year, applying the tax rate in force, in those countries, as of the Balance Sheet date.

17. Sales Tax/Cenvat Credit/VAT/WCT

Sales Tax/VAT/Works Contract Tax on construction contracts are accounted on payment basis. The cost of Material (inputs) is accounted at purchase cost net of excise duty and Value Added Tax, wherever applicable. The excise duty elements of materials (inputs) is debited to "Modvat Credit Receivable A/c" and Value Added Tax element of materials (inputs) is debited to “VAT Credit Receivable A/c”, under the head "Loans & Advances" The excise duty and Value Added Tax payable on dispatch of goods are credited to Modvat Credit Receivable A/c and VAT Credit Receivable A/c by debiting the same to excise duty and value added tax (sales tax), respectively in Profit & Loss A/c.

18. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Provisions for risks and charges are recognized for losses and liabilities whose existence is certain or probable but the timing or amount of the obligation is uncertain as of the financial year end date.

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.

19. Earnings 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.

20. Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term.

21. Derivatives

As of the date the contract is entered into, the derivative instruments are recorded at fair value and, if the derivative instruments do not qualify for being recorded as hedging instruments, the changes in the fair value recorded after initial statement as handled as components of the operating result for the year if they relate to forward transactions (sales or purchases) and the financial result for the year if relating to interest rate swaps. If instead the derivative instruments satisfy the requirements for being classified as hedging instruments, the subsequent changes in the fair value are recorded following the specific criteria indicated below. With regard to each financial derivative qualified for recording as a hedging instrument, its relationship with the hedged item is documented, along with the risk management objectives, the hedging strategy and the methods for checking the effectiveness. The effectiveness of each hedge is checked both at the time of initiating each derivative instrument, and over its duration. As a rule, a hedge is considered highly effective if, both at the start and over its duration, the changes in the fair value in the event of a fair value hedge or in the cash flows expected in the future in the event of a cash flow hedge of the hedged element, are essentially offset by the changes in the fair value of the cash flows of the hedging instrument.

When the hedge concerns the fair value changes of assets or liabilities recorded in the financial statements (fair value hedge), both the changes in the fair value of the hedging instruments and the changes in the hedged item are charged to the income statement. If the hedge is not perfectly effective, or differences are noted between the aforementioned changes, the "ineffective" part represents financial expense/income recorded among the negative/positive components of the profit for the year.

In the event of hedging aimed at neutralising the risk of the changes in cash flows originated by the future execution of obligations contractually defined at the Balance Sheet date (cash flow hedge), the changes in the fair value of the derivative instrument registered after the initial statement are recorded, solely in relation to the effective part, under the item "Cash Flow Reserve" as part of the shareholders' equity. When the economic effects originated by the hedged item occur, the reserve is transferred to the income statement. If the hedge is not perfectly effective, the fair value change of the hedging instrument, referring to the ineffective portion of it is immediately recorded in the income statement. If, over the duration of a derivative instrument, the occurrence of the expected cash flows and the hedged item is no longer considered highly probable, the portion of the "Cash Flow Reserve" relating to this instrument is immediately transferred to the income statement for the year. Vice versa, in the event that a derivative instrument is transferred or can no longer be qualified as an effective hedging instrument, the portion of the "Cash Flow Reserve" representative of the fair value changes of the instrument, recorded up to that moment, is maintained as a component of shareholders' equity and transferred to the income statement following the classification approach described above, at the same time as the manifestation of the transaction originally hedged.

The fair value of financial instruments listed on an active market is based on the market prices as of the Balance Sheet date. The fair value of instruments which are not listed on an organised market is determined by using valuation techniques based on a series of methods and assumptions linked to market conditions as of the Balance Sheet date. Other techniques, such as the estimation of the discounted cash flows, are used for the purpose of determining the fair value of the other financial instruments. The fair value of interest rate swaps is calculated using the medium-term rate as of the Balance Sheet date.

Given the short-term characteristics of trade receivables and payables, it is deemed that the book values, net of any write-down allowances for doubtful receivables, represent a good approximation of the fair value.

22. Public Grant

Public Grants, in the presence of a formal allocation resolution, and in any event, when the right to their disbursement is considered definitive since reasonably certainty exists that the Group will observe the conditions envisaged for perception thereof and that the grants will be collected, are recorded on an accrual basis in direct correlation with the costs incurred. The public grants provided for investments are therefore booked against the purchase price or the production costs of the asset. Other operating grants are credited to the income statement under the item "Other Revenues and Income".

The SPV on receipt of grant as equity support from NHAI accounts the same under Shareholders funds under Reserves and Surplus, in accordance with the terms of the concession granted to the Company. The grant related to operations not forming part of equity support will be credited to the Profit and Loss account.

23. Minority Interest

Minority interest comprises of amount of equity attributable to the minority shareholders at the date on which investments are made by the Company in the Subsidiaries and further movements in their share in the equity, subsequent to the date of the investments.

B. NOTES TO ACCOUNTS

1. SUBSIDIARIES

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

	Name of Subsidiaries	Country of Incorporation	For the Year 2009-10		*For the Year 2008-09*	
			Ownership Interest	Effective Interest	*Ownership Interest*	*Effective Interest*
1.	**GIPL GROUP**					
	Gammon Infrastructure Projects Ltd. (GIPL)	India	**75.89%**	**75.89%**	*76.15%*	*76.15%*
	Andhra Expressway Ltd. (AEL)	India	**100.00%**	**75.89%**	*93.50%*	*71.20%*
	Cochin Bridge Infrastructure Co. Ltd. (CBICL)	India	**97.66%**	**74.11%**	*97.66%*	*74.37%*
	Gammon Hospitality Ltd. (GHL)	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	Gammon Logistics Ltd. (GLL)	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	Gammon Renewable Energy Infrastructure Limited ('GREIL')	India	**100.00%**	**75.89%**	—	—
	Gammon Road Infrastructure Limited ('GRIL')	India	**100.00%**	**75.89%**	—	—
	Gammon Seaport Infrastructure Limited ('GSIL')	India	**100.00%**	**75.89%**	—	—
	Gammon Projects Developers Ltd. (GPDL)	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	Gorakhpur Infrastructure Company Ltd. (GICL)	India	**100.00%**	**77.12%**	*100.00%*	*83.57%*
	Jaguar Projects Developers Ltd. (JPDL)	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	Kosi Bridge Infrastructure Company Ltd. (KBICL)	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	Marine Projects Service Ltd. (MPSL)	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	Mumbai Nasik Expressway Ltd. (MNEL)	India	**79.99%**	**60.70%**	*79.99%*	*60.91%*
	Patna Highway Projects Limited ('PHPL')	India	**100.00%**	**75.89%**	—	—
	Pataliputra Highway Limited	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	Pravara Renewable Energy Ltd. (PREL)	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	Rajahmundry Godavari Bridge Ltd. (RGBL)	India	**100.00%**	**76.06%**	*100.00%*	*76.42%*
	Rajahmundry Expressway Ltd. (REL)	India	**100.00%**	**75.89%**	*93.50%*	*71.20%*
	Ras Cities and Townships Pvt. Ltd. (RCTPL)	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	Sikkim Hydro Power Ventures Ltd. (SHPVL)	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	Tidong Hydro Power Ltd. (THPL)	India	**51.00%**	**38.70%**	*51.00%*	*51.00%*
	Vizag Seaport Private Limited ('VSPL')	India	**73.76%**	**55.98%**	*47.52%*	*36.19%*
	Youngthang Power Ventures Ltd. (YPVL)	India	**100.00%**	**75.89%**	*100.00%*	*76.15%*
	ATSL Infrastructure Projects Ltd.	India	**100.00%**	**88.19%**	*100.00%*	*88.32%*
2.	GACTEL Turnkey Projects Ltd.	India	**100.00%**	**100.00%**	*100.00%*	*100.00%*
3.	Gammon & Billimoria Ltd.	India	**50.94%**	**50.94%**	*50.94%*	*50.94%*
	Gammon & Billimoria LLC*	Dubai	**49.00%**	**49.00%**	*49.00%*	*49.00%*
4.	Gammon International LLC, OMAN	Oman	**69.00%**	**69.00%**	*69.00%*	*69.00%*
5.	GIFZE					
	Gammon International FZE	Dubai	**100.00%**	**100.00%**	*100.00%*	*100.00%*
	P. Van Eerd Beheersma atschappaji B. V. – Netherlands	Netherlands	**100.00%**	**100.00%**	*100.00%*	*100.00%*

	Name of Subsidiaries	Country of Incorporation	For the Year 2009-10		*For the Year 2008-09*	
			Ownership Interest	**Effective Interest**	*Ownership Interest*	*Effective Interest*
6.	Deepmala Infrastructure Private Limited	India	**51.00%**	**51.00%**	*51.00%*	*51.00%*
7.	Gammon Retail Infrastructure Private Limited	India	**99.00%**	**99.00%**	*99.00%*	*99.00%*
8.	Gammon Power Ltd.	India	**100.00%**	**100.00%**	*100.00%*	*100.00%*
9.	Campo Puma Oriente S.A.	Panama	**66.39%**	**66.39%**	*66.39%*	*66.39%*
10.	ATSL Holding B.V., Netherlands	Netherlands	**100.00%**	**100.00%**	*100.00%*	*100.00%*
11.	SAE Powerlines Srl	Italy	**100.00%**	**100.00%**	*100.00%*	*100.00%*
12.	Transrail Lighting Ltd.	India	**100.00%**	**100.00%**	*100.00%*	*100.00%*
13.	Associated Transrail Structures Ltd., Nigeria	Nigeria	**100.00%**	**100.00%**	*100.00%*	*100.00%*
14.	Gammon Realty Ltd. (GRL)	India	**75.06%**	**75.06%**	*75.06%*	*75.06%*
15.	Gammon Holding B.V.**	Netherlands	**100.00%**	**100.00%**	*100.00%*	*100.00%*
	Franco Tosi Meccanica SPA***	Italy	**75.10%**	**75.10%**	*75.10%*	*75.10%*
	Gammon Italy Srl***	Italy	**100.00%**	**100.00%**	*100.00%*	*100.00%*
16.	Gammon International B.V.**	Netherlands	**100.00%**	**100.00%**	*100.00%*	*100.00%*

** In Previous Year Shareholding is through subsidiary – Gammon International FZE.

*** Shareholding is through subsidiary – Gammon Holding B.V.

(b) *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.

(c) During the year the Company has purchased 100% shares i.e. 180 shares in both GHBV & GIBV at Netherlands from GIFZE.

(d) The results for Franco Tosi Meccanica and SAE S.r.L. for the period January 2009 to December 2009 have been consolidated in the above results being the financial year of the said companies. The figures for the period January to March 2010 have not been consolidated in the said accounts.

(e) During the year, the Company has subscribed 441,250 Shares (₹ 0.44 Crores) in Rajahmundry Godavari Bridge Ltd. and 9900 Shares (₹ 0.01 Crores) in Gammon Retail Infrastructure Pvt. Ltd., both Subsidiaries Companies.

(f) During the year, the subsidiary of the company, Gammon Infrastructure Projects Ltd. (GIPL), has incorporated following companies, viz : Gammon Renewable Energy Infrastructure Limited ('GREIL'), Gammon Road Infrastructure Limited ('GRIL'), Gammon Seaport Infrastructure Limited ('GSIL') and Patna Highway Projects Limited ('PHPL').

(g) During the year, GIPL, has purchased 22,877,500 equity shares from its joint venture partner due to which VSPL has become a subsidiary of the Company. The total holding of the Company has increased from 47.52% to 73.76%.

(h) Effect of acquisition of subsidiaries during the year on Financial Statements.

(₹ in Crores)

Name of the company	**Effect on Group Profit/(Loss) after Minority Interest**		**Net Assets**	
	Current Year	*Previous Year*	**Current Year**	*Previous Year*
Vizag Seaport Pvt. Ltd.	**14.14**		**285.92**	
Ras cities Township Private Limited		—		*75.00*
Gammon Metro Transport Ltd.		*0.03*		*0.01*
Franco Tosi Meccanica S.p.A.		*0.18*		*604.86*
SAE S.r.l.		*(1.80)*		*49.56*
Gammon Italy S.r.L.		*(0.03)*		—

2. Jointly Controlled Entities

The following Jointly Controlled Entities have been considered applying AS-27 on the basis of audited accounts (except stated otherwise) for the year ended 31st March, 2010.

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

Name of the Joint Venture	**% of Interest As at 31st March, 2010**	*% of Interest As at 31st March, 2009*
Blue Water Iron Ore Terminal Private Ltd. ('BWIOTPL')#	**28.31%**	*76.15%*
Haryana Biomass Power Ltd. ('HBPL')#	**37.95%**	*38.08%*
Indira Container Terminal Private Ltd. ('ICTPL')*#	**37.95%**	*38.08%*
Punjab Biomass Power Ltd. ('PBPL')#	**37.95%**	*38.08%*
SEZ Adityapur Ltd ('SEZAL')*#	**28.84%**	*28.94%*
Gammon Al Matar (GALM)	**85.00%**	*85.00%*
Gammon Encee Rail (Consortium)	**51.00%**	*51.00%*
Sofinter S.p.A	**50.00%**	*50.00%*

* – As per unaudited management accounts

\# Shareholding is through subsidiary Gammon Infrastructure Projects Ltd.

(b) In Case of Sofinter the financial statements for the period January 2009 to 31st December, 2009 have been considered for consolidation and accordingly the results of operations from January to March, 2010 have not been included in the consolidated financial statements. The details of the companies that are consolidated as part of Sofinter group are tabulated hereunder.

Subsidiaries:

Name of Subsidiaries	Country of Incorporation	Ownership Interest
Ansaldo Caldale S.p.A.	Italy	100.00%
Europower S.p.A.	Italy	100.00%
S.C. Euroboiler s.r.l.	Rumania	100.00%
Commissioning Italia s.r.l.	Italy	100.00%
Consorzio Macchi Idromacchine	Italy	70.00%
S.W.S. Saline Water Specialists s.r.l.	Italy	100.00%
Nitco S.p.A.	Italy	79.59%
Itea S.p.A.	Italy	89.96%
TAG – Tubi Alettati Gioia S.p.A.	Italy	100.00%
CCA Centro Combustione Ambiente s.r.l.	Italy	100.00%
Ansaldo Caldaie Boilers India Pvt. Ltd.	India	85.00%
Ansaldo Caldaie Boilers Egypt SAE	Egypt	98.00%
Eco engineering Impianti s.r.l.	Italy	100.00%
Consorzio Ecosar	Italy	97.00%
Consorzio Nitcomisa	Italy	67.50%

c. The proportionate share of assets, liabilities, income and expenditure of the Joint Ventures consolidated in the accounts is tabulated hereunder.

(₹ in Crores)

	As at 31.3.2010		*As at 31.3.2009*	
ASSETS				
Fixed Assets:	**477.47**		*626.02*	
Less : Depreciation	**233.71**	**243.76**	*252.40*	*373.62*
Capital WIP		**98.43**		*0.01*
Advance for Capital Expenditure		**—**		*32.25*
Current Assets:				
Inventories	**445.01**		*294.52*	
Sundry Debtors	**700.88**		*810.56*	
Cash & Bank Balances	**203.29**		*168.28*	
Loan & Advances	**187.78**		*224.39*	
Total Current Assets (A)	**1536.97**		*1,497.76*	
Current Liabilities (B)	**1,148.43**		*1,218.57*	
Net Current Assets (A-B)		**388.54**		*279.19*
Preliminary & Share Issue Exp.		**—**		*0.19*
Total Assets		**761.41**		*685.26*

(₹ in Crores)

	As at 31.3.2010		*As at 31.3.2009*	
LIABILITIES				
Loan Funds:				
Secured Loans	**266.42**		*738.11*	
Unsecured Loans	**480.28**	**746.70**	*4.45*	
Deferred Tax Liability		**11.91**	*(35.01)*	*707.55*
Reserves & Surplus:		**37.12**		*(40.62)*
Total Liabilities		**795.73**		*666.93*
REVENUE ITEMS				
Turnover		**1,270.62**		*965.00*
Less : Expenditure				
Contract expenditure & other expenditure	**1,043.82**		*769.36*	
Administration Expenses	**132.11**		*92.34*	
Finance Cost	**57.85**		*30.48*	
Depreciation	**24.30**		*14.80*	
Preliminary/Share Exp. written Off	**0.13**		*0.03*	
Total Expenses		**1,258.22**		*957.61*
Profit/(Loss) Before Tax		**12.40**		*7.39*
Provision for Tax		**21.97**		*1.75*
Profit/(Loss) After tax		**-9.57**		*56.26*

d. The above figures pertaining to the Joint Venture Companies are based on the audited accounts for the year ended 31st March, 2010 except for ICTPL and SEZAL which are based on the un-audited management accounts

e. **Sofinter –** Following the negotiations during 2009, on 1st December, 2009, an Agreement was signed between the Italian Banking system and a number of companies in the Sofinter Group for the restructuring of debt and signature financing lines. The Agreement was also signed by the Sofinter Shareholders as well as the Agent, Loan Agency Services.

The Agreement contemplates release of additional cash and bonding lines as well as restructuring of existing debts as requested by the Sofinter Group. While approving these facilities a number of conditions were imposed on the group, notably the following:

(1) Increase in the share capital of Sofinter S.p.A which was complied with on 2nd December, 2009.

(2) Execution of rescheduling agreements for overdue payments with suppliers.

(3) Third party review of project estimates and progress in case of projects over Euro 5 million in value.

(4) Strengthening the capital base of Ansaldo Caldaie S.p.A. and Itea S.p.A. and if required Sofinter S.p.A in a phased manner for additional facilities over what is now approved beyond the current validity of the Agreement i.e. 31st December, 2011 and also with a view to meet the financial covenants relating to the key ratios i.e. net financial position to EBITDA, EBITDA to Net interest, net financial position to net worth. The covenants shall be checked on yearly basis every 6 months starting from 31st December, 2009 (consolidated figures) over the validity period.

Based on the consolidated figures of 2009, the Company has not breached the covenants and no breach is also expected as per the 2010 budget regardless whether or not the capital increase contemplated in 4 above, takes place in 2010. In this regard, the industrial and financial plans of Sofinter Group for 2010 under varying conditions of capital increase as well as bank financing were tested for meeting the covenants in drawing this conclusion.

The Board has taken all steps in respect of the conditions set by the banks and have kept them continuously informed of the progress in this regard including course corrections when necessary through specific waiver requests, with the objective of smoothly maintaining continuity of operations.

In light of the above actions, and after obtaining appropriate comfort with respect to the acceptance of the requests (cited above) made to the banks and support on their part for the attainment of the objectives contemplated under the Agreement, the directors expect the Company to have adequate resources to operate in the foreseeable future.

The financial statements of the Sofinter Group are accordingly drawn up in view of continuity of operations.

3. Associates

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 Investment in Associates are as under:

(₹ in Crores)

Name of Company	% Share Held	Original Cost of Investments	Goodwill/ (Capital Reserve)	Adjusted/ Accumulated Profit/ (Loss) upto previous period	Profit for the Current Period	Other Adjustments	Carrying Amount of Investment
Itro PTE Ltd.*	24.50%	8.14	0.00	-3.21	-6.71	1.77	0.00
Ecopower s.r.l.*	10.00%	0.17	0.00	0.27	0.37	0.00	0.81
SWS G&B*	25.00%	0.03	0.00	0.00	0.00	0.00	0.03
Europower Middle East*	24.50%	0.17	0.00	0.00	0.00	0.00	0.17
Cons Ansaldo energie riun.*	12.50%	0.10	0.00	0.00	0.00	0.00	0.10
Multiservice*	17.50%	0.12	0.00	0.00	0.00	-0.09	0.03
Oristano Ambiente*	20.00%	0.15	0.00	0.00	0.00	0.00	0.15
Ansaldocaldaie – GB Engineering Pvt. Ltd.*	25.00%	3.75	0.00	0.00	0.00	0.00	3.75
Eversun Sparkle Maritime Services Pvt. Ltd (‘ESMSPL’)**	25.36%	1.70	0.44	-0.68	-0.33	0.00	0.70
Modern Toll Roads Limited**	37.32%	0.02	0.00	0.00	0.00	0.00	0.02
Fin Est S.p.A	50.00%	19.52	7.57	0.17	0.10	0.00	19.79
TOTAL		**33.87**	**8.01**	**-3.45**	**-6.56**	**1.67**	**25.54**

* Marked companies are associates of Joint Venture, Sofinter Group and hence proportionate share of its investments and share of profit/(loss) is taken.

** Marked companies are associates of subsidiary GIPL.

The above figures pertaining to the Associate Companies are based on the audited accounts for the year ended 31st March, 2010 except MTRL and Finest S.p.A. which is based on the un-audited management accounts.

In respect of the associates of Sofinter S.p.A. the accounting of profit as per AS-23 is carried out on the basis of consolidated audited accounts of Sofinter Group for the period from January ’09 to December ’09.

4. SECURITY FOR LOAN AVAILED BY THE GROUP:

(I) Secured Loans in the consolidated financial statements comprises of the following loans:

(₹ in Crores)

Company Name	31st March, 2010	31st March, 2009
GIL	**488.54**	*325.25*
Project SPV’s	**1,864.82**	*1,335.24*
GBLLC	**0.22**	*18.42*
GTPL	**0.06**	*0.04*
TLL	**31.10**	*3.00*
Franco Tosi	**71.37**	*79.70*
Investment SPV’s	**616.27**	*699.16*
Sofinter	**219.66**	—
Total	**3,292.03**	*2,460.81*

A. GIL:

NCD:

8.75% – Secured Redeemable Non-Convertible Debentures of ₹ 5 Crores are secured by hypothecation of specific Plant & Machinery and paripassu 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 ₹ 15 Crores and 7.25% – Redeemable Non-Convertible Debentures of ₹ 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 ₹ 5 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 ₹ 38 Crores and 7.25% Redeemable Non-Convertible Debentures of ₹ 12 Crores are secured by hypothecation of specific Plant & Machinery with paripassu charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non-Convertible Debentures of ₹ 5 Crores and 7.50% Secured Non-convertible Debenture of ₹ 15 Crores and 7.25% Secured Non convertible Debenture of ₹ 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.

9.95% – Redeemable Non-Convertible Debentures of ₹ 50 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 ₹ 5 Crores and 7.50% Secured Non-Convertible Debenture of ₹ 53 Crores and 7.25% Secured Non-Convertible Debenture of ₹ 18 Crores. The Debentures are due for repayment at the end of 8th, 9th and 10th year from the date of allotment being, 24th March, 2008.

10.80% – Redeemable Non Convertible Debentures of ₹ 100 Crores are secured by hypothecation of specific Plant & Machinery with pari passu charge by mortgage of immovable property in Gujarat with 9.95 % Secured Redeemable Non-Convertible Debentures of ₹ 50 Crores and 8.75% Secured Redeemable Non-Convertible Debentures of ₹ 5 Crores and 7.50% Secured Non-convertible Debenture of ₹ 53 Crores and 7.25% Secured Non-Convertible Debenture of ₹ 18 Crores. The Debentures are due for repayment at the end of 5th, 6th and 7th year from the date of allotment being, 25th July, 2008.

10.50% – Redeemable Non-Convertible Debentures of ₹ 74 Crores are secured by hypothecation of specific Plant & Machinery with pari passu charge by mortgage of immovable property in Gujarat with 10.80% Secured Redeemable Non-Convertible Debentures of ₹ 100 Crores and 9.95 % Secured Redeemable Non-Convertible Debentures of ₹ 50 Crores and 8.75% Secured Redeemable Non-Convertible Debentures of ₹ 5 Crores and 7.50% Secured Non-Convertible Debenture of ₹ 53 Crores and 7.25% Secured Non-Convertible Debenture of ₹ 18 Crores. The Debentures are due for repayment at the end of 8th, 9th and 10th year from the date of allotment being, 7th May, 2009.

B. Project Loans SPV's

These loans on the books of project Special Purpose Vehicles ('SPV') companies, are project finance loans, secured principally by the project assets (immovable and movable), project contracts and future cash flow from these projects. The lenders of these projects have a "very limited recourse" to the sponsor, viz. GIPL. This limited recourse to GIPL comes in the form of Corporate Guarantees and/or Comfort Letter provided to cover:

- the difference between outstanding loans and the termination payments receivable by the SPV from clients (in case of termination of the project due to concessionaire's event of default and/or force majeure events).
- the shortfall in payment of annuity due to non-availability of road to traffic, for annuity projects.
- increase in O&M expenses beyond those covered in the Financing Documents, for annuity projects.
- increase in tax payments beyond those covered in the Financing Documents, for annuity projects of REL and AEL.

PROJECT SPV's : AEL, REL, MNEL, RGBL, ICTPL, KBICL, PBPL & GICL:

The project Loans together with all upfront fee, interest, further interest, additional interest, liquidated damages, premium on prepayment, costs, expenses and other monies whatsoever stipulated in this Agreement ("Secured Obligations") shall be secured by a first mortgage and charge on all the Borrower's immovable properties, both present and future and a first charge by way of hypothecation of all the Borrower's moveable assets both present and future, Borrower's Receivables except bonus, all bank accounts, all intangibles of the Borrower including but not limited to goodwill, rights, undertakings and uncalled capital, present and future, assignment or otherwise creation of Security Interest in all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, duly acknowledged and consented to by the relevant counter-parties to such Project Documents to the extent not expressly provided in each such Project Document, all as amended, varied or supplemented from time to time including all guarantees and bonds issued or to be issued in terms thereof, the right, title and interest of the Borrower by way of first charge in, to and under all the Government Approvals, all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents, all insurance contracts/ insurance proceeds, Pledge of 51% of equity shares held by GIL and GIPL in case of MNEL, REL, AEL and 26% in case of KBICL and GICL and 30% of promoters of PBPL.

CBICL:

Secured against mortgage of residential property of the Company. Assignment of all future receivables of the company, the Pledge of shares of the Company, Corporate Guarantee of the holding company Gammon Infrastructure Projects Limited.

VSPL:

Secured Loans are hypothecation of movable assets and receivables of the Company.

PBPL:

Vehicle loan is secured by hypothecation of car purchased under the scheme from ICICI Bank Ltd. The Gross Facility availed from United Bank of India including interest thereon and all amounts in respect thereof shall be secured by first mortgage and charge covering the Borrower's moveable and immovable properties at Bhagaura for the generation unit of the company at Bhaguara, assignment of all Project Agreements (including contractor guarantees, performance bonds and liquidated damages), receivables, insurance policies and government, approvals of company pertaining only to the generation unit at Bhaguara including the proceeds from the CDM benefits accrued to company. Pledge of 30% of paid up and voting equity share capital of PBPL held by the promoters, GIPL and Bermaco Energy Systems Limited.

C. GAMMON & BILLIMORIA LLC:

Bank Loans and Overdrafts:

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

D. Motor Vehicle Loans:

Motor Vehicle and equipment purchase loans are secured by a charge on the motor vehicles and equipments purchased under financing arrangements. The loan installments payable within twelve months of the balance sheet date are classified as current liabilities.

E. TLL:

Term Loans from IDBI Bank are secured by first charge on all fixed and current assets of the company and counter corporate guarantee by Gammon India Ltd.

F. FRANCO TOSI:

Borrowings from Bank are secured by first mortgage on the company property called "Area Sud" in the municipality of Legnano – Milano.

G. 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.

H. Investments SPVs:

GHBV:

Term Loans from ICICI Bank are secured by charge over all the assets/investments of the company. The Parent Company has also pledged its entire shareholding of the company with the Bank and Corporate Guarantee by ultimate Parent Company.

GIBV:

Term Loans from ICICI Bank are secured by charge over all the assets/investments of the company. The Parent Company has also pledged its entire shareholding of the company with the Bank and Corporate Guarantee by ultimate Parent Company.

PVAN:

Term Loans from ICICI Bank are secured by charge over all the assets/investments of the company. The Parent Company has also pledged its entire shareholding of the company with the Bank and Corporate Guarantee by ultimate Parent Company.

I. SOFINTER:

The loan envisages the granting of secured guarantees which comprise a senior pledge in favour of the financing bank granted on the shares of Ansaldo Caldaie and Sofinter. The shares issued after the share capital increase resolved as of 26th August, 2008 and fully registered in the name of Gammon have been excluded from said pledge. The financial Leases obligations are secured by the underlying assets.

(II) During the year the total amount of borrowing cost capitalized was ₹ 142.10 Crores *(Previous Year ₹ 98.64 Crores)*.

5. Issued Share Capital includes 725,800 shares of ₹ 2/- each kept in abeyance. Share Forfeited account includes ₹ 0.26 Crores of Share Premium collected on application in respect of forfeited shares.

6. In terms of the approval of the shareholders in the Extra Ordinary General Meeting of the Company on 17th June, 2009 the Company issued 16,000,000 equity warrants to the promoter group on the preferential basis, entitling them to apply for and obtain allotment of one equity shares of ₹ 2 each at a premium of ₹ 88.20 per share. The promoter group during the year paid in an amount equivalent to 25% towards 8,250,000 outstanding warrants and has exercised 7,750,000 equity shares for conversion to equity shares.

7. (a) The Company allotted 3,000,000 preference shares of ₹ 350 each aggregating to ₹ 105.00 Crores to the preference shareholders of the erstwhile ATSL in terms of the scheme of amalgamation between ATSL and the Company approved by the Hon'ble High Court of Mumbai and Gujarat. The holders of the preference shareholders have sought redemption of the preference shares and the Company has during the year redeemed the said shares from it's profits in accordance with the provision of Section 80. Accordingly, an amount of ₹ 105 Crores has been transferred to the Capital Redemption Reserve from the General Reserve. Dividend is payable for the proportionate period up to the date of redemption to the preference shareholders.

(b) The Company allotted 12,809,400 equity shares of ₹ 2 each at a premium of ₹ 235.45 per share to Qualified Institutional Buyers under Qualified Institutional Placement.

8. Loans and advances include ₹ 50.00 Crores *(Previous year ₹ 50.00 Crores)* which are secured by pledge of equity shares of a private company. The security value is adequate to recover the amount advanced.

9. Pledge of Shares

Gammon Infrastructure Projects Limited (GIPL) has pledged the following shares in favour of the lenders to the projects as part of the terms of financing agreements of the respective companies and for availing non fund based limits from the banks:

Company Name	**No. of Equity shares pledged As at**		**Rate**
	31st March, 2010	*31st March, 2009*	(₹)
Andhra Expressway Limited	**9,135,010**	*9,135,010*	10/-
Cochin Bridge Infrastructure Company Limited	**1,664,019**	—	10/-
Rajahmundry Expressway Limited	**14,266,318**	*14,266,318*	10/-
Mumbai Nasik Expressway Limited	**16,120,000**	*16,120,000*	10/-
Gorakhpur Infrastructure Projects Limited	**9,593,233**	*9,593,233*	10/-
Kosi Bridge Infrastructure Company Limited	**6,281,730**	*6,281,730*	10/-
Punjab Biomass Power Limited	**15,250,000**	*15,250,000*	10/-
Vizag Seaport Private Limited	**20,589,729**	*20,589,729*	10/-

Sofinter Group has pledged following shares

COMPANY NAME	**NO. OF EQUITY SHARES**		**FACE VALUE (₹ in Crores)**
	Current Year	*Previous Year*	
Sofinter S.p.A.	**76,682,127**	*66,083,333*	209.43
Ansaldo Caldaie S.p.A.	**3,000,000**	*3,000,000*	100.61

10. Exploration and evaluation of potential mineral reserve is recognised as part of capital work in progress under intangible assets when such costs are expected to be either recouped in full through successful exploration and development of the area of interest or by its sale or when exploration and evaluation activities in the area of interest have not yet reached a stage which permit a reasonable assessment of the existence or otherwise of economically available reserves and active and significant operations in relation to the area are continuing or are planned for the future. Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met. The Amount of ₹ 78.91 Crores carried as part of capital works in progress represents the amount paid according to the terms of the Purchase and Sale Agreement for Participating Interest into the Puma Contract and the Joint Operating Agreement for oil fields Equador.

11. 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 ₹ 0.25 Crores is available to cover any liability arising there from.

12. ESOP:

GIL:

Pursuant to the amalgamation of ATSL with the Company, the outstanding options of the employees of the erstwhile ATSL outstanding as on 1st April 2008 have been taken up as an obligation by the Company in accordance with the Scheme approved by the court. Accordingly the Company has accounted for the grant of 1,06,300 options to such employees at an exercise price of ₹ 80 per share. The Company will issue two equity shares against each option in terms of the scheme of amalgamation approved by the Courts.

The options were granted by the erstwhile ATSL on 27th March 2007. The options vest in a graded manner over the period of four years and are exercisable during a period of three years from the date of vesting thereof.

Since the assets and liabilities of the erstwhile ATSL has been accounted at the book value, the accounting effect in the accounts are continued at the same value.

The fair value of the option however has been computed under the Black Scholes method considering the data of the Company as on the date of grant of option for the purpose of disclosure as required under Guidance note on Employee share based payments.

GIPL:

GIPL has instituted an ESOP Scheme “GIPL ESOP 2007” scheme during the year 2007-08, approved by the shareholders vide their resolution dated 4th May, 2007, as per which the Board of Directors of the Company granted 1,640,000 stock options to its employees pursuant to the ESOP Scheme on July 1, 2007 and October 1, 2007. Each option entitles an employee to subscribe to 1 equity share of the Company at an exercise price of ₹ 80 per share. During the year 2008-09, the Compensation Committee of the Board of the Directors of the Company at its meeting held on October 1, 2008, has further granted 920,000 options to eligible employees of the Company at the market price of ₹ 63.95 per equity share, prevailing on September 30, 2008 upon expiry of the respective vesting period which ranges from one to three years. During the current year, 365,000 *(Previous year 750,000)* options were forfeited/lapsed. Out of the options granted, 1,370,000 *(Previous year 1,735,000)* are outstanding at the end of the year.

During the year 2008-09, the Compensation Committee of the Board of the Directors of the Company at its meeting held on October 1, 2008, instituted a new ESOP Scheme “GIPL ESOP 2008” scheme as per which the Company has further granted 490,000 options to eligible employees of the Company at the market price of ₹ 63.95 per equity share, prevailing on September 30, 2008 upon expiry of the respective vesting period which ranges from one to three years. Out of the options granted, 490,000 *(Previous year 490,000)* are outstanding at the end of the year.

Further, during the year 2008-09, the Compensation Committee of the Board of Directors of the Company at its meeting held on December 5, 2008, allotted 500,000 stock options under the “GIPL Employees Stock Options Scheme 2008” to its Managing Director enabling him to apply for 500,000 equity shares at par on completion of the vesting period of one year. The market price on the date of grant was ₹ 43.45 per equity share. During the current year, all these options were vested and the Company allotted 2,500,000 equity shares of ₹ 2/- per equity share. Further Compensation Committee of the Board of the Directors of the Company at its meeting held on May 8, 2009 has further granted 210,000 options to eligible employees of the Company at the market price of ₹ 72.10 per equity share, prevailing on that date upon expiry of the vesting period of three years.

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

(₹ in Crores)

Particulars	Year ended 31st March, 2010	*Year ended 31st March, 2010*
Turnover for the year	**3,630.94**	2,752.71
Aggregate Expenditure (Net of inventory adjustments) for contracts existing as at the year end	**12,301.64**	6,713.25
Aggregate Contract Profits/Losses recognized for contracts existing as at the year end	**1,541.07**	914.46
Contract Advances (Net)	**807.75**	640.26
Gross Amount due from Customers for contract work	**1,163.12**	462.59
Gross Amount due to customers for contract work	**59.30**	66.48

Disclosure under AS-7 has been done only for the parent company and the Indian Subsidiaries in the absence of similar disclosure information being available from the other component companies in these financial statements especially the overseas subsidiaries and joint ventures.

14. The group undertakes various projects on build-operate-transfer basis as per the Service Concession Agreements with the government authorities. From the current year, the construction cost incurred by the operator on contracts with the parent company is considered as exchanged with the grantor against toll collection/annuity rights from such agreements and therefore the profits from such contracts is considered realised by the group and not eliminated for consolidation under AS–21 Consolidated Financial Statements. The revenue and profits during the year from such contracts not eliminated is ₹ 432.57 Crores and ₹ 49.31 Crores respectively.

15. Disclosure relating to Employee Benefits

As per Accounting Standard-15 “Employee Benefits” and as defined in the accounting standard the summarized components of net benefit expense recognized (Gratuity) in the profit and loss account and the funded status and amounts recognized in the balance sheet are given herein below:

(₹ in Crores)

Sr. No.	Particulars	Gratuity 2009-10	*Gratuity 2008-09*
I.	**Change in Benefit Obligation**		
	Liability at the beginning of the year	**6.29**	*5.30*
	Interest cost	**0.52**	*0.43*
	Current Service Cost	**0.74**	*0.63*
	Past Service Cost (Non-Vested Benefit)	**—**	—
	Past Service Cost (Vested Benefit)	**—**	—
	Benefit Paid	**(0.57)**	*(0.47)*
	Actuarial (gain)/loss on obligations	**0.01**	*0.34*
	Curtailments and Settlements	**—**	—
	Liability at the end of the year	**6.99**	*6.23*

(₹ in Crores)

Sr. No.	Particulars	Gratuity 2009-10	*Gratuity 2008-09*
II.	**Fair Value of Plan Assets**		
	Fair Value of Plan Assets at the beginning of the year	**4.05**	*3.70*
	Expected Return on Plan Assets	**0.38**	*0.32*
	Contributions	**1.23**	*0.50*
	Benefit paid	**(0.57)**	*(0.47)*
	Actuarial gain/(loss) on Plan Assets	**—**	—
	Fair Value of Plan Assets at the end of the year	**5.09**	*4.05*
	Total Actuarial (gain)/loss to be Recognised	**0.07**	*0.34*
III.	**Actual Return on Plan Assets**		
	Expected Return on Plan Assets	**0.38**	*0.32*
	Actuarial gain/(loss) on Plan Assets	**—**	—
	Actual Return on Plan Assets	**0.38**	*0.32*
IV.	**Amount Recognised in the Balance Sheet**		
	Liability at the end of the year	**6.61**	*6.23*
	Fair Value of Plan Assets at the end of the year	**5.09**	*4.05*
	Difference	**1.52**	*2.18*
	Unrecognised Past Service Cost	**—**	—
	Amount Recognised in the Balance Sheet	**1.52**	*2.18*
V.	**Expenses Recognised in the Income Statement**		
	Current Service Cost	**0.76**	*0.63*
	Interest Cost	**0.49**	*0.43*
	Expected Return on Plan Assets	**(0.38)**	*(0.32)*
	Net Actuarial (gain)/loss to be Recognised	**0.01**	*0.34*
	Past Service Cost (Non-Vested Benefit) Recognised	**—**	—
	Past Service Cost (Vested Benefit) Recognised	**—**	—
	Effect of Curtailment or Settlements	**—**	—
	Expense Recognised in Profit and Loss Account	**0.88**	*1.08*
VI.	**Balance Sheet Reconciliation**		
	Opening Net Liability	**2.24**	*1.60*
	Expense as above	**0.88**	*1.08*
	Employers Contribution	**(1.23)**	*(0.50)*
	Effect of Curtailment or Settlements	**—**	—
	Amount Recognised in Balance Sheet	**1.89**	*2.18*
VII.	**Actuarial Assumptions**		
	Discount Rate Current	**8.00%**	*8.00%*

(i) Employer's contribution includes payments made by the Company directly to its past employees.

(ii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(iii) The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

(iv) The Company's Leave Encashment is entirely unfunded.

(v) Provision for gratuity has been made on the basis of the earlier amounts of ₹ 350,000. The data for the incremental liability is being computed by LIC and the effect will be given in next year.

(vi) The above information is presented only to the extent of the information available for the Indian companies including the Parent.

16. Sundry Debtors/Loans and Advances

(a) Bonus recoverable from the NHAI

Sundry debtors also include ₹ 153,969,340/- of early completion bonus receivable from National Highways Authority of India ('NHAI') accrued in earlier years by AEL and REL under the Contract which has been disputed by the NHAI. AEL and REL had initiated arbitration proceedings for recovery of the bonus. The arbitration proceedings were completed during the year in which, NHAI was directed by the arbitrators to pay the claimed amount of Early Completion Bonus with interest thereon. The said interest from NHAI, shall be accounted in the books of AEL and REL on receipt basis.

(b) Annuity receivable from Greater Cochin Development Authority ('GCDA')

Under the Concession Agreement dated 27th October, 1999, executed between Cochin Bridge Infrastructure Company Limited, Government of Kerala (GOK), Greater Cochin Development Authority (GCDA) and Gammon India Limited dated 6th January, 2001; the entire project has been assigned to the Company as a Concessionaire for the purpose of developing, operating and maintaining the infrastructure facility on BOT basis for 13 years and nine months.

Subsequently, a Supplementary Concession Agreement is to be executed as per the Government of Kerala's Order Nos. G.O. (M.S.) No. 11/2005/PWD dated 24th January, 2005 and G.O. (M.S) No. 16/2005/PWD dated 1st March, 2005 between the Government of Kerala, Greater Cochin Development Authority and the Company. In terms of the order, the period of concession has been increased by 6 years and the Company is entitled to yearly annuity receipts which it is accounting as Sundry Debtors. The Company has not made any provision against the said receivables.

(c) In respect of the road projects undertaken by the company, in furtherance to the recommendation of the Dispute Resolution Board (DRB), the company has been awarded claims by the Arbitration Tribunal for an aggregate amount of ₹ 94.54 Crores. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards.

Considering the fact that the Company has received favorable awards from the DRB and the arbitration tribunal, the Management is reasonably certain that the claims will get favorable verdict from the courts.

Accordingly the company has recognized contract revenue of ₹ Nil *(Previous Years ₹ 94.54 Crores)* from such awards on the basis of the DRB recommendation and opinion of experts on the matter.

(d) In case of a consortium of a Joint venture company in 2007, a client terminated the contract, already assigned to the consortium relative to the construction of a hydroelectric plant for a total amount of approximately € 10.5 million (₹ 70.42 Crores). Against the termination of the contract, the Consortium and the associated companies (including the subsidiary, with a 10% interest but a 97% share of the works) filed suit against their customer in order to obtain payment of the costs incurred up to the moment of the interruption, including € 4,620,174 (₹ 30.99 Crores) to which the subsidiary was entitled, as well as the damages resulting from the termination of the contract. The dispute has been registered at the Courts and the proceeding is currently pending, since during the hearing of December 2009 the Judge did not rule on the preliminary requests and postponed the ruling until June 2010. To date, that order has not been issued nor has the judge given any indication of the time frame for the order. Since following termination of the contract the contractor nevertheless has the right, to guaranteed payment of the costs incurred for the execution of the contractually foreseen works up to the moment of termination, the aforesaid amount of € 4,620,174 (₹30.99 Crores)was entered in the accounts of the subsidiary among the receivables for invoices to be issued. Prudently, the subsidiary has also set aside a provision for € 2.7 million (18.10 Crores). According to the management, the Company should not incur losses beyond the amount of the allocated provision.

(e) Capital work in progress

MNEL, a subsidiary of the Company has received provisional completion certificate for a chainage of 50 kms for the purposes of tolling vide certificate dated December 23, 2009. However the tolling notification which enables MNEL to open the road to traffic and putting it for its intended use was not issued by the Government of India till 31st March, 2010. In the meantime MNEL has received second provisional completion certificate dated May 11, 2010 for a further chainage of 14 kms. The government has issued tolling notification dated April 21, 2010 for the entire stretch of 64 kms as part of milestone I. This notification was issued by the government after the balance sheet date. Therefore, since the partially completed project could not be put to its intended use before the Balance Sheet date, the same is considered as a Capital work in progress and shall be capitalised in the following year.

17. Breakup of Gross Increase/Decrease in works in progress for the year:

(₹ in Crores)

Particulars	**Current Year**	*Previous Year*
Closing Work In progress	**6,025.91**	*5,507.15*
Opening Work In progress	**(5,507.15)**	*(5,458.29)*
Net Increase/(Decrease)	**518.76**	*(48.86)*

18. During the current year, some of the subsidiaries and joint ventures of the Company have changed their Accounting Policy from amortising of Preliminary and Share Issue Expenses over 5 to 10 years to write off the same when incurred. The Management believes that such change will result in a more appropriate presentation of financial results in line with accounting policy of their parent company.

Due to the above change in the accounting policy and on account of the prior years preliminary and share issue expenses being charged off based on the opinion of the expert advisory committee regarding preparation of a profit and loss account the Company's profit for the year, is lower by ₹ 22,701,572/-.

19. TAXATION:

The break up of Deferred Tax liability and Assets are as follows:

(₹ in Crores)

Particulars	Year ended 31st March, 2010	*Year ended 31st March, 2009*
Deferred Tax liability		
– On Account of Depreciation	**220.21**	*71.45*
– On Account of Foreign Translation Reserve	**8.78**	—
– On Account of Lease	**10.43**	*9.28*
– On Account of Gratuity/Leave Encashment Provision	**0.75**	—
– Others	**19.88**	*167.51*
Deferred Tax Assets		
– On Account of Gratuity/Leave Encashment Provision	**5.11**	*4.71*
– On Account of Interest on NCD	**0.27**	*0.28*
– On Account Delay in payment of TDS	**—**	*8.27*
– On Account of Risk and Contingencies	**17.80**	*7.90*
– On Account of Tax Losses	**41.49**	*77.85*
– Other Disallowances	**30.37**	*10.15*
– On account of Preliminary Expenses fully W/off	**0.06**	—
Net Deferred Tax Liability	**164.96**	*139.08*
Deferred Tax Asset Represented in Balance Sheet	**82.83**	*55.90*
Deferred Tax Liability Represented in Balance Sheet	**247.80**	*194.98*

20. Capital Grant

MNEL, the subsidiary of the Company, has shown grant received as equity support from NHAI under Reserves and Surplus of Shareholders Funds, in accordance with the terms of the concession granted to it. The grant related to operations not forming part of equity support will be credited to the Profit and Loss account.

21. Significant Accounting Policies followed by the Company are attached with the Standalone Financial Statements. Due to inherent diversities in the legal and regulatory environment governing accounting principles, the accounting policies would be better understood when referred from the individual Financial Statements. However, the following are instances of diverse accounting policies followed by the subsidiaries, which may materially vary with these Consolidated Financial Statements.

a. Inventory of certain overseas JV's and Subsidiaries are valued at weighted average method as against FIFO method followed by the company and the other subsidiaries. The inventory of the JV's and Subsidiaries constitutes 9.08% *(Previous year 13.38%)* of the total inventory.

b. In case of SAE the Work-in-progress has been recorded on the basis of the *criterion of the completion or the status of progress;* the revenues and the job margin are recognized according to the progress of the productive activity as against the method of computing the percentage of work completed is determined by the expenditure incurred on the job till each review date to total expenditure of the job.

c. In the absence of disclosures made in the accounts of one of the overseas joint venture company regarding effect of acquisition and disposal of subsidiaries, no such disclosure is possible to be made in the Consolidated Account.

d. Disclosures relating to the employee benefits for the overseas components have not been given in the absence of data in the required format.

22. Disclosure under AS-29

(₹ In Crores)

Account Head	Opening Balance	Provisions made during the year	Paid/Utilized during the year	Closing Balance
Provision for Risk and Contingencies	**221.52**	**14.48**	**40.10**	**190.85**
	(153.25)	*(104.06)*	*(35.80)*	*(221.52)*

(Previous period figures in brackets)

23. Earnings Per Share (EPS):

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

Particulars	As at 31st March, 2010	As at 31st March, 2009
Net Profit After Taxation (₹ In Crores)	**45.70**	*56.32*
Preference Dividend (incl. Dividend Distribution Tax)	**7.08**	*7.37*
Net profit attributable to the Equity Share holders	**38.62**	*48.95*
Weighted Number of Shares during the period – Basic	**110,624,017**	*106,850,776*
Weighted Number of Shares during the period – Diluted	**115,609,343**	*113,748,742*
Earnings Per Share – Basic (₹)	**3.49**	*4.58*
Earnings Per Share – Diluted (₹)	**3.34**	*4.58*

Reconciliation of weighted number of shares outstanding during the year:

Particulars	As at 31st March, 2010	As at 31st March, 2009
Nominal Value of Equity Shares (₹ per share)	**2**	2
For Basic EPS:		
Number of Equity Shares at the beginning	**106,850,776**	86,740,670
Add : Shares issued to ATSL shareholders on merger	**—**	20,106,106
Add : Issue of shares under ESOP	**28,522**	—
Add : Issue of shares under QIP	**12,809,400**	—
Add : On conversion of warrants	**7,750,000**	—
Number of Equity Shares at the end	**127,438,698**	106,850,776
Weighted average of equity shares at the end	**110,624,017**	106,850,776
For Dilutive EPS:		
Weighted average no. of shares in calculating basic EPS	**110,624,017**	*106,850,776*
Add : Convertible Preference Shares		6,000,000
Add : Shares kept in abeyance	**725,800**	725,800
Add : On grant of stock option under ESOP	**131,099**	172,166
Add : On account of convertible warrant	**4,128,427**	—
Weighted average no. of shares in calculating dilutive EPS	**115,609,343**	113,748,742

For the purposes of computation of earning per shares the equity shares to be issued against the Equity Share Suspense account pursuant to the scheme of amalgamation, preference dividend on preference share suspense account and the options granted to the employees of the erstwhile ATSL have been considered in the weighted average shares during the period. Similarly 725,800 equity shares kept in abeyance from earlier equity offerings have also been considered for dilution. The weighted shares have been determined with reference to the respective dates of allotment of the shares issued under QIP, ESOPS and the Warrants respectively.

24. (a) Foreign currency exposure un-hedged as at 31st March, 2010 is ₹ 579.34 Crores *(Previous Year ₹ 363.49 Crores)* receivables and ₹ 189.68 Crores *(Previous year ₹ 250.46 Crores)* payables. Currency wise unhedged amounts are as follows:

Currency	As at March 31st, 2010		As at March 31st ,2009	
	Receivables	**Payables**	*Receivables*	*Payables*
USD	**35,951,700**	**138,092,074**	*379,952*	*165,715,792*
EURO	**12,935,099**	**13,630,489**	*9,328,624*	*16,188,965*
GBP	**—**	**181,342**	—	*127,544*
AED	**—**	**—**	*55,560*	—
OMR	**6,257,892**	**3,375,490**	*9,400,161*	*3,395,021*
DZD	**217,629,782**	**160,514,270**	*96,480,930*	*196,978,219*
NGN	**—**	**6,213,707**	*1,170,092*	—
KSH	**8,992,397**	**5,381,707**	—	*7,432,799*

(b) In respect of currency swap derivative contracts entered into by the Company, the Company has Marked to Market loss of ₹ 3.92 Crores *(Previous Year ₹ 7.15 Crores)* as at 31st March 2010 based on the valuation given by the bankers. Following the principle of prudence and in accordance with the announcement of the ICAI, the Company has made a provision for the same. Since the same was entered into to reduce the cost of borrowings, the said MTM loss is included under Financial Costs.

(c) The breakup of the outstanding derivative position of the overseas subsidiaries is tabulated hereunder.

(₹ in Crores)

	As at 31st December, 2009		As at 31st December, 2008	
Particulars	Assets	Liabilities	Assets	Liabilities
Derivatives on exchange rates	0.11	1.98	4.35	2.21
Derivatives on interest rates	—	0.54		1.39
Total non-current derivatives	0.11	2.52	4.35	3.60

In line with notification of the Companies (Accounting Standards) Amendment Rules 2009 issued by Ministry of Corporate Affairs on March 31, 2009 amending Accounting Standard-11 (AS-11) "The Effects of Changes in Foreign Exchange Rates (revised 2003)", some of the overseas subsidiaries who have prepared the accounts as per Indian GAAP for the purposes of consolidation have chosen to exercise the option under para 46 inserted in the standard by the notification

- During the year ₹ 38.76 Crores *(P. Y. ₹ 31.23 Crores)* amortisation cost charged to the profit and loss account out of Foreign Currency Monetary Item translation Difference Account.
- ₹ 23.69 Crores (P.Y. ₹ 62.47 Crores) accumulated in the "Foreign Currency Monetary Item translation Difference Account", being the amount remaining to be amortised as at March 31, 2010.

25. With effect from 1st January, 2010 the Company has modified the terms of the supports by way of loans to the overseas Special Purpose Vehicles which hold the Companies equity investments in overseas subsidiaries and joint ventures by treating the loans as long term loan repayable at the end of 5 years. Since these SPV's are in the nature of non-integral operations of the company, exchange gain/loss on reinstatement of such loans are carried in the Foreign Exchange Translation Reserves in accordance with AS –11 "The Effects of Changes in Foreign Exchange Rates" issued under the Companies (Accounting Standard) Rules, 2006.

26. Diminution in the Value of Investments

A. The company through its Special Purpose Investment Vehicle holds the following stakes:

(1) Francotosi Meccanica, Italy

(2) Sofinter, Italy

(3) Sadelmi, Italy

(4) SAE, Italy

B. The company has carried out its impairment test of the investments of Franco Tosi Mechannica Sofinter and SAE Italy. Considering the results of the tests and the fact that all these investments have turned around their performance from loss to a marginal profits despite the turbulent market conditions in Europe, the management is of the view that there is no impairment in its investments in these companies.

C. The company through its step down subsidiary P. Van Eerd Beheersmaatschappij B. V, Netherlands (PVAN) held a 50% shareholding in Sadelmi S.p.A., Italy (Sadelmi) with the remaining 50% held by Busi Impianti S.p.A, Italy since April 2008. Due to the economic conditions prevailing in different parts of the world where Sadelmi was present some of the projects under execution encountered serious contractual problems. Sadelmi therefore sought creditors' protection through a Court in Italy and simultaneously, as part of scheme, applied for transferring the remaining projects of Euro 46 million and leased all references standing in its name since inception to a new company Busi Power S.r.L. wholly held by Busi Group. By an Agreement dated 2nd March, 2009, Busi Group agreed to give PVAN 50% stake in lieu of its stake in Sadelmi for a consideration of Euro 1 and convert the S.r.L. status into an S.p.A. to facilitate the same. Consequently PVAN will cease to be a shareholder of Sadelmi from that date and will become a shareholder of Busi Power. The Court approval which was received subsequent to 31-03-10 was subject to several compliances being met and which are currently in progress. All compliances are expected to be reached in the 4th quarter of 2010, at which time Busi Group will duly capitalize its wholly owned subsidiary in India with an equity infusion of Euro 2.5 million and will also permit it to freely draw up the references to undertake future projects in India, as was mentioned in the previous year consequent upon this arrangement.

Consequent upon this arrangement, Busi Group will be wholly responsible for the operations and all future funding of Busi Power S.r.L. and Gammon will be wholly responsible for the operations and future funding of the Indian subsidiary for the projects undertaken by them in the territories identified respectively for them. Each party will however share 50% of the profits of the respective Busi Power and the Indian Subsidiary. The results of these operations will be consolidated in the Company with effect from FY 2010 after the court scheme is given effect to and the fresh set of financial are drawn up.

27. CONTINGENT LIABILITIES:

(₹ in Crores)

Sr. No.	Particulars	As at 31st March, 2010	As at 31st March, 2009
(i)	Liability on contracts remaining to be executed on capital accounts	**4,084.52**	2,833.69
(ii)	Counter Guarantees given to Bankers for Guarantees given by them and Corporate Guarantees, on behalf of subsidiary, erstwhile subsidiary, associate companies stand at	**4,274.14**	3,340.98
(iii)	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	**468.14**	504.29
(iv)	Corporate Guarantees and Counter Guarantees given to Bankers by a step down subsidiary & Joint Venture for their Projects	**1,417.72**	1,860.53
(v)	Disputed Sales Tax liability for which the Company has gone into Appeal	**23.88**	22.23
(vi)	Claims against the Company not acknowledged as debt	**4.81**	47.69
(vii)	Disputed Excise Duty liability	**0.03**	0.03
(viii)	Disputed Customs Duty liability	**0.32**	0.32
(ix)	Disputed Service Tax Liability	**29.21**	15.24
(x)	Disputed Income Tax – Demand for which the Company Appeals are pending before Appellant Authority	**3.22**	56.66
(xi)	Counter claims in arbitration matter referred by the company – liability unascertainable	**—**	—

(a) There is a disputed demand of UCO Bank pending since 1986, of US$ 436,251 i.e. ₹ 1.72 Crores. Against this, UCO Bank has unilaterally adjusted the Company's Fixed Deposit of US$ 30,584 i.e. ₹ 0.12 Crores which adjustment has not been accepted by the Company.

(b) In respect of Joint Venture and operations in Oman, Gammon India Limited-AL Matar JV, refer Note No. 32.

(c) An amount of ₹ 17.77 Crores claimed by the Collector and District Registrar, Rajahmundry, pursuant to and 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.

(d) Export Commitments in Joint Venture VSPL:

(₹ in Crores)

Particulars	As at March, 2010	*As at March, 2009*
Under EPCG Scheme	**13.71**	*18.53*

(e) The penalty for non-achievement of Minimum Guaranteed Throughput amounting to ₹ 20,444,939/- approximately payable to the Mumbai Port Trust (MBPT) as per the License Agreement has not been provided in these financial statements because under an arrangement, ICTPL is eligible to be indemnified by one of the shareholders in case this amount is ultimately determined to be payable to MBPT.

28. Balances in Foreign Bank Accounts are as per ledger and are subject to reconciliation. Cash and Bank Balances include an amount of ₹ 195.02 Crores kept as a margin for the guarantees/Bid Bonds issued by overseas subsidiary and joint ventures. Cash & Bank balances include ₹ 2.13 Crores *(Previous Year ₹ 2.13 Crores)* 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. During the course of a search action u/s. 132 of the Income Tax Act after the Balance Sheet date, the company has made disclosures in order to buy peace. On a prudent basis an additional tax provision of ₹ 17 Crores has been made in accounts, pending receipt of all the paper and statements from the Income Tax department.

30. Disclosure under Accounting Standard–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 lease 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.

A detailed break up of amount payable to leasing companies is as follows:

(₹ in Crores)

Particulars	**Amount payable to Leasing Companies 2009-2010**	Amount payable to Leasing Companies 2008-2009
Within 1 Year	**6.81**	6.39
Between 1 and 5 Years	**31.55**	31.18
Beyond 5 Years	**110.49**	120.24

31. Joint Venture:

Details of Joint Ventures entered into by the Company:

Sr. No	Name of Joint Venture	Description of Interest	% of involvement
1.	Gammon Srinivas	Jointly Controlled Operation	80.00%
2.	BBJ GIL	Jointly Controlled Operation	30.50%
3.	JAGER GIL	Jointly Controlled Operation	50.00%
4.	Jaeger Gammon	Jointly Controlled Operation	50.00%
5.	Patel Gammon	Jointly Controlled Operation	49.00%
6.	Gammon Patel	Jointly Controlled Operation	50.00%
7.	Hyundai Gammon	Jointly Controlled Operation	49.00%
8.	Jaeger Gammon	Jointly Controlled Operation	50.00%
9.	Gammon BBJ	Jointly Controlled Operation	50.00%
10.	Hyundai Gammon	Jointly Controlled Operation	49.00%
11.	Jaeger Gammon	Jointly Controlled Operation	50.00%
12.	BBJ Gammon	Jointly Controlled Operation	49.00%
13.	Gammon Hot Engineering	Jointly Controlled Operation	70.00%
14.	Gammon Technofab (Transmission & Distribution of Electricity & Water)	Jointly Controlled Operation	70.00%
15.	Gammon Limak (Vishnugod Pipalnote HEPP)	Jointly Controlled Operation	51.00%
16.	Gammon Tensacuai	Jointly Controlled Operation	80.00%
17.	Gammon Construtora Tensacuai	Jointly Controlled Operation	60.00%
18.	Lencon Gammon	Jointly Controlled Operation	51.00%
19.	Mosmetrostroy Gammon	Jointly Controlled Operation	49.00%
20.	Gammon Sadelmi (Power Plant in Sylhet, Bangladesh)	Jointly Controlled Operation	90.00%
21.	Gammon Sadelmi (Power Project in Siddhirganj, Bangladesh)	Jointly Controlled Operation	90.00%
22.	Technofab Gammon (commissioning of pipeline at Srinagar)	Jointly Controlled Operation	70.00%
23.	Aydeniz Gammon	Jointly Controlled Operation	30.00%
24.	Gammon Aydinar (Rammam)	Jointly Controlled Operation	50.00%
25.	GIL Simplex (Khongsang Imphal)	Jointly Controlled Operation	51.00%
26.	GIL Simplex (Dholakal Tupul)	Jointly Controlled Operation	51.00%
27.	Gammon International & OHI (Pipeline Tanks & booster for Salalah)	Jointly Controlled Operation	69.00%
28.	GIL Marti (Civil Work Sainj HEP)	Jointly Controlled Operation	51.00%
29.	GIL KCT (Rupiasagar Kasiabara HEP)	Jointly Controlled Operation	67.00%
30.	Afghanistan ATSL AEPC Consortium	Jointly Controlled Operation	75.00%

32. Joint venture and operations in Oman:

(a) There are claims against the Joint venture not acknowledged as debts of OR 0.88 (10.36 Crores) million in respect of which the lower courts have ruled in favour of the claimant. The Management is hopeful of obtaining relief from the higher courts in the matter.

(b) The joint venture has raised invoices on the client which is subject to certification and acceptance by the client which the management is hopeful of recovery. No effects have been given in these accounts for the same. The total value of such uncertified billing considered in these accounts aggregates to OR 0.73 million (₹ 9.13 Crores).

The joint venture has carried out certain works including operations and maintenance of the project based on work instructions received from the consultant/client which is subject to certification and acceptance by the client on account of certain disputes with the client which the management is hopeful of resolving in favour of the Joint venture. The total value of such works being carried as part of the job estimates is OR 0.91 million (₹ 11.33 Crores). Further the control estimates for the balance work includes certain expected variation orders aggregating to OR 0.90 million (₹ 11.20 Crores) which the joint venture has factored considering the discussions with the client and the past trends of the acceptance by the client. Accordingly the works in progress are being carried as part of inventory pending receipt of the variation order from the client.

(c) The banking facilities including fund and other non-fund based borrowings utilized by the Joint Venture entity which 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, 2010 is OR 4,002,265 (₹ 46.99 Crores) [*Previous Year OR 2,442,185* (₹ 32.12 Crores)] which consists of Fund based OR 3,628,768 (₹ 42.61 Crores) [*Previous Year OR 860,440* (₹ 11.32 Crores)] and Non-fund based OR 373,498 (₹ 4.39 Crores) [*Previous Year OR* 1,581,741 (₹ 20.80 Crores)]

(d) Transactions of Oman Branch and the accounting effect of the Gammon Al Matar Joint Venture profits are accounted on the basis of the accounts prepared specially for this purpose and which is duly audited by the Company's auditor.

33. The Company is engaged mainly in only one reportable segment viz., "Construction and Engineering" including the business transferred from the erstwhile ATSL on amalgamation with the Company with all its manufacturing operations which are integral to its transmission tower business and the business of manufacturing and installation of power generation equipments viz turbines and boilers etc. Additionally the Company has revenue from Windmills and air cargo operations which is not significant and accounts for less than 10% of the total revenue and total assets of the Company. Therefore no disclosure of separate segment reporting as required in terms of Accounting Standard AS-17 is done.

The Company although operates on a worldwide basis across the globe, they operate in two principal geographical areas of the world in India and the other countries. The following table presents the break-up of the revenues and assets regarding the geographical segments.

Particulars	**Amount (₹ in Crores)**			**Percentage (%)**	
	Domestic	**Overseas**	**Total**	**Domestic**	**Overseas**
Segment Revenue	**4,809.92**	**2,332.90**	**7,142.82**	**67.34**	**32.66**
	(3,591.95)	*(1,686.86)*	*(5,278.81)*	*(68.04)*	*(31.96)*
Segment Asset	**8,053.64**	**4,015.16**	**12,068.79**	**66.73**	**33.27**
	(6,420.37)	*(3,991.48)*	*(10,411.85)*	*(61.66)*	*(38.34)*
Capital Expenditure	**3,359.07**	**1,185.56**	**4,544.63**	**73.91**	**26.09**
	(2,694.87)	*(1,219.80)*	*(3,914.67)*	*(68.84)*	*(31.16)*

(Previous period figures in brackets)

34. 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-1.

35. Auditor's remuneration does not include ₹ 1,378,750/- paid towards fees for QIP issue which is debited to Security Premium Account.

36. Figures pertaining to the subsidiary companies and joint venture acquired during the previous year and the other companies have been reclassified wherever necessary to bring them in line with the Company's financial statements.

37. Previous period figures are regrouped and rearranged wherever necessary to facilitate limited comparability with that of current period.

38. Annexure I forms an integral part of these financial statements.

As per our attached report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N. JAYENDRAN
Partner
M. No. 40441

Mumbai, Dated :14th August, 2010

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

ROHIT MODI
Deputy Managing Director

RAJUL A. BHANSALI
Executive Director

D. C. BAGDE
Executive Director

C. C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 14th August, 2010

Annexure I

Related party Disclosure as required by AS-18 " Related Party Disclosures"

(A) Relationships:

Entities where control exists:	
1.	Pacific Energy Pvt. Ltd.
2.	Nikhita Estate Developers Pvt. Ltd.
3.	Masayor Enterprises Ltd.
4.	First Asian Capital Resources Pvt. Ltd.
5.	Devyani Estate & Properties Pvt. Ltd.
6.	Abhijit Rajan
Associates & Group Companies:	
1.	STFA Piling (India) Ltd.
2.	Eversun Sparkle Maritime Services P. Ltd.
3.	Modern Tollroads Ltd.
4.	FIN EST SPA
5.	Ansaldo Caldaie S.p.A.
Key Management Personnel & Relatives	
1.	Mr. Abhijit Rajan
2.	Mr. Himanshu Parikh
3.	Mr. Rajul A. Bhansali
4.	Mr. Rohit Modi
5.	Mr. D. C. Bagde
6.	Mr. Parvez Umrigar

Joint Ventures:	
1.	Gammon Atlanta
2.	Gammon BBJ
3.	Gammon Limak
4.	Gammon Srinivas
5.	GIL Archirodon
6.	BBJ GIL
7.	Gammon SEW JV
8.	Jaeger Gammon
9.	Patel Gammon
10.	Gammon Oversea Engineering Pvt. Ltd.
11.	Gammon JMC
12.	Hyundai Gammon
13.	Gammon Patel
14.	Gammon Encee Rail
15.	Gammon Pratibha
16.	Gammon Rizzani
17.	OSE Gammon
18.	Gammon OSE
19.	Gammon Progressive
20.	Gammon Sadelmi

(B) Related Parties transactions during the year in normal course of business:

(₹ In Crores)

Nature of Transactions/relationship/major parties	**Current Year**		*Previous Year*	
	Amounts	**Amounts from Major Parties**	*Amounts*	*Amounts from Major Parties*
Associates				
Subcontracting Income	**1.01**		—	
Ansaldo Caldaie S.p.A.		**1.01**		—
Finance provided (incl. Loans and equity contribution in cash or in kind)	**—**		*3.20*	
Finest SpA		**—**		*3.20*
Amount liquidated towards the finance provided	**0.66**		—	
Finest SpA		**0.66**		—
Interest Income during the year	**0.22**		—	
Finest SpA		**0.22**		—
Outstanding Balances Receivables	**4.13**		*3.20*	
Ansaldo Caldaie S.p.A.		**1.25**		
Finest SpA		**2.87**		*3.20*
TOTAL	**6.02**		*6.40*	
Entities where control exits				
Dividend paid to Shareholders	**1.50**		*1.62*	
Devyani Estate & Properties Pvt. Ltd.		**0.32**		*0.32*
Masayor Enterprises Limited		**—**		*0.19*
Nikhita Estate Developers Pvt. Ltd.		**0.21**		*0.21*
Pacific Energy Pvt. Ltd.		**0.90**		*0.90*
First Asian Capital Resources Pvt. Ltd.		**0.02**		—
Abhijit Rajan		**0.06**		—
TOTAL	**1.50**		*1.62*	
Key Managerial Personnel				
Remuneration paid:	**8.41**		*4.22*	
Mr. Abhijit Rajan		**1.45**		*1.43*
Mr. H. V. Parikh		**0.83**		*0.54*
Mr. R. A. Bhansali		**0.74**		*0.57*
Mr. Rohit Modi		**1.87**		—
Mr. D. C. Bagde		**1.84**		—
Mr. Parvez Umrighar		**1.68**		*1.68*

(₹ In Crores)

Nature of Transactions/relationship/major parties	Current Year		*Previous Year*	
	Amounts	**Amounts from Major Parties**	*Amounts*	*Amounts from Major Parties*
Gross Value of Stock Option Issued:	**—**		*1.67*	
Mr. Parvez Umrighar		**—**		*1.67*
Gross Value of Stock Option Vested:	**2.17**		—	
Mr. Parvez Umrighar		**2.17**		—
Amortization of Option Issued:	**1.31**		*0.93*	
Mr. Parvez Umrighar		**1.31**		*0.93*
Finance received (including Loans and Equity contribution in cash or in kind):	**0.5**		—	
Mr. Parvez Umrighar		**0.50**		—
TOTAL	**12.39**		*6.82*	
Joint Venture				
Subcontracting Income	**358.21**		*450.00*	
Patel Gammon		**118.10**		*111.72*
Jager Gammon		**61.19**		—
Gammon JMC		**120.24**		*189.84*
Finance provided (Incl. loans and equity contribution in cash or in kind)	**—**		*1.89*	
Gammon Enceerail		**—**		*1.89*
Finance provided for expenses & on a/c payments	**7.16**		*0.73*	
Gammon Enceerail		**5.02**		*0.73*
Gammon Rizzani		**1.80**		—
Amount liquidated towards the finance provided	**0.49**		*2.26*	
Gammon Enceerail		**0.49**		*2.25*
Finance received for expenses & on a/c. payments	**0.28**		—	
Gammon Enceerail		**0.28**		—
Interest paid during the year	**4.94**		*5.82*	
Jager – Gammon		**3.30**		*4.15*
Gammon JMC		**1.50**		—
Contract Advance received	**55.57**		*87.90*	
Jager – Gammon		**18.81**		*13.01*
Gammon – JMC		**8.69**		*20.55*
Patel Gammon		**28.08**		*50.10*
Refund received against Contract Advance	**108.72**		*77.01*	
Jager – Gammon		**17.30**		—
Gammon JMC		**29.75**		*19.66*
Patel Gammon		**57.35**		*43.54*
Gammon Srinivas		**—**		*8.12*
Guarantees and Collaterals Outstanding	**316.31**		*354.97*	
Gammon Srinivas		**—**		*37.87*
Jager – Gammon		**58.17**		*92.27*
Patel Gammon		**96.58**		*100.30*
Outstanding Balances Receivables	**176.55**		*146.12*	
OSE – Gammon		**—**		*23.11*
Jager – Gammon		**63.47**		*38.62*
Patel Gammon		**48.61**		*28.16*
Gammon JMC		**18.35**		*28.90*
Outstanding Balances Payable	**54.91**		*54.64*	
Jaeger – Gammon		**37.35**		*28.22*
Patel Gammon		**14.92**		*15.78*
TOTAL	**1,083.16**		*1,181.34*	

NOTES

NOTES

Beary Apartments

GAMMON INDIA LIMITED

Head Office
GAMMON HOUSE
Veer Savarkar Marg
Prabhadevi
Mumbai 400025

P +91-22-61153000
F +91-22-24300221
E gammon@gammonindia.com