



GAMMON



Future in progress



Gammon Infrastructure Projects Limited

8th Annual report 2008-09

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“Progress is the activity of **today**
and the assurance of **tomorrow.**”

- Ralph Waldo Emerson

About **US**

Who we are?

We, Gammon Infrastructure Projects Limited (GIPL) are an infrastructure project development company.

Incorporated in 2001, we were established to participate in the development of infrastructure projects on a public private partnership (PPP) basis. We went public in 2007-08 and were listed on the stock exchanges in April, 2008.

Our focus

We are among the first companies in India to be modelled as an infrastructure developer holding company focussed on core infrastructure.

What do we do?

We are pure infrastructure developers, with presence across the following verticals:

- Project development
- Project financing
- Project operations & maintenance

Our presence

Registered office- Mumbai (Maharashtra)

18 project locations across India

Key sectoral presence

- Roads & Bridges
- Ports - Bulk & Container
- Clean Energy - Hydro and Biomass

Our employees

Over 240 employees including SPVs as on 31st March, 2009

We are listed at

Bombay Stock Exchange (BSE) -
Stock code: 532959

National Stock Exchange (NSE) -
Stock code: GAMMNINFRA

The year under review

Operational Highlights

- The company's shares were **listed on the BSE and the NSE** during the year
- Secured 2 new projects – **261 MW hydropower project** at Youngthang in the state of Himachal Pradesh and a **4.15 km 4-lane bridge** on Godavari river connecting Rajahmundry and Kovvur in the state of Andhra Pradesh
- In addition, recently secured another port sector project, viz. the deep draft **iron-ore terminal at Paradip Port** in the state of Orissa in May 2009
- Achieved financial closure for three of its projects; **Mumbai Container Terminal, Punjab Biomass project (first unit) and Rajahmundry Godavari Bridge project.**
- Commenced construction of the **Rajahmundry Godavari Bridge**
- Commenced the operations of **BPS terminal in Mumbai Port**
- Secured environmental clearance for the **66 MW Rangit Hydroelectric Project**

Financial Highlights (Consolidated results)

Total income increased by **24.8%** from

Rs. 17,100 lakhs in 2007-08 to

Rs. 21,339 lakhs in 2008-09

Asset capitalisation increased by **45.0%** from

Rs. 132,333 lakhs in 2007-08 to

Rs. 191,954 lakhs in 2008-09

Income from port operations increased by **53.5%** from

Rs. 2,376 lakhs in 2007-08 to

Rs. 3,648 lakhs in 2008-09

Net profits increased by **75.1%** from

Rs. 1,865 lakhs in 2007-08 to

Rs. 3,266 lakhs in 2008-09



Our Project Portfolio

Total Projects	18
Total Project Capitalisation (Rs lakhs)	911,560*
Average Ownership of GIPL	81%

* Includes only 16 projects; excludes Tidong Hydro and TADA SEZ projects

Roads & Bridges

Total Lane Km	1,029
- Bridge Lane Km	26
Operational	401
Under development	628
Project cost (in lakhs)	323,260

Lane Km = No. of Km x Number of Lanes

Ports

	Operational	Under development	Total
Berth length (mtrs)	860	1,000	1,860
Terminal capacity (MTPA)	10	32.5	42.5
Project cost (Rs. lakhs)	31,300	156,500	187,800

Terminal capacity based on 1 TEU = 15 tonnes

Clean Energy

Under development (MW)	521
Project cost (Rs. laksh)	387,500



MNEL

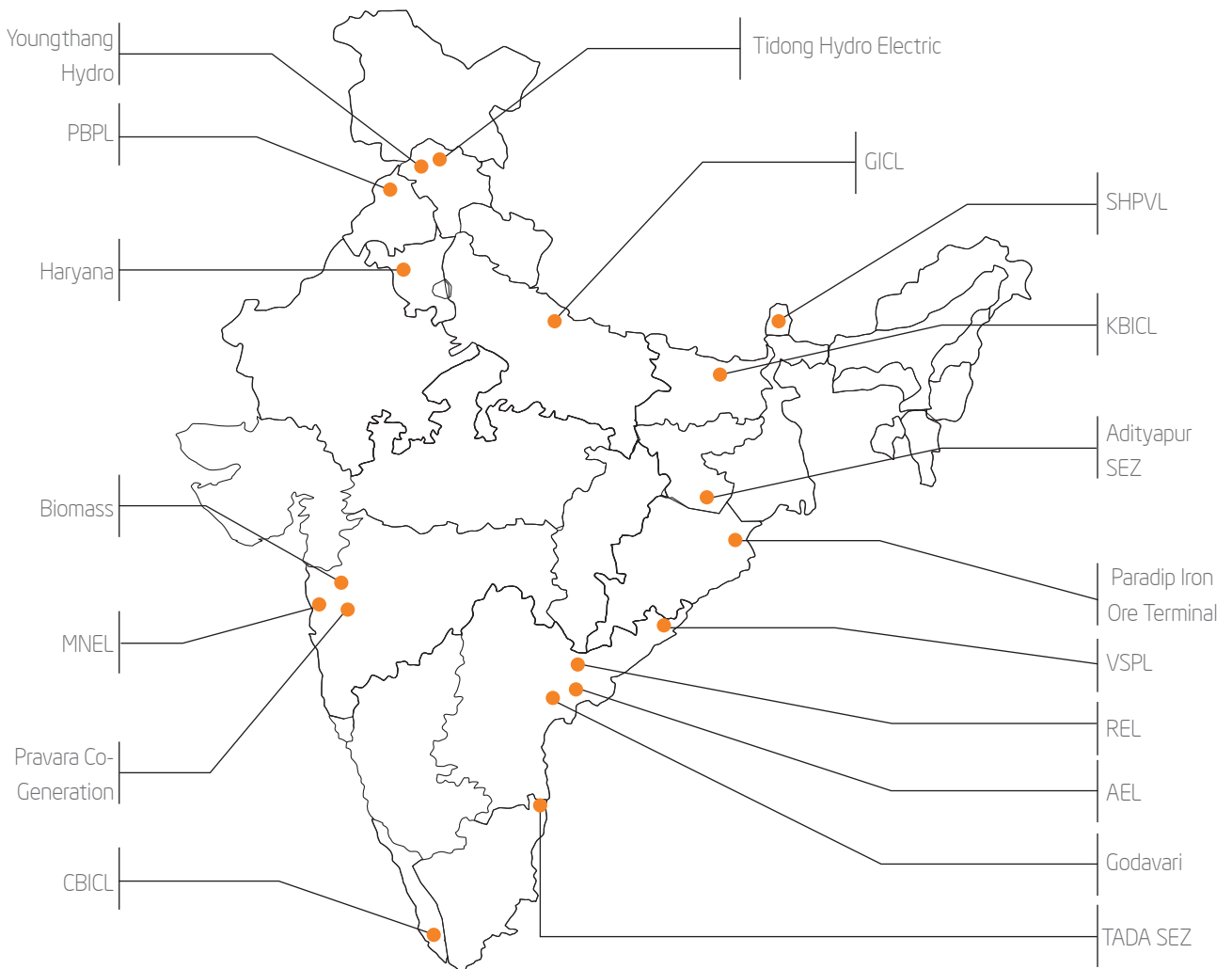


ICTPL



Punjab Biomass

Geographical presence





Rajahmundry Expressway



Vizag Port



Indira Container Terminal Private Limited

Operational Projects

1. Rajahmundry Expressway Limited (REL)

Controlling stake - 93.50%

Project - 4 lane 53 km stretch on NH5; part of the Golden Quadrilateral

Project cost - Rs. 25,600 lakhs

Concession years - 17.5 years

REL is a subsidiary of the Company, which has developed the project for widening and strengthening of a 53 kilometer stretch between Rajahmundry and Dharmavaram in Andhra Pradesh on National Highway (NH) 5, connecting Chennai and Kolkata. The project achieved commercial operations date (COD) on September 20, 2004, 70 days ahead of schedule.

2. Andhra Expressway Limited (AEL)

Controlling stake - 93.50%

Project - 4 lane 47 km stretch on NH5; part of the Golden Quadrilateral

Project cost - Rs. 24,800 lakhs

Concession years - 17.5 years

AEL is a subsidiary of the Company, which has developed the project for widening and strengthening of the 47 kilometer stretch between Dharmavaram and Tuni in Andhra Pradesh on National Highway ("NH") 5, connecting Chennai and Kolkata. The project achieved commercial operations date (COD) on October 30, 2004, 30 days ahead of schedule.

3. Cochin Bridge Infrastructure Company Limited (CBICL)

Controlling stake - 97.65%

Total project - 2 lane 700 m bridge across Mattanchery Channel, Kochi

Project cost - Rs. 2,570 lakhs

Concession years - 19.8 years

CBICL is a subsidiary of the Company which had developed the New Mattanchery Bridge Project, in Kochi, Kerala on BOT (toll) basis. The 700 m long bridge connects Fort Kochi (a heritage town and a famous tourist site) to Willingdon Island in the Cochin Port Trust area and is operational since last 7.5 years. The construction was completed 10 months ahead of schedule, which resulted in the early collection of toll revenues.

4. Vizag Seaport Private Limited (VSPL)

Controlling stake - 47.5%

Project - 2 multipurpose berths capable of handling 9 MTPA

Operational - 630 mtrs

Project cost - Rs. 31,300 lakhs

Concession years - 30 years

VSPL is the SPV formed to develop, construct, operate and manage two multi-purpose berths in the northern arm of the inner harbour at Visakhapatnam Port on a BOT basis. VSPL is the only private operator for handling bulk cargo in India's largest seaport at Visakhapatnam. VSPL has developed the berths and terminal as a fully mechanised integrated handling system incorporating state-of-the-art technologies, capable of handling cargo up to nine MTPA. The commercial operations began in July, 2004.

Projects Under Development

1. MUMBAI NASIK EXPRESSWAY LIMITED (MNEL)

MNEL is a subsidiary created for widening, strengthening and operating the 99.5 kilometer 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 Rs. 75,300 lakhs. The project is under implementation phase and is nearing commercial operations.

2. RAJAHMUNDRY GODAVARI BRIDGE LIMITED (RGBL)

RGBL is a subsidiary incorporated for design, construction, operation and maintenance of a 4.15 kilometre long four-lane bridge, which will connect Kovvur and Rajahmundry in Andhra Pradesh across the Godavari River, with 10.34 kilometre 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 Rs. 86,110 lakhs. Financial closure for the project has been achieved and presently construction activity has commenced for the project.

3. KOSI BRIDGE INFRASTRUCTURE COMPANY LIMITED (KBICL)

KBICL is a wholly-owned subsidiary of the Company incorporated for design, construction, development, finance, operation and maintenance of a 1.8 kilometer long four-lane bridge across river Kosi with 8.2 kilometer 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





Gorakhpur Railway Bypass



Punjab Biomass



Punjab Biomass

seventeen (17) years is for operations and three years is for construction. The total project cost is estimated to be Rs. 43,961 lakhs. Financial closure for the project has been achieved and is under implementation.

4. GORAKHPUR INFRASTRUCTURE COMPANY LIMITED (GICL)

GICL is a subsidiary of the Company incorporated for design, construction, finance and maintenance of a 32 kilometer 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 Rs. 64,921 lakhs. Financial closure for the project has been achieved and is presently under implementation.

5. INDIRA CONTAINER TERMINAL PRIVATE LIMITED (ICTPL)

ICTPL has been incorporated for construction of two offshore container berths and development of a container terminal in Mumbai Harbour ("OCT") and management of the existing Ballard Pier Station Container Terminal ("BPS"). ICTPL also has the right to develop the third berth in addition to the two berths as per the License Agreement. As per the License Agreement executed between ICTPL and Mumbai Port Trust (MbPT), the license period for the project is thirty (30) years, including three years of construction and equipping. The total project cost for the first phase is estimated to be Rs. 1,01,566 lakhs. The financial closure for the project was achieved in November 2008.

6. BLUE WATER IRON ORE TERMINAL PRIVATE LIMITED (BWITL)

BWITL has been incorporated to design, finance, construction, operation, maintenance and marketing of an iron ore handling facility in Paradip port and the provision of related services capable of handling a minimum of 10 million tons per annum at an estimated project cost of Rs. 45,000 lakhs. The concession agreement was executed with PPT for a concession period of 30 years including 3 years of construction.

7. 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. These projects will primarily use rice straw as the feedstock to generate power. The Power Purchase Agreements have been signed for two of the projects for twenty (20) years from their respective scheduled CODs. The total project cost for the first project (12 MW) is estimated to be Rs. 5200 lakhs. Presently, the first project of 12 MW is under implementation in Bhagaura village, Patiala district. Financial closure for the first unit was achieved in November 2008 and is nearing commercial operation.

8. PRAVARA RENEWABLE ENERGY LIMITED (PREL)

PREL is a wholly-owned 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. As per the

Project Development Agreement executed with Karkhana, PREL shall be responsible for designing, development, procurement, installation, erection commissioning, operation and maintenance of the co-generation facility for a period of twenty-five (25) years after commercial operation date. The total project cost is estimated to be Rs. 16,500 lakhs.

9. SIKKIM HYDRO POWER VENTURES LIMITED (SHPVL)

SHPVL is a wholly owned subsidiary of the Company which is developing the 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. Concession period for the project is thirty-five (35) years from the Commercial Operations Date (COD). The total project cost is estimated to be Rs. 43,000 lakhs.

10. YOUNGTHANG POWER VENTURES LIMITED (YPVL)

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

Projects In Pre-Development Phase

1. SEZ Adityapur Limited (SEZAL)

SEZAL is implementing the project of development of an SEZ for automobile and auto components at Adityapur, in the state of Jharkhand in eastern India. The state government is expected to lease out the land to the SPV measuring approximately ninety (90) acres for a period of ninety (90) years. Adityapur Industrial Area Development Authority ("AIADA") is the nodal agency for the project.

AIADA has issued a letter of allotment to the consortium for the development of the SEZ. The authorisation agreement is yet to be executed with AIADA.

2. Haryana Biomass Power Limited (HBPL)

Haryana Renewable Energy Development Agency (HAREDA) has issued a letter of intent for establishing eight biomass based power projects (out of which we intend to develop six) in Haryana in a consortium with a private developer. The capacity of the projects is likely to be in the range of 10 to 12 MW each. These projects will primarily use rice straw as the feedstock for generation of power.

The detailed project report has been prepared and approved by HAREDA and the project is currently under development.

3. Tidong Hydro Power Limited (THPL)

THPL was incorporated by the Company for developing a 60 MW hydro electric project in Himachal Pradesh for which it had received a letter of intent (LOI) from the Government of Himachal Pradesh (GOH).

4. TADA SEZ Project

RAS Cities and Townships Private Limited ("RAS"), an indirect subsidiary of our Company, has acquired approximately 1,150 acres of land at TADA in the Chittoor District of Andhra Pradesh. RAS intends to develop a multi product SEZ at the site.







Parvez Umrigar, Managing Director

Managing Director's Message

Dear Shareholder,

The year 2008-09 has been a difficult year globally for all industries. From the euphoria that existed in January 2008 to the despairing situation in January 2009, it has been quite a fall for the global economy.

India was not as significantly impacted by global downturn as the United States or Europe. However, we also witnessed fluctuating commodity prices, liquidity crunch and interest hikes all of which placed the Infrastructure Sector in an uncertain situation.

The slowdown in the Infrastructure Sector due to the above reasons and the general uncertainty due to impending elections at the Centre saw most of the infrastructure stocks losing 70% to 80% of their market capitalisation of their peak levels by January 2009.

Now, the markets are brighter, especially for the Infrastructure Sector. The

commodity prices have stabilised, there is ample liquidity in the money market and the domestic interest rates have come down.

The confidence regarding the sustainability of the 'Infrastructure Sector' in India could be seen from two major perceptions shared by the Infrastructure Industry prior to the Central elections:

- Firstly, it was largely irrelevant to the Industry as to which party came to power so long as it was not a fractured verdict as all political parties were pro - infra development.
- Secondly, that the Budget of the new Government would be favourable, or at the most neutral but certainly not unfavourable to the Industry.

True to expectations, the Finance Budget did give a satisfactory push to the Infrastructure Sector on the macro front, but the Budget did definitely miss out on much needed micro improvements in the fiscal and tax policies required to make

investment in Infrastructure Sector more attractive for the private sector.

On the macro front, the planned approach to gradually target infrastructure spend at 9% of GDP is a good directional step. Further, the increase in NHA's planned expenditure by 23% would signify larger number of projects to be undertaken by the Government plus an increase in permissible 'Viability Grant Amount' for projects under the PPP model. With a dynamic Minister like Mr. Kamal Nath at the helm, plus the increased allocations one should safely expect the 'Road and Highways Sector' to grow much faster if developmental issues like land acquisition are tackled and speedier dispute resolution mechanism is put in place.

Similarly, the 60% increase in refinancing support by India Infrastructure Finance Company Limited (IIFCL) to the commercial banks would further ease liquidity, though the Industry would be concerned about the rates and tenure of these loans.

Projects worth Rs. 4,700 crore have already achieved financial closure, while projects worth another Rs. 1,250 crore will achieve financial closure by March 2010.



On the micro front, the long standing demand of the Industry to permit re-financing of PPP Projects in foreign currency continues to remain unaddressed inspite of sound fundamental reasoning put forth by the Industry. Further, the Government continues to ignore the Industry's persistent request to rationalise the tax structure to avoid double taxation of dividends and to grant exemption from long term capital gains to investment in unlisted shares of special purpose vehicles (SPV). In the absence of these, the Companies would continue to invest horizontally by parking the proceeds of one SPV into another instead of the money flowing upwards in to the hands of the 'Holding Company'. This would be a deterrent from a capital market perspective.

The increase in the Minimum Alternative Tax to 15 % will also hurt the profits of Infra companies as the incentive of a 10 -year tax holiday to the Infrastructure Industry would get diluted.

The past year, inspite of all the volatility in the global markets, has been an exciting one for the Company. We managed to secure the 261 MW Yangthang Khab hydro power project in August 2008 followed by Paradip Iron Ore terminal in May 2009. We also achieved the financial closure of three of our projects i.e. the Mumbai Offshore Container Terminal, the Rajahmundry Godavari Bridge and the first Punjab Biomass plant. The Company has 14 projects under the BOOT/PPP module envisaging a total capital outlay exceeding Rs. 8,600 crore . There are four more projects which we are not certain of developing but, if we decide to do so then it would mean an additional capital outlay of Rs. 400 crore. Projects worth Rs. 4,700 crore have already achieved financial closure, while projects worth another Rs. 1,250 crore will achieve financial closure by March 2010. Considering the business positioning of GIPL as a pure 'Infrastructure Developer' with its current basket of projects; I believe that the share

price of the Company's equity shares have been undervalued by the market during the last year. However, I am confident that this would soon be rectified as the equity markets recognise the values that a judicious mix of fixed and market driven long term 'Concessions' could bring to the Company.

All our present projects are mainly in roads and highways, ports and clean energy sectors. By the time I correspond with you again next year, I hope we will have secured more projects including some in the airport, thermal power and water sectors.

Regards,

Parvez Umrigar
Managing Director

Future in Progress

There are two ways to confront the future.

One, by simply waiting for it to arrive. Or second, for enabling it to arrive. At Gammon Infrastructure Projects Limited (referred to hereafter as GIPL) we have believed in the latter – enabling the future to arrive. For us at GIPL, the process of discovering the next has been by progressing towards the next. With the advent of public private partnership in India, the core infrastructure sector resolved a crucial hurdle of financing and project delays. The participation of private sector companies in the core infrastructure development witnessed higher efficiency and higher degree of project ownership and management. We are among the first companies in India to be modelled as an infrastructure development company undertaking projects on a public-private partnership basis (“PPP”). In India, PPPs refer to long-term, contractual relationships between the governmental agencies and private sector companies, specifically targeted towards financing, designing, implementing, and operating infrastructure facilities and services that were traditionally provided by the government or its agencies. We were among the first to spot the opportunity and participate in it.

Since 2001, we have unraveled the future through focusing on strengthening our solution offerings, asset quality, human resources and our determination to create a sustainable organisation.









Future is all About opportunities.

Progress is all About Exploring them.

INFRASTRUCTURE SECTOR FORMS THE BACKBONE OF THE INDIAN GROWTH STORY. AS PER FINANCE MINISTRY'S ESTIMATES, THE INDIAN GDP WOULD BE TWO PERCENT HIGHER BUT FOR THE SHORTCOMINGS OF INFRASTRUCTURE. HISTORICALLY, THE INFRASTRUCTURE DEVELOPMENT WAS LARGELY DEPENDENT ON THE GOVERNMENT FUNDS. THIS LED TO PROJECT DELAYS AND ESCALATED COST OF PROJECTS ON ACCOUNT OF LOWER ACCOUNTABILITY.

As a corrective measure, Public Private Partnership model was introduced by the Government. While this model didn't discount the Government's role in creating infrastructure, it simply attracted partnerships from private companies not only in developing the project but also investing, managing and recovering their investments from these projects. The Gammon group realized the emerging business potential in the PPP model.

As a result, we were born. However as a conscious decision, we focused on three core sectors in the infrastructure realm – ports, roads & bridges and non-conventional power – namely hydro and biomass. We are now focused on widening our basket.

Of our total 18 projects today, we commenced operations and derived revenues from 4 projects. Our portfolio is divided into various sectors thereby enabling us to mitigate sector specific risks. As a strategy to create a niche, we are a pure infrastructure developer without any real exposure in the realty sector. These are the strengths that would enable us unravel the future. And we are progressing fast.

Future is all About Growth.

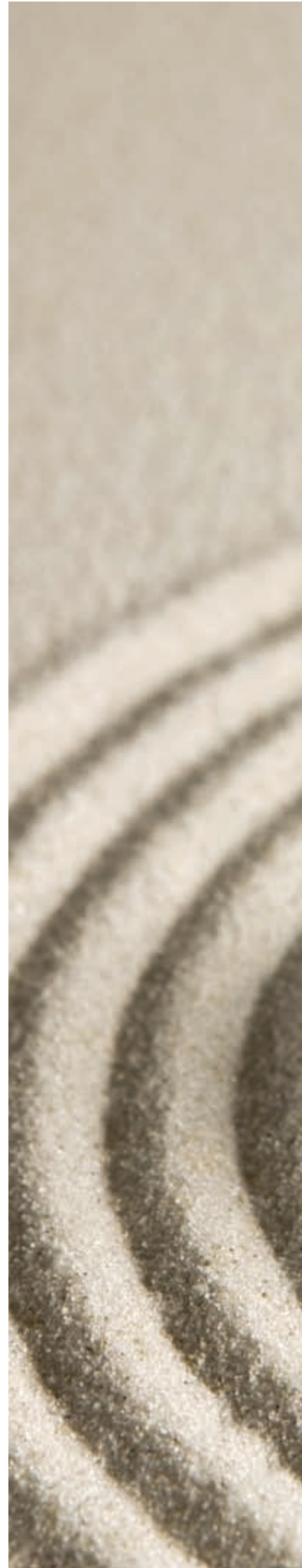
Progress is all About Sustaining it.

TO GROW IS AN ACHIEVEMENT. TO GROW YEAR ON YEAR IS PERFECTION. WHEN WE EMBARKED ON CREATING A SUSTAINABLE COMPANY, ONE OF THE MOST IMPORTANT THINGS WAS TO CHOOSE THE PROJECTS BASED ON THEIR REVENUE GENERATION TIMELINE.

All the projects that we participate in are BOO or BOT or BOOT, all of which are long term projects – both in terms of building them as well as generating revenue from them. The revenues from these projects are largely dependent on market driven factors like the number of vehicles passed, the number of ships handled or the units consumed, etc.

To ensure a sustained growth, we invested in a blend of projects with assured sources of revenue under either an annuity or take-or-pay type arrangement with various governmental or quasi-governmental entities. In these projects, such governmental or quasi-governmental entities are required to pay for the project's output or availability at predetermined levels. The annuities receivable by us in our projects are structured to cover the fixed costs of operating the projects, interest and depreciation. At the same time, we also invested in projects having market driven returns. This enabled us to create a portfolio having an optimum blend of market driven revenues as well as annuity based projects. As a result, we have reduced the revenue risk associated with our portfolio of projects, thereby balancing market risk with assured returns.

Of our 18 projects today, 6 are fixed return annuity based projects and 9 are based on market driven revenue. In addition our 3 projects provide a payback both in terms of fixed returns as well as market based returns.









Future is all About Offering Quality.

Progress is all About Maintaining it.

LONG TERM ASSET DEVELOPMENT NEED BIGGER SPENDS. TO ENSURE TIMELY AND SUSTAINED INVESTMENT IN THE PROJECT, THE PROJECT QUALITY BECOMES A CRUCIAL ASPECT FOR US

More so, since we build assets that are used for civilian purposes, any lapse in quality may lead to loss of goods or life, thereby affecting our brand and bankability adversely.

We have always been proactive in investing only in the right quality asset. This confidence stems from our experience and expertise in understanding and deciphering the value of asset. In case if one invests in an asset at a much higher value than it can derive, the confidence of funding agencies and lenders is lost. As a result, an overpriced asset ends up being a bad asset. At GIPL, we have always stressed on ensuring the right valuation for the asset. Since the valuation process for each asset is different substantially from the other, the sector knowledge and domain expertise offers the only mitigation to the process. Being a flagship company of Gammon India, we are dedicated to maintaining project quality from valuation to project execution stages.

As a result of our quality consciousness and project valuation skills, we achieved financial closure for three of our projects; Mumbai Container Terminal, Rajahmundry Godavari Bridge and Punjab Biomass project (first project) during 2008-09, one of the most difficult years from perspective of raising funds from the market.

Board of Directors' Profiles

1. ABHIJIT RAJAN, Chairman and Managing Director

A commerce graduate and a successful industrialist, Abhijit Rajan has over three decades of business experience. A natural leader, it is his zeal and vision that is primarily driving the Gammon group of companies.

2. PARVEZ UMRIGAR, Managing Director

A Chartered and a Cost accountant, Parvez Umrigar brings to the table close to two decades of industry experience. He has spearheaded the Group's infrastructure business and is looking at widening its focus areas.

3. HIMANSHU PARIKH, Non Executive Director

A commerce graduate with wide experience in diverse functional fields, he brings his expertise related to procurement and general management. He is also an Executive Director of Gammon India Limited.

4. C.C. DAYAL, Independent Director

A Chartered Accountant with vast experience and expertise in audit, internal audit, taxation and accounts. He is the head of the Audit Committee of the Company.

5. SANJAY SACHDEV, Independent Director

Sanjay Sachdev has a Degree in Law from Bombay University and a Masters Degree in International Management from USA. He is a certified financial planner and is credited for co-founding the CFP Program in India. He is a Fellow of the Life Management Institute and LIMRA Leadership Institute (LLIF), USA. He has over two decades of international experience including 13 years with the pension and mutual fund operations of the Principal Financial Group.

6. NARESH CHANDRA, Independent Director

A M.Sc. in Mathematics, Mr. Naresh Chandra retired from the Indian Administrative Service in 1992.

He has served important positions in the Government including as a member of the Indo-US subcommittee on Economic Affairs & Commerce as well as the cochairman of Indo-US working group on Technology Transfer. On retirement, he was appointed Senior Advisor to the Prime Minister of India. He has also served as Governor of Gujarat and as the Ambassador of India to the USA. He chaired the Committee on Corporate Governance set up by the Union Ministry of Finance and Company Affairs in 2002.

7. S. C. TRIPATHI, Independent Director

A M.Sc., LLB and an IAS officer, he has nearly twenty years of experience in finance and industry at senior levels in the State and Central Government and in a representative capacity at international levels. He retired as Secretary, Ministry of Petroleum and Natural Gas, Government of India.



Management Discussion & Analysis



Physical infrastructure is crucial for India's economic and social development. India has the requisite natural and human resources to be a leading economy, but these resources can be put to use only if the requisite infrastructure is provided to tap them.

ABOUT US

We are an infrastructure project development company which participates in the development of infrastructure projects and is amongst the first companies in India to be modeled as an infrastructure project development company to undertake projects on a Public Private Partnership (PPP) basis. We were promoted by Gammon India Limited (GIL). GIL is one of India's oldest and largest construction companies, which has over the years diversified into businesses like transmission lines, energy equipment, real estate, etc.

The Company currently undertakes, develops, operates and maintains projects such as roads, bridges, ports, hydroelectric power and biomass power projects on PPP basis. In addition, projects in various sectors such as urban infrastructure, airports, mass transit, power transmission, SEZ, water distribution, etc have been identified as focus areas of project development and are being actively pursued by your Company.

Presently, the infrastructure project development business includes eighteen

projects – housed under separate special purpose vehicle companies. Of these, four projects are fully operational, and one project is partially commissioned.

Economic Overview

The past year was one of extraordinary global economic turbulence. The effects have also spread to a number of Emerging Market Economies including India. During the first half of 2008-09, the world economy was dominated by increased oil prices. This led to inflationary pressures in the Indian economy. The second half witnessed severe liquidity crunch in the global markets on account of mounting financial losses in the developed economies. Indian economy was faced with the cascading effect of this turmoil. While rising inflation led to a severe cut in consumer spending, the drying of liquidity led to lower availability of funds and thereby to rising interest rates. To counter the negative fallout of the global slowdown on the Indian economy, the Government in tandem with the Reserve Bank of India announced three focused fiscal stimulus packages in the form of tax relief, increased expenditure on

public projects and a number of monetary easing and liquidity enhancing measures. Governmental authorities the world over also implemented various fiscal and monetary measures to stimulate their respective economies. We have reason to believe that these measures are beginning to bear fruit, especially in India which is partly insulated from the rest of the World due to its strong domestic sector.

Industry Overview

Physical infrastructure is crucial for India's economic and social development. India has the requisite natural and human resources to be a leading economy, but these resources can be put to use only if the requisite infrastructure is provided to tap them.

According to official estimates of the Indian finance ministry, the country's GDP growth could be 2 percentage points higher but for the shortcomings in infrastructure. One of the major constraints in the development of adequate infrastructure was the lack of private participation in infrastructure development. There has been a realization of this fact by the Government and

Nearly all of the infrastructure sub-sectors present excellent opportunities, with roads and highways, ports and airports, railways and power standing out as particularly attractive spots, with staggering sums of investment planned.

several sectors have now been thrown open to private participation in what is referred to as 'public private partnerships' (PPPs). With a view to increasing private participation in the Infrastructure Sector from the estimated 20% during the tenth plan period to 30% during the eleventh plan period, the Government has announced various fiscal and tax incentives to attract private investment in infrastructure. There are still, however, a few bottlenecks which remain to be eased, like for example the issue of double taxation of dividend income and the denial of long term tax benefit to investment in unlisted shares of infrastructure companies.

The recent budget announcements that

(i) India Infrastructure Finance Company Limited (IIFCL) would evolve a 'takeout financing scheme' in consultation with banks to facilitate incremental lending to infrastructure sector; (ii) IIFCL would refinance 60 per cent of commercial bank loans for PPP projects in critical sectors over the next fifteen to eighteen months; and (iii) allocation to National Highways Authority of India (NHAI) for the National Highway Development Programme (NHDP) would be increased by 23 per cent over the previous year are all pointers to the Government's resolve and earnestness in improving the Indian infrastructure.

The Government will continue to remain the major investor in infrastructure sector

in the foreseeable future. The 11th five year plan has targeted an investment of Rs.2056150 crores in Infrastructure sector of which about 70% is estimated to come from the Central and State Governments and about 30% from the private sector.

Nearly all of the infrastructure sub-sectors present excellent opportunities, with roads and highways, ports and airports, railways and power standing out as particularly attractive spots, with staggering sums of investment planned.

Sector	Private Sector	Rs. in Crores Total Budget
Electricity	185,512	666,525
Roads	106,792	314,152
Telecom	177,686	258,439
Railways (including MRTS)	50,354	261,808
Irrigation (including Watershed)	-	253,301
Water Supply & Sanitation	5,421	143,730
Ports	54,479	87,995
Airports	21,630	30,968
Storage	11,189	22,378
Gas	6,528	16,855
Total Investment	619,591	2,056,151



Roads & Highways

India has the second largest road network in the world with over 3.3 million kilometers of roads. Indian roads carry about 61% of the freight and 85% of the passenger traffic. All the highways and expressways together constitute about 66,000 kilometers (only 2% of all roads), whereas they carry 40% of the road traffic. India's roads are already congested, and getting more so. Annual growth is projected at over 12% for passenger traffic and over 15% for cargo traffic. The Government plans to 6-lane 6500 km, 4-lane 26736 km and 2-lane 20000 km of roads, besides constructing 1000 kms of expressways, during the 11th five year plan. The investment required for this has been estimated at around Rs. 3,14,152 Crores.

The Indian Government, via the National Highway Development Program (NHDP), has announced bidding for more than 200 projects in NHDP Phase III and V representing around 13,000km of roads. The average project size is expected to be in the region of Rs. 700 crores to Rs. 1500 crores. About 53 projects with aggregate

length of 3000km and an estimated cost in excess of Rs. 35000 crores are already at the pre-qualification stage.



Ports

With a 7,517 km long coastline, maritime transport has since time immemorial played a major part in India's international trade. India has about 12 major ports and 187 minor ports in operation/development. The projected traffic for the Tenth Plan period was 415 million tonnes for the major ports and 150 million tonnes for the minor ports, making an overall target of 565 million tonnes. The achievements have been more than the targets in the case of major ports and are likely to exceed the targets in the case of minor ports also. Major ports have handled 463.84 million tonnes and minor ports are expected to have handled around 171.92 million tonnes during 2006-07. To meet the overall projected traffic of 1008.95 million tonnes by 2011-12, of which the share of major ports would be 708.09 million tonnes, adequate port capacity is required to be created. Traffic at minor ports and private ports is growing at 11.74% (CAGR) and its share is expected

to grow from 26.30% in 2005-06 to 30% in 2011-12. During the 11th Plan, minor ports are expected to more than double their capacity, from 228.31 million tonnes upwards to 575 million tonnes.

India's existing ports infrastructure is not sufficient to handle the increased loads - cargo unloading at many ports is currently inadequate, even where ports have already been modernised. An estimated total investment of around Rs. 87,995 Crores is targeted for port projects in the 11th five year plan for the period from FY07- FY12. Of this over 54,400 Crores (nearly 60% of total) is expected to come from the private sector.



Power

The total installed capacity in India is calculated to be 145,554.97 mega watt, out of which 75,837.93 mega watt (52.5%) is from State Government sector, 48,470.99 mega watt (34%) from Central Government sector, and 21,246.05 mega watt (13.5%) is from Private sector.

The power sector is experiencing a large demand-supply gap. The requirement of additional power generation capacity by the year 2012 has been estimated at

100,000 MW. A huge amount of capital investment is required to meet this target. The 11th 5-year Plan (FY07- FY12) targets generation capacity addition of 68,869MW across thermal, hydel and nuclear plants. Transmission and distribution system improvements has been identified as one of the thrust areas under the 11th 5-year plan.

An estimated investment of around Rs. 6,66,525 Crores is targeted for electricity projects in during the 11th five year plan period of which private sector is expected to contribute over Rs. 1,85,000 Crores.



Railways & Airports

Increasing domestic and international air travel is pushing existing airports in the country to peak capacity utilization. To handle the growing passenger traffic, investments of Rs.30,968 Crores are envisaged in building new airports and expanding existing airports across the country. The success of PPP in the Bangalore, Hyderabad, Mumbai and Delhi airports is expected to drive private sector investments of over Rs. 21,000 Crores over the eleventh plan period in the sector. The Indian Railways (IR) is expected to

make large investments over the next five years in improving its outdated network and augmenting capacity, especially for freight movement. Rs. 2,61,808 Crores are estimated to be invested by the railways in acquiring rolling stock, capacity augmentation, improving safety standards etc, of which the private sector is expected to contribute over Rs. 50,000 Crores. The Government hopes to rope in private sector participation in the Western and Eastern Routes Dedicated Freight Corridors (DFC's). The estimated cost of construction of both these corridors is expected to be around Rs 28000 crores.

2008 -09: YEAR IN REVIEW

Consolidated Financials Highlights

1. Income. We derive our income from our four currently operational projects, air cargo business carried on by our subsidiary, Gammon Logistics Limited (GLL) [which commenced its operations in August 2008], developer fees and operation & maintenance income. Income from our operational projects includes annuity income from Rajahmundry Expressway Limited (REL) & Andhra Expressway Limited (AEL) road projects, toll income from Cochin Bridge Infrastructure Company Limited (CBICL) bridge project and income from Vizag Seaport Private Limited (VSPL) port operations. The income from our advisory services is for the services provided by us during pre-bidding, bidding and financial closure stages primarily to our group companies. Income from operations and maintenance is on account of fees

received for operating and maintaining road projects.

Our total income increased by 24.8% to Rs. 2,1338.54 lakhs for the fiscal year 2009 from Rs. 1,7099.61 lakhs for the fiscal year 2008. The increase was primarily attributable to higher income from our O&M operations, port operations and miscellaneous receipts. In the fiscal year 2009, we also received income from the air cargo business carried on by our subsidiary, GLL, which commenced its operations in August 2008. Income from port operations increased by 53.5% to Rs. 3647.5 lakhs for the fiscal year 2009 from Rs. 2376.4 lakhs for the fiscal year 2008 due to higher volumes and higher rates realised for the cargo handled at our Visakhapatnam port project. Our O&M income increased by 69.0% to Rs. 2416.7 lakhs for the fiscal year 2009 from Rs. 1430.2 lakhs for the fiscal year 2008 due to income earned for carrying out the first periodic maintenance work (scheduled to be done in the fifth year of the operations) of our REL and AEL Annuity Road Projects.

2. Expenditure. Our expenditure consists of operational expenses, finance costs, establishment expenses, personnel costs, depreciation, amortisation and preliminary expenses written off. Our total expenditure increased by 24.8% to Rs. 17,176.3 lakhs for the fiscal year 2009 from Rs. 13,761.4 lakhs for the fiscal year 2008. As a percentage of our

Our total income increased by 24.8% to Rs. 2,1338.54 lakhs for the fiscal year 2009 from Rs. 1,7099.61 lakhs for the fiscal year 2008. The increase was primarily attributable to higher income from our O&M operations

total income, our expenditure was unchanged at 80.5% for both the fiscal year 2009 and the fiscal year 2008.

i. Operational Expenses.

Our operational expenses increased by 66.8% to Rs. 5742.8 lakhs for the fiscal year 2009 from Rs. 3443.2 lakhs for the fiscal year 2008. The increase in operational expenses, was primarily attributable to the increase in road O&M and port operational expenses. We also incurred expenses in our air cargo business in the fiscal year 2009, which commenced operations in August 2008. Our expenses relating to road O&M increased by 55.4% to Rs. 2891 lakhs for the fiscal year 2009 from Rs. 1860.9 lakhs for the fiscal year 2008, due to the expenses relating to the first scheduled periodic maintenance of the REL and AEL Annuity Road Projects. Our port operational expenses increased by 38.6% to Rs. 2129.3 lakhs for the fiscal year 2009 from Rs. 1536.7 lakhs for the fiscal year 2008 due to an increase in the volume of cargo handled by our Visakhapatnam port project. As a percentage of our total income, our operational expenses increased to 26.9% for the fiscal year 2009 from 20.1% for the fiscal year 2008.

ii. Establishment Expenses.

Our establishment expenses increased by 95.5% to Rs. 774.5 lakhs for the fiscal year 2009 from Rs. 396.2 lakhs for the fiscal

year 2008. This increase was primarily attributable to increases in administration expenses, fees paid to professional and legal advisors, tender documents expenses and miscellaneous expenses. As a percentage of our total income, our establishment expenses increased to 3.6% for the fiscal year 2009 from 2.3 % for the fiscal year 2008.

iii. **Personnel Costs.** Our personnel costs increased by 95.5% to Rs. 1197.7 lakhs for the fiscal year 2009 from Rs. 612.4 lakhs for the fiscal year 2008. This was primarily as a result of increase in salaries, wages and bonuses paid to our staff as well as due to an increase in number of employees to 241 as of March 31, 2009 from 126 as of March 31, 2008 primarily due to commencement of operations in GLL and Indira Container Terminal Private Limited (ICTPL) at Mumbai Port. As a percentage of our total income, our personnel costs increased to 5.6% for the fiscal year 2009 from 3.6% for the fiscal year 2008.

iv. **Financial Costs.** Our financial costs decreased marginally by 0.2% to Rs. 5120 lakhs for the fiscal year 2009 from Rs. 5128 lakhs for the fiscal year 2008. Interest paid on term loans increased marginally by 0.5% to Rs. 5054.8 lakhs for the fiscal year 2009 from Rs. 5029.3 lakhs for the fiscal year 2008. Other interest expenses decreased to Rs. 9.9 lakhs for the fiscal year 2009

from Rs. 92.2 lakhs for the fiscal year 2008 due to repayment of short term loans taken from group companies. As a percentage of our total income, our financial costs decreased to 24.0% for the fiscal year 2009 from 30.0% for the fiscal year 2008.

v. Depreciation and Amortisation.

Depreciation and amortisation costs increased by 4.18% to Rs. 4334.7 lakhs for the fiscal year 2009 from Rs. 4160.9 lakhs for the fiscal year 2008, as a result of an increase in our fixed assets to Rs. 7,1907.9 lakhs as of March 31, 2009 from Rs. 6,9304 lakhs as of March 31, 2008. As a percentage of our total income, our depreciation and amortisation costs decreased to 20.3% for the fiscal year 2009 from 24.3% for the fiscal year 2008.

3. **Taxation.** Our provision for taxation decreased to Rs. 486.9 lakhs for the fiscal year 2009 from Rs. 1225.3 lakhs for the fiscal year 2008. This change was primarily due to re-assessment of the unrecognized deferred tax asset by VSPL as on March 31, 2009 and recognition of the deferred tax asset on account of timing differences on unabsorbed depreciation. Our effective tax rate for the fiscal year 2009 was 11.9%.

4. **Net profit.** Our net profit increased by 75.1% to Rs. 3265.6 lakhs for the fiscal year 2009 from Rs. 1864.8 lakhs for the fiscal year 2008.

During 2008-09, the Company secured 2 projects, including 261 MW hydropower project in Youngthang, Himachal Pradesh and the 4.15 km 4 lane bridge on Godavari river connecting Rajahmundry and Kovvur in Andhra Pradesh

OPERATIONAL HIGHLIGHTS

The Company has 4 operational projects out of the 18 projects in hand and another one which has been partially commissioned. During 2008-09, the Company secured 2 projects, including 261 MW hydropower project in Youngthang, Himachal Pradesh and the 4.15 km 4 lane bridge on Godavari river connecting Rajahmundry and Kovvur in Andhra Pradesh. The Company has also

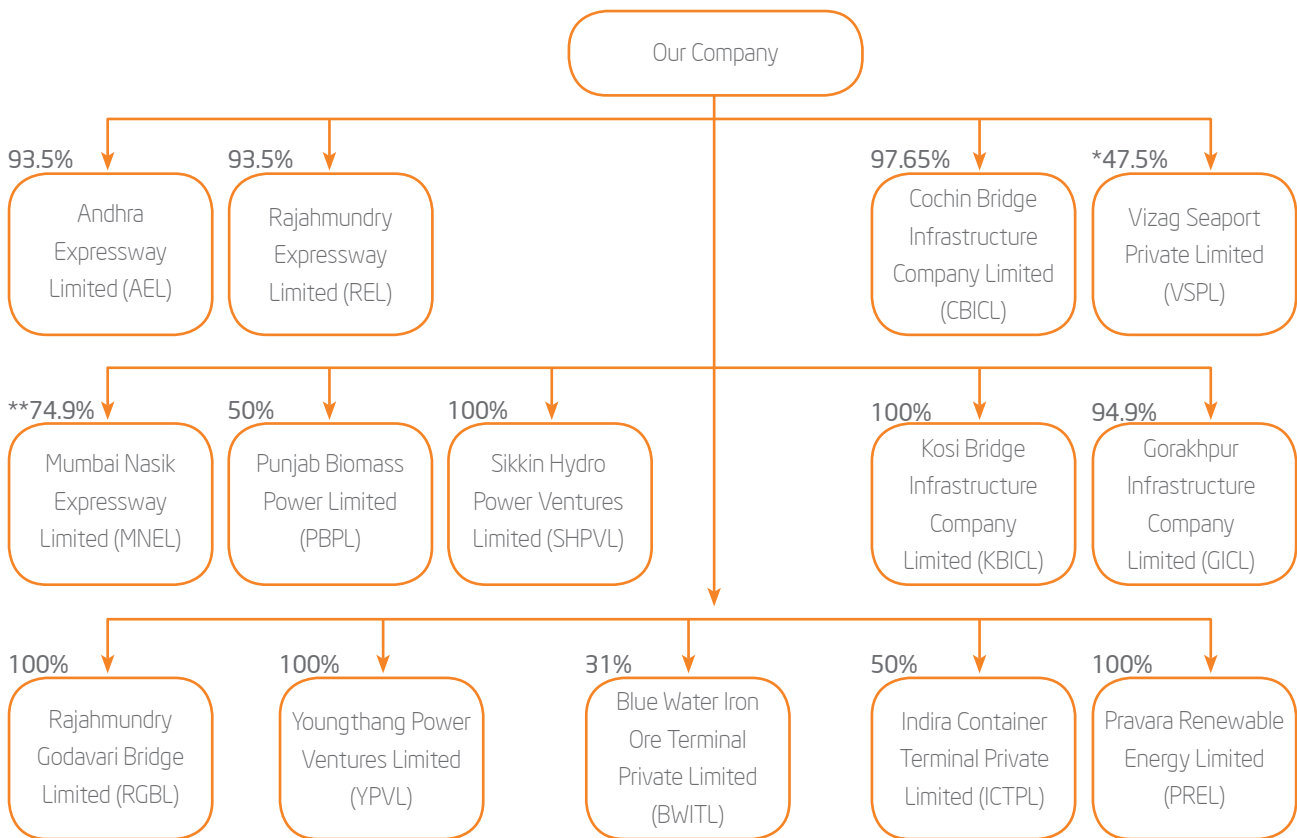
secured another port sector project, viz. the deep draft iron-ore terminal at Paradip Port in May 2009 of an estimated project cost of Rs. 45,000 Lakhs.

The Company also achieved financial closure for three of its projects; Mumbai Container, Rajahmundry Godavari Bridge project Terminal and Punjab Biomass project (first project) during the current year, demonstrating its ability to identify and invest in quality assets.

The Company has commenced construction of the Godavari Bridge during the year. Financial closure for the said project was achieved in June, 2009. The commercial operations of BPS terminal of the SPV, ICTPL also commenced during the year.

OUR PROJECTS

Our present ownership in each of the 14 project SPVs which are in the operations or development phase is as follows:



This chart does not include SPVs relating to projects in the pre-development phase.

*We have exercised a call option to acquire a further 26.24% of the equity share capital of VSPL, pursuant to which our shareholding will increase to 73.76%.

** We currently hold 79.99%, which shall reduce to 74.9%.

OPERATIONAL PROJECTS

1. Rajahmundry Expressway Limited(REL)

REL is a subsidiary of the Company, which has developed the project for widening and strengthening of a 53 kilometer stretch between Rajahmundry and Dharmavaram in Andhra Pradesh on National Highway ("NH") 5, connecting Chennai and Kolkata.

The project has achieved commercial operations date (COD) on September 20, 2004, 70 days ahead of schedule. The project has a concession period of 17.5 years, including operations period of 2.5 years. The project has been capitalised at Rs. 25,600 lakhs.

As of March 31, 2009, REL has received 8 annuities from NHAI (each semi-annual annuity amounting to Rs. 2961.9 lakhs). Till date, 100% lane availability has been achieved by REL and has not recorded any deduction in the receipt of annuity payments from NHAI.

Financial performance highlights of REL during the last two fiscals is as under:

	(Rs. in Lakhs)	
	Year ended	
	31-Mar-09	31-Mar-08
Income	6,701.86	6,596.80
Profit after tax	1,847.65	1,636.04
Equity Share Capital	2,900.00	2,900.00
Reserve and Surplus	7,434.00	5,587.20

2. Andhra Expressway Limited(AEL)

AEL is a subsidiary of the Company, which has developed the project for widening and strengthening of the 47 kilometer stretch between Dharmavaram and Tuni in Andhra Pradesh on National Highway ("NH") 5, connecting Chennai and Kolkata.

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

The project has a concession period of 17.5 years, including operations period of 2.5 years. The project has been capitalised at Rs. 24,800 lakhs.

As of March 31, 2009, AEL has received 8 annuities from NHAI (each semi-annual annuity amounting to Rs. 2791.2 lakhs). Till date, 100% lane availability has been achieved by AEL and has not recorded any deduction in the receipt of annuity payments from NHAI.

	(Rs. in Lakhs)	
	Year ended	
	31-Mar-09	31-Mar-08
Income	6,182.35	6,186.72
Profit after tax	1,689.41	1,550.82
Equity Share Capital	2,900.00	2,900.00
Reserve and Surplus	7,258.25	5,568.80

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 700 m long bridge connects Fort Kochi (a heritage town and a famous tourist site) to Willingdon Island in the Cochin Port Trust area and is operational since last 7.5 years.

The construction was completed 10 months ahead of schedule, which resulted in the early collection of toll revenues. At present the bridge witnesses daily traffic of approximately 18,000 passenger car units ("PCU"). The project had been capitalized at Rs. 2,574 lakhs.

Pursuant to the restructuring of the project concession by Government of Kerala (GOK) and the ensuing Government Order, the project has a concession period of 19 years & 9 months. CBICL is also entitled to receive a fixed annual annuity payment of Rs. 154 lakhs from GOK.

Financial performance highlights of CBICL during the last two fiscals is as under:

	(Rs. in Lakhs)	
	Year ended	
	31-Mar-09	31-Mar-08
Income	546.97	535.20
Profit after tax	85.20	79.70
Equity Share Capital	640.00	640.00
Reserve and Surplus	384.27	299.10

4. 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 harbour at Visakhapatnam Port on a BOT basis. VSPL is the only private operator for handling bulk cargo in India's largest seaport at Visakhapatnam. 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 nine MTPA.

The commercial operations begun in July, 2004 and the Company has handled 4.7 million tons of cargo in the financial year ending March 2009. But for the financial meltdown, which affected its operations during the third quarter, VSPL would have announced better results during the year. The concession period is 30 years, including the construction period. As of March 31, 2009, the project has been capitalized at Rs. 31,432.9 lakhs.

The Company's stake in VSPL has gone up from 42.22% to 47.52% during the year consequent to the purchase of VSPL shares held by CBICL upon conversion of mandatorily convertible inter-corporate loan advanced by CBICL to VSPL. Further, the Company has exercised an option to purchase the 26.24% equity stake held by a foreign partner in VSPL and upon completion of the process the Company's equity stake in VSPL will go up to 73.76%.

Financial performance highlights of VSPL during the last two fiscals is as under:

	(Rs. in Lakhs)	
	Year ended	
	31-Mar-09	31-Mar-08
Income	7,333.16	5,629.60
Profit after tax	829.45	(1,699.20)
Equity Share Capital	8,719.12	7,919.26
Reserve and Surplus	(4,210.61)	(5,040.10)

PROJECTS UNDER DEVELOPMENT

1. Mumbai Nasik Expressway Limited (MNEL)

MNEL is the SPV created for widening, strengthening and operating the 99.5 kilometer 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 Rs. 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 Rs. 60,058.7 Lakhs as of March 31, 2009. Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL. The responsibilities of tolling ("Tolling Services") and maintenance ("Maintenance Services") of the project have been granted to your

Company. The Tolling Services and the Maintenance Services shall commence from the COD until the expiry of the entire concession period.

2. Rajahmundry Godavari Bridge Limited (RGBL)

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

Financial closure for the project was achieved in June 2009 and presently construction activity has commenced for the project.

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

3. 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 kilometre long four-lane bridge across river Kosi with 8.2 kilometre 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

As per the License Agreement executed between ICTPL and Mumbai Port Trust (MbPT), the license period for the project is thirty (30) years, including three years of construction and equipping

seventeen (17) years is for operations and three years is for construction. KBICL will receive an annuity payment of Rs. 3,190 lakhs from NHAI, semi-annually, in the entire operations period. The COD of the project was expected to be achieved in April, 2010. However, the completion of construction work has been delayed due to NHAI's failure to fulfill its obligation of enabling access to the project site by clearing encumbrances. The total project cost is estimated to be Rs. 43,961 lakhs.

Financial closure for the project has been achieved. Presently the project is under implementation with a total capitalization of Rs. 18,467.1 Lakhs as of March 31, 2009.

Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL. The responsibilities of maintenance ("Maintenance Services") of the project have been granted to your Company. The Maintenance Services shall commence from the COD until the expiry of the entire concession period.

4. Gorakhpur Infrastructure Company Limited (GICL)

GICL is a subsidiary of the Company incorporated for design, construction, finance and maintenance of a 32 kilometer long four-lane bypass to Gorakhpur town on NH 28 in the State of Uttar Pradesh on BOT(Annuity) basis. Your Company has equity stake of 100% in GICL.

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. GICL will receive an annuity payment of Rs. 4,860 lakhs from NHAI, semi-annually, in the entire operations period. The COD of the project was expected to be in October, 2009. However, the completion of construction work has been delayed due to NHAI's failure to fulfill its obligation of enabling access to the project site by clearing encumbrances. The total project cost is estimated to be Rs. 64,921 lakhs.

Financial closure for the project has been achieved. Presently the project is under implementation with a total capitalization of Rs. 23,455.7 lakhs as of March 31, 2009.

Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL. The responsibilities of maintenance ("Maintenance Services") of the project have been granted to your Company. The Maintenance Services shall commence from the COD until the expiry of the entire concession period.

5. Indira Container Terminal Private Limited (ICTPL)

ICTPL has been incorporated for construction of two offshore container berths and development of a container terminal in Mumbai Harbour ("OCT") and management of the existing Ballard Pier Station Container Terminal ("BPS"). ICTPL also has the right to develop the third berth in addition to the two

berths on achieving certain throughput conditions as per the License Agreement.

As per the License Agreement executed between ICTPL and Mumbai Port Trust (MbPT), the license period for the project is thirty (30) years, including three years of construction and equipping. The expected COD for the project is December, 2010. However, the construction of the OCT project has been delayed due to a slowdown in the dredging work required to be carried by MbPT. The revenue share payable by ICTPL to MbPT is 35.064% of gross revenue for the year. When fully developed the first phase of the project would have a design capacity to handle 1.4 million TEUs. The total project cost for the first phase is estimated to be Rs. 1,01,566 Lakhs.

The financial closure for the project was achieved in November 2008. ICTPL has taken over the operations and management of the BPS terminal at Mumbai Port in June 2008 for a period of five years and has recently initiated construction of the offshore container berths. The total capitalization of the project is Rs. 3474 Lakhs as of March 31, 2009.

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

6. Blue Water Iron Ore Terminal Private Limited (BWITL)

BWITL has been incorporated to

The Power Purchase Agreements have been signed for two of the projects for twenty (20) years from their respective scheduled CODs. The Power Purchase Agreements can be further extended for ten (10) years at mutually agreeable terms

design, finance, construction, operation, maintenance and marketing of an iron ore handling facility in Paradip port and the provision of related services capable of handling a minimum of 10 million tons per annum at an estimated project cost of Rs. 45,000 Lakhs.

The concession agreement was signed in July 2009 with a concession period of 30 years including 3 years of construction.

7. 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. These projects will primarily use rice straw as the feedstock to generate power.

The Power Purchase Agreements have been signed for two of the projects for twenty (20) years from their respective scheduled CODs. The Power Purchase Agreements can be further extended for ten (10) years at mutually agreeable terms. A tariff order has been issued by Punjab State Electricity Regulatory Commission on October 4, 2005 notifying the tariff and other commercial terms for the nine projects. The total project cost for the first project (12 MW) is estimated to be Rs. 5200 lakhs.

Presently, the first project of 12 MW is under implementation in Bhagaura village, Patiala district and the expected COD for this project is December 2009.

Financial closure for the first project was achieved in November 2008.

As of March 31, 2009, the project capitalization is Rs. 4087.3 Lakhs.

The land acquisition for the second project in Sawai Singhwala village has also been completed.

8. 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 Karkhana is a co-operative sugar factory registered under the provisions of the Maharashtra Co-operative Societies Act, 1960.

As per the Project Development Agreement executed with Karkhana, PREL shall be responsible for designing, development, procurement, installation, erection commissioning, operation and maintenance of the co-generation facility for a period of twenty-five (25) years after commercial operation date.

The co-generation facility will be designed as a multi-fuel power plant fired by bagasse or other biomass fuel. The co-generation facility will use bagasse generated or procured by the Karkhana and additional bagasse procured by us as the main fuel to the extent available and bio-gas made available by Karkhana. The co-generation facility shall supply

the process steam and power to the Karkhana and shall sell surplus power to any third party after meeting requirements of the Karkhana.

A detailed project report of the project has been carried out and the indicative cost for executing the project has been estimated at Rs. 16,500 lakhs.

9. Sikkim Hydro Power Ventures Limited (SHPVL)

SHPVL is a wholly owned subsidiary of the Company which is developing the 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. Concession period for the project is thirty-five (35) years from the Commercial Operations Date (COD).

As per the conditions of the agreement executed between SHPVL and Government of Sikkim (GOS), SHPVL needs to provide free power to the GOS equivalent to 12% of the net energy generated for the first fifteen (15) years from COD and at 15% of the net energy generated thereafter. Apart from providing such free power, the agreement provides complete freedom to SHPVL for the sale of power within and outside the State of Sikkim with the permission of the Government of Sikkim and also permits captive consumption.

The detailed project report has been approved by Sikkim Power Development Corporation. The project has also received environmental

clearance from the Ministry of Environment and Forests in June 2009.

10. 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 of Rs. 250,000 Lakhs. The concession period of the project is 40 years post completion.

We are required to pay an upfront fee of Rs. 10,570.5 Lakhs to the Government of Himachal Pradesh, out of which, we have made a payment of Rs. 5,285.3 Lakhs. The balance is payable in two equal instalments upon signing of the implementation agreement and the financial closure of the project. Presently, we are in the process of preparing the detailed project report which will be submitted to the Government of Himachal Pradesh.

PROJECTS IN PRE-DEVELOPMENT PHASE

1. SEZ Adityapur Limited (SEZAL)

SEZAL is implementing the project of development of an SEZ for automobile and auto components at Adityapur, in the state of Jharkhand in eastern India. The state government is expected to lease out the land to the SPV measuring approximately ninety (90) acres for a period of ninety (90) years. Adityapur Industrial Area Development Authority ("AIADA") is the nodal agency for the project. Your Company owns 38% equity stake in SEZAL.

AIADA has issued a letter of allotment

to the consortium for the development of the SEZ. The authorisation agreement is yet to be executed with AIADA.

2. Haryana Biomass Power Limited (HBPL)

Haryana Renewable Energy Development Agency (HAREDA) has issued a letter of intent for establishing eight biomass based power projects (out of which we intend to develop six) in Haryana in a consortium with a private developer. The capacity of the projects is likely to be in the range of 10 to 12 MW each. These projects will primarily use rice straw as the feedstock for generation of power. Your Company owns 50% equity stake in HBPL.

The detailed project report has been prepared and submitted to HAREDA for their approval.

3. Tidong Hydro Power Limited (THPL)

THPL was incorporated by the Company for developing a 60 MW hydro electric project in Himachal Pradesh for which it had received a letter of intent (LOI) from the Government of Himachal Pradesh (GOH).

However, the GOH has, pending the execution of the Memorandum of Understanding canceled the LOI and awarded the project to Himachal Pradesh Power Development Corporation (HPPDC). A writ petition has been filed by THPL against the GOH and others against the cancellation of the LOI and allotment of the project to HPPDC. The Company

owns 50% equity stake in THPL.

4. TADA SEZ Project

RAS Cities and Townships Private Limited ("RAS"), an indirect subsidiary of our Company, has acquired approximately 1,150 acres of land at TADA in the Chittoor District of Andhra Pradesh. RAS intend to develop a multi product SEZ at the site.

LOGISTICS BUSINESS

Gammon Logistics Limited (GLL), a subsidiary of our Company commenced its operations in August 2008. It aims to provide end-to-end supply chain solutions for the transportation of cargo through its warehousing and distribution facilities. Currently, the services offered by GLL are limited to air cargo and road transportation through its 13 offices in major cities in India. It is in the process of expanding its activities into warehousing, order-processing and inventory management, international freight forwarding, container freight service, transportation management and cold chains.

Financial performance highlights of GLL during the last two fiscals is as under:

(Rs. in Lakhs)		
	Year ended	
	31-Mar-09	31-Mar-08
Income	751.01	-
Profit after tax	(169.64)	(6.45)
Equity Share Capital	255.00	10.00

Swot Analysis

STRENGTHS

- Amongst the first pure infrastructure project development company in the country, undertaking projects on a public-private partnership basis
- Proven expertise in project bidding, winning, development and management
- Qualified and strong management team
- Renowned asset identification and valuation skills
- Reputed ancillary partners
- Among the first movers in the industry
- Geographically and sectorally diversified project book
- Projects having a blend of fixed returns as well as market-based returns
- Proven presence in Port, roads and power sectors
- Strong parentage

WEAKNESS

- Business model dependant on Government regulations and policies
- Long gestation period of projects

OPPORTUNITIES

- The investments in infrastructure as per the 11th FYP is expected to be Rs.20500 bn
- Roads, Ports, Clean Energy are definitely sectors where the Company will continue to grow vertically having proven experience of project development in these sectors.
- The Company expects to branch out to the development of projects in sectors like water and waste management, urban infrastructure, airports and social infrastructure
- Company's rich experience in India enables it for developing International projects

THREATS

- Delay in completion of projects may lead to escalated cost
- Higher dependence on external factors for recovery of investments

Risk Management



BUSINESS RISK

Infrastructure development is a complex business requiring a diverse skill set combining financial acumen with core engineering, construction management and operational knowledge. PPP projects are capital intensive projects of long tenures having a gestation period in the range of 3-6 years. Any delay in completing projects means that the total cost could exceed the original estimates. Further, the SPVs' lenders may impose additional restrictive covenants or other less favourable terms where existing financing arrangements have to be rescheduled or restructured. We may experience a reduced profit or a loss on such contracts due to these reasons. After commissioning these projects also require continual operation and maintenance.

Mitigation factors

- a. In the eight years since commencing operations, the Company has 18 infrastructure assets that are operating, under development or in the pre-development phase. As an early entrant in the infrastructure development business, the Company has familiarised itself with the risks associated with the development, operations and maintenance of road, bridge and port projects in India and this experience will help the Company to ensure the continued growth of our business operations through participation in PPP infrastructure projects.
- b. The Company has a track record in the

successful development and execution of infrastructure projects and therefore has access to financing sources, potential partners. The industry expertise enables us to evaluate new projects effectively and properly assess project risks. The management team is well qualified and experienced in the industry and is responsible for the growth in our business operations.

FUNDING RISK

The Company is into a highly capital intensive industry segment. Non-availability of funds or increased cost of funding will result in pressurised margins

Mitigation factors

The Company has ensured strong valuation parameters to assess, participate and invest in quality assets. As a result, the Company has managed to attain financial closures even in the difficult times, reflecting upon its ability to identify and create fundamentally strong assets.

REGULATORY RISK

The Company's business is highly dependent on government regulations and policies. Any adverse change or regulation can adversely impact the Company's plans.

Mitigation Factors

While this risk applies to all the industry players, the mitigation lies in the economic progress of India. Infrastructure development is the only catalyst that would drive the Indian growth story in the coming years. The ongoing thrust on

investment in infrastructure would attract greater confidence from global players and as a result, the regulations are bound to be more liberal and in the interest of the Indian economy.

COMPETITION RISK

The Company's core geographical focus i.e. India is being seen more and more as an attractive destination for global infrastructure players. With increased competition, financial bids for the projects will be aggressive and therefore may impact overall returns.

Mitigation Factors

As with regulatory risk, this risk is also applicable to all industry players. The Company shall endeavor to utilize its prior experience in bidding for projects and also utilize its network and market intelligence to hunt for lucrative opportunities via secondary acquisition.

HUMAN RESOURCE RISK

Quality of manpower decides the quality of the services. Higher attrition would dent the Company's prospects.

Mitigation factors

The Company's HR department ensures identification, development and retention of talented professionals in the Company. The Company has also introduced an ESOP scheme to retain and nurture its employees to ensure lower attrition and overall development of the employees.

OUTLOOK

The target GDP growth for the next few



The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the management

years has been set in double digits. But for this target to be achieved and the nation as a whole to sustain, the spending on infrastructure as % of GDP needs to move up. We believe that a significant proportion of this growth will have to come from increased PPP involvement in infrastructure. All this translates into a very positive and buoyant outlook for the Company.

In the near term, the Company views roads, ports, power, urban infrastructure (including water and waste water management & MRTS) and airports, as the key sectors for participation; while it views railways and special economic zones, as sectors for increased participation over a longer term.

INTERNAL CONTROL SYSTEM

The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the

management. The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has engaged an external auditing firm to conduct periodical audit of various areas of the operations of the Company from time to time. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.

HUMAN RESOURCES

The Company employed 33 employees excluding those employed at the SPV level and over 200 employees at SPV level. The growth and sustained leadership of the company is largely a function of the competence and quality of its human resource. The Company has always aimed to create a workplace where every person can achieve his optimum potential. The Company has a performance-rewarding culture throughout, enabling it to create leaders out of its own employees. The Company has put in place various schemes

to ensure that talent is recognized and rewarded.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections estimates and expectations may be 'forward looking statements' within the meaning applicable securities laws and regulations. As 'forward looking statements' are based on certain assumptions and expectations of future events over which the Company exercises no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company. Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to the Company's operations including domestic and international economic conditions affecting demand, supply and price conditions, changes in government regulations, tax regimes and other statutes etc.



Directors' report

To

The Shareholders of

Gammon Infrastructure Projects Limited

Your Directors have pleasure in submitting their Eighth Annual Report together with the Audited Accounts of the Company, for the period 1st April, 2008 to 31st March, 2009 (the "Period").

FINANCIAL HIGHLIGHTS

Your Company is in the business of infrastructure development mainly through public private partnership projects (PPP Projects). The guidelines for PPP Projects require your Company to undertake such projects through project specific 'special purpose vehicles' (SPV). Consequently, the Company holds substantial equity stakes in several such special purpose vehicles and to get a full insight into the workings of the Company you are advised to refer to the consolidated accounts of the Company rather than the 'stand alone accounts'; both of which are contained in this Annual Report.

As per Consolidated Accounts:

(Rs. in lakhs)

Particulars	March 31, 2009	March 31, 2008
Income	21,338.54	17,099.61
Profit before Depreciation / amortisation and Taxation (before share of loss of associates)	8,496.96	7,514.73
Tax Expense	548.67	1,258.61
Net Profit	3,265.57	1,864.80

As per Standalone Accounts:

(Rs. in lakhs)

Particulars	March 31, 2009	March 31, 2008
Income	4,796.37	2,751.69
Profit before Depreciation / amortisation and Taxation	2,189.60	1,374.39
Tax Expense	632.53	484.11
Net Profit	1,361.98	697.51

DIVIDEND

With a view conserve its resources for further investments in the projects under implementation, the Directors have decided not to recommend any Dividend for the Period.

OPERATIONS AND PERFORMANCE

As stated earlier your Company is mainly into PPP Projects. The Company has a basket of 18 projects in the roads, bridges, ports, hydroelectric power and biomass power sectors, of which, four are in the operations phase, ten are in the development phase and four are in the pre-development phase.

THE PROJECTS IN OPERATION ARE:

- i) **Rajahmundry-Dharmavaram annuity road** project, a 53 kilometre stretch of road in Andhra Pradesh on National Highway 5, connecting Chennai and Kolkata, developed and maintained by an SPV, Rajahmundry Expressway Limited (REL). As of 31st March, 2009 REL has received eight six monthly annuity payments from National Highways Authority of India (NHAI).
- ii) **Dharmavaram-Tuni annuity road** project, a 47 kilometre stretch of road in Andhra Pradesh on National Highway 5, connecting Chennai and Kolkata, developed and maintained by an SPV, Andhra Expressway Limited (AEL). As of 31st March, 2009 AEL has received eight six monthly annuity payments from NHAI.



iii) New Mattancherry toll bridge

project, a 700 metre bridge across the Mattancherry channel in Cochin, Kerala, developed and maintained by an SPV, Cochin Bridge Infrastructure Company Limited (CBICL). The concession period under the original agreement with Greater Cochin Development Authority was for a period of 13 years and nine months ending April 27, 2014, which provided for a revision of toll linked to wholesale price index. However, the Kerala Government, in January, 2005, by a Government order, froze the toll at October 2002 levels and to compensate CBICL for the resultant loss of revenue extended the concession period by 6 years and annuity payments of Rs. 154 lakhs starting from January 2004 until the end of the extended concession period in April 2020. While CBICL has complied with the Government order and continues to collect the tolls at the October 2002 levels, which comes to over Rs.1 lakh per day, the State Government has neither come forward to sign the revised concession agreement nor made any annuity payment so far. CBICL has initiated legal process for implementing the Government order.

iv) Visakhapatnam port project, two multipurpose berths at Visakhapatnam port, developed and maintained by an SPV, Vizag Seaport Private Limited (VSPL). Your Company's stake in VSPL has gone up from 42.22% to 47.52% during the year consequent to the purchase of VSPL shares held by

CBICL upon conversion of mandatorily convertible inter-corporate loan advanced by CBICL to VSPL. Further, the Company has exercised an option to purchase the 26.24% equity stake held by a foreign partner in VSPL and upon completion of the process the Company's equity stake in VSPL will go up to 73.76%.

The Projects in development phase are:

- i) Vadape-Gonde toll road** project, a 99.50 kilometre stretch of road on National Highway 3 connecting Mumbai and Nasik to be developed and maintained by Mumbai Nasik Expressway Limited.
- ii) Kosi Bridge annuity** project, a four-lane bridge across the Kosi river, including its approaches and bunds, in the Supaul district of Bihar, to be developed and maintained by Kosi Bridge Infrastructure Company Limited.
- iii) Gorakhpur Bypass annuity** project, a 32 kilometre green-field bypass to Gorakhpur town on National Highway 28 in Uttar Pradesh to be developed by Gorakhpur Infrastructure Company Limited.
- iv) Godavari Bridge** project, a four-lane bridge across the Godavari river connecting Rajahmundry and Kovvur in Andhra Pradesh to be developed and maintained by Rajahmundry Godavari Bridge Limited.
- v) Mumbai Offshore Container Terminal**, a project for construction, operation and maintenance of two

offshore container berths in the Mumbai Harbour for a concession period of 30 years and operation and management of the existing Ballard Pier Station Container Terminal for a concession period of five years by Indira Container Terminal Private Limited.

vi) Paradip Iron Ore Berth project, a deep drought iron ore berth at Paradip Port, to be developed and maintained by Blue Water Iron Ore Terminal Private Limited, with a capacity to handle minimum 10 million tonnes of iron ore per annum.

vii) Rangit II hydroelectric project, a 66 MW hydroelectric project on the Rimbi river in west Sikkim to be developed and maintained by Sikkim Hydro Power Ventures Limited.

viii) Two biomass-based power plants of approximately 12 MW each at Bahgaura village and at Sawai Singh Wala village, in the district of Patiala, Punjab to be developed and maintained by Punjab Biomass Power Limited. In addition, the Company has rights to develop seven more such projects in Punjab, each in the range of 10-15 MW.

ix) Pravara Co-generation power project, a 30 MW bagasse-based power project at Pravara Nagar in Ahmednagar district of Maharashtra to be developed and maintained by Pravara Renewable Energy Limited.

x) Youngthangkhab hydroelectric project, a 261 MW hydroelectric power project on the Spiti river in the state

of Himachal Pradesh to be developed and maintained by Youngthang Power Ventures Limited.

The Projects in pre-development phase are:

- (i) Development of an auto-component SEZ over 90 acres at Adityapur, Jharkhand.
- (ii) Six biomass based power projects in Haryana, each in the range of 10-12 MW.
- (iii) Tidong – II (60 – 80 MW) hydroelectric power project in Himachal Pradesh.
- (iv) Development of a multi-purpose SEZ at Tada in Andhra Pradesh.

Please also refer to the 'Management Discussion and Analysis Report' annexed to this Report for a more detailed analysis of each of the projects.

Operation & Maintenance (O&M) Contracts

Your Company is undertaking the O&M Contracts for the Rajahmundry-Dharmavaram annuity road project and the Dharmavaram-Tuni annuity road project. Your Company also has the letter of intent from respective SPVs for undertaking O&M for the Vadape-Gonde toll road project, the Kosi Bridge annuity project and the Gorakhpur Bypass annuity project which will become operational on the commencement of operation of these projects.

Logistics Business

The Company has recently ventured into logistics business through the wholly owned subsidiary, Gammon Logistics

Limited (GLL). The Directors feel that there are significant synergies to be drawn between the existing business of the Company and logistics business such as transportation, warehousing, cold storage, supply chain management etc. During the year, GLL has ventured into domestic air cargo business and has established its presence in thirteen major centers of the country including the four metros.

attractive for the private sector. The Government's intent and resolve to develop the infra sector is very much evident in the various policy initiatives so far taken by the Government. There is no doubt that Indian Infrastructure is poised for exponential growth in the years to come and your Company sees tremendous potential for itself in the process.

However, there are still certain regulatory and tax issues which remain to be

YOUR COMPANY IS UNDERTAKING THE O&M CONTRACTS FOR THE RAJAHMUNDRY-DHARMAVARAM ANNUITY ROAD PROJECT AND THE DHARMAVARAM-TUNI ANNUITY ROAD PROJECT



FUTURE PROSPECTS

Infrastructure development is the need of our times and if anything is keeping India from achieving its rightful place in the comity of nations, it is the lack of all round infrastructure development across the nation.

The Government has taken various steps to make investments in PPP Projects

addressed by the Government and its regulatory bodies, recognizing the nature of the industry and the national /global conditions in the financial markets. For instance, your company is an 'infrastructure developer' and is not an 'investment company' and should be recognized as such by the Government and regulatory bodies. The SPVs, in which



your Company ends up holding equity, are promoted by the Company as a result of Government's own policy framework for PPP Projects. Regulatory authorities should find a way to distinguish us from what is generally referred to as 'non banking financial companies' into which 'investment companies' would fall.

Similarly, the tax incidence on dividend distribution needs to be modified to avoid incidence of double taxation. The 'infrastructure developer' business is

to pay dividend distribution tax while distributing dividends to its shareholders, resulting in double taxation. Again, the business model of the SPVs implementing infrastructure projects is not conducive for capital market listing. Capital gains arising from unlisted shares do not enjoy the exemption from tax available to listed shares. Since the SPVs are a creation of Government's own policy framework for PPP Projects, it is hoped that the Government would remove these

Your Company is currently involved at various stages of financial proposal submission, technical proposal submission and pre-qualification submission in a number of PPP projects and together, the size of these opportunities across the sectors, would be in excess of Rs.440 billion.

EQUITY CAPITAL

The Company's existing projects involve a total capital outlay of over Rs.10,000 crores of which about Rs.1,900 crores has already been infused by way of equity and debt. To implement the remaining projects (excluding the Youngthangkhab hydroelectric project) the Company would have to raise over Rs.500 crores of its own resources towards equity contribution in the SPVs. Considering this and the other business opportunities for which the Company has bid for, the Company will constantly look for capital raising avenues. The Company recently obtained the shareholders' approval for a 'qualified institutions placement' issue and intends to enter the market at the appropriate time by the QIP route or any other suitable instrument.

YOUR COMPANY IS CURRENTLY INVOLVED AT VARIOUS STAGES OF FINANCIAL PROPOSAL SUBMISSION, TECHNICAL PROPOSAL SUBMISSION AND PRE-QUALIFICATION SUBMISSION IN A NUMBER OF PPP PROJECTS



in its nascent stage and has mostly been offshoots of existing contracting companies resulting in a multi-tier corporate structure with a holding company at the top and various SPVs at the bottom. The SPVs would have to pay dividend distribution tax on distribution of dividends to its holding company, which in turn would be required

infirmities in its taxation policy for the infrastructure industry.

Your Directors hope and trust that the Government and its regulatory bodies will address these and other issues raised in the 'Management Discussion and Analysis Report' annexed to this Report so that the industry can be freed of its shackles in the path to rapid growth.

EMPLOYEE STOCK OPTION SCHEME

The Company has granted 19,10,000 'employee stock options' convertible into an equal number of equity shares of the Company of the face value of Rs.10/- each to eligible employees during the year; details of which are annexed to this report. The details of the 16,40,000 'employee stock options' convertible into an equal number of equity shares of the face value of Rs.10/- each allotted by the Company

prior to the 'initial public offer' are also annexed to this report.

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

A) Conservation of Energy

The disclosure required under the said heading is not applicable to your Company.

B) Technology Absorption

The disclosure required under the said heading is not applicable to your Company.

C) Foreign Exchange Earnings & Outgo

The Company did not earn any foreign exchange during the Period. The Company expended foreign exchange equivalent to Rs. 15.66 lacs during the Period.

SUBSIDIARIES

Andhra Expressway Limited, Cochin Bridge Infrastructure Company Limited, Mumbai Nasik Expressway Limited, Rajahmundry Expressway Limited, Sikkim Hydro Power Ventures Limited, Gammon Projects Developers Limited, Marine Project Services Limited, Kosi Bridge Infrastructure Company Limited, Gorakhpur Infrastructure Company Limited, Tidong Hydro Power Limited, Gammon Logistics Limited remain subsidiaries of the Company.

Pravara Renewable Energy Limited, Jaguar Projects Developers Limited, Gammon Hospitality Limited, Blue Water Iron Ore Terminal Private Limited (erstwhile Bedi Seaport Limited), Rajahmundry Godavari

Bridge Limited, Ras Cities and Townships Pvt. Limited, Gammon Metro Transport Limited (erstwhile Gammon L&T Infra MRTS Limited) and Youngthang Power Ventures Limited became subsidiaries of the Company during the year.

Pursuant to the approval of the Central Government, the Company has not attached, except of Tidong Hydro Power Limited which is attached, the audited accounts of the subsidiaries to the Audited Accounts of the Company for the Period. However, the effect of the same has been brought out in the consolidated Audited Accounts of the Company. The annual accounts of the subsidiaries and the related information will be made available to the Company's and subsidiaries' investors at any point of time. These have also been kept for inspection of the investors at the Registered Office of the Company and of the concerned subsidiaries.

PARTICULARS OF EMPLOYEES

Particulars of employees required under Section 217(2A) of the Companies Act, 1956 forms a part of this Report. However, as per Section 219(1)(b)(iv) of the Companies Act, 1956 read with Circular No. SEBI/CFD/DIL/LA/2/2007/26/4 dated 26th April, 2007 issued by the Securities and Exchange Board of India, the report and accounts are being sent to the shareholders of the Company without the particulars of employees under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:

- a. The applicable accounting Standards along with proper explanation relating to material departures have been followed by the Company in preparation of the Annual Accounts for the Period;
- b. that 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 at the end of the Period and of the profits of the Company for the Period;
- c. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. that the annual accounts are prepared on a going concern basis.

BOARD OF DIRECTORS

As per Article 169 of the Articles of Association of your Company, Mr. C.C.Dayal and Mr. Naresh Chandra are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Your Directors recommend their re-appointment.



During the year, Mr. Abhijit Rajan, the Chairman & Managing Director of the Company has been reappointed for a further term of three years from 23rd January, 2009.

BOARD COMMITTEES

The Board has set up the following committees to assist the Board in its work:

- i) Audit Committee to, inter-alia, oversee and review the financial reporting system and disclosures made in its financial results;
- ii) Shareholders/Investors Grievance Committee to, inter-alia, redress investor complaints;
- iii) Remuneration Committee to approve appointments and remuneration of executive directors;
- iv) Compensation Committee to administer the 'Employee Stock Option Scheme';
- v) IPO Committee to oversee issues relating to and arising from the Public Issue; and
- vi) Project Committee to, inter-alia, advise the Company on the business opportunities that arise from time to time.

The constitution of the various committees, its powers and duties have been elaborated in greater detail in the 'Corporate Governance Report', which is annexed to the Audited Accounts of the Company.

REPORT ON CORPORATE GOVERNANCE

Attention of the Shareholders is invited to a separate section titled 'Report

on Corporate Governance' which is annexed to the Annual Accounts. A certificate of compliance issued by Mr. N. Veeraraghavan, a 'practicing company secretary' on compliance with corporate governance requirements of the Listing Agreement is annexed to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Attention of the Shareholders is also invited to a separate section titled 'Management Discussion and Analysis Report' which is annexed to the Annual Accounts.

PUBLIC DEPOSITS

Your Company has not accepted deposits under Section 58A of the Companies Act, 1956.

AUDITORS

The Company's joint auditor, M/s. Natvarlal Vepari & Co. retire at the ensuing Annual General Meeting and being willing and eligible to be re-appointed as Auditors of the Company, have submitted their certificates to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

The other joint auditor M/s. S. R. Batliboi & Associates have expressed their inability to be re-appointed as the Company's auditors. The Company proposes to appoint M/s. S. R. Batliboi & Co. in their place. The Company has received the required consent and certificate of eligibility from M/s. S. R. Batliboi & Co.

AUDITORS' REPORT

Observations made by the Auditors in their Audit Report have been duly clarified and explained in the relevant Notes forming part of the Annual Accounts, which are self explanatory and do not need any further clarifications.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation of the devoted and efficient services rendered by the personnel of the Company. Your Directors also wish to acknowledge the co-operation and assistance received from its business partners, bankers, financial institutions and various Government, Semi Government and Local Authorities.

For and on behalf of the Board of,
Gammon Infrastructure Projects Limited

Abhijit Rajan
Chairman & Managing Director

Parvez Umrigar
Managing Director

Place: Mumbai
Date : 31.07.09

ANNEXURE**Employees Stock Options (Options)****A) DETAILS OF OPTIONS GRANTED PRIOR TO INITIAL PUBLIC OFFER (IPO) ON 1ST JULY, 2007 (16,15,000) AND 1ST OCTOBER, 2007 (25,000) ARE SET OUT HEREUNDER:**

Financial Year	2008-09	2007-08
Options granted / subsisting	15,65,000	16,40,000
Pricing Formula/ Exercise Price (Rs.)	-	80/-
Options vested	3,48,500	Nil
Options exercised	Nil	Nil
Total number of Equity Shares arising as a result of exercise of Options	Not Applicable	Not Applicable
Options lapsed	1,00,000	75,000
Variation of terms of Options	None	None
Money realised by exercise of Options	Not Applicable	Not Applicable
Total number of options in force	14,65,000	15,65,000
Weighted average exercise price (Rs.)	80/-	80/-
Diluted earnings per share pursuant to issue of Equity Shares on exercise of option calculated in accordance with Accounting Standard (AS – 20)	0.75	0.41

Weighted Average Fair Value Of Pre-Ipo Options

On 3,52,250 Options with Exercise Period of 01.07.08 to 30.06.10	Rs.41.54
On 4,21,750 Options with Exercise Period of 01.07.09 to 30.06.11	Rs.48.68
On 5,000 Options with Exercise Period of 01.07.09 to 30.06.11	Rs.67.12
On 4,10,250 Options with Exercise Period of 01.07.10 to 30.06.12	Rs.54.59
On 10,000 Options with Exercise Period of 01.07.10 to 30.06.12	Rs.73.58
On 4,30,750 Options with Exercise Period of 01.07.11 to 30.06.13	Rs.59.62
On 10,000 Options with Exercise Period of 01.07.11 to 30.06.13	Rs.79.24
Description of the method and significant assumptions used during the year to estimate the fair values of Options, including the following weighted average information:	Black-Scholes Option Pricing Model
1) a) risk-free interest rate on 15,40,000 Options granted on 01.07.07;	7.49%
b) risk-free interest rate on 25,000 Options granted on 01.10.07	7.77% (for 3 years maturity) 7.71% (for 4 years maturity) 7.81% (for 5 years maturity)
2) a) expected life of 15,40,000 Options granted on 01.07.07;	2 to 5 years
b) expected life of 25,000 Options granted on 01.10.07	2.75 to 4.75 years
3) expected volatility;	51%
4) expected dividends; and	-
5) the price of the underlying share in market at the time of Option grant.	-

Employee-Wise Details Of Pre-Ipo Options Granted To Directors And Senior Managerial Personnel.

Name	Position	Stock options granted	Percentage of the grant on the issued capital at the time of grant	Percentage of total options granted
Mr. Parvez Umrigar	Managing Director	6,00,000	0.47	36.59
Mr. Parag Parikh	Chief Financial Officer	2,40,000	0.19	14.63
Mr. Kshitiz Bhasker	Head- Business Development	1,50,000	0.12	9.15
Mr. Deepak Chauhan	Head - Legal (Infrastructure Projects)	1,20,000	0.09	7.32
Mr. G.Sathis Chandran	Company Secretary	70,000	0.05	4.27

No employee was granted Options exceeding 1% of issued capital of the Company (at the time of grant). No employee other than those named hereinabove was granted Options exceeding 5% or more of the Options granted.



(B) Details of Options granted post-IPO is set out hereunder:

1	Options granted	14,10,000	5,00,000
2	Date of Grant	October 1, 2008	December 5, 2008
3	Pricing Formula/ Exercise Price (Rs.)	63.95	10.00
4	Options vested	Nil	Nil
5	Options exercised	Nil	Nil
6	Total number of Equity Shares arising as a result of exercise of Options	Not Applicable	Not Applicable
7	Options lapsed /cancelled	6,50,000	Nil
8	Variation of terms of Options	None	None
9	Money realised by exercise of Options	Not Applicable	Not Applicable
10	Total number of Options in force	7,60,000	5,00,000
11	Weighted average exercise price (Rs.)	63.95	10.00
12	Weighted average fair value of Options granted during the year (Rs.)	40.46	40.46
13	Option pricing model used and underlying assumptions	Black Scholes Option Pricing Model	Black Scholes Option Pricing Model
	Equity Share Price (Rs.)	74.30	47.90
	Exercise Price (Rs.)	63.95	10.00
	Expected Volatility	0.5169	0.6533
	Weighted average of unexpired life of Options (in years)	2.51	1.68
	Expected dividend	Nil	Nil
	Risk Free Interest Rate	8.61%	6.81%
14	Diluted earnings per share pursuant to issue of Equity Shares on exercise of Option calculated in accordance with Accounting Standard (AS - 20)	0.75	0.75
15	Employee-wise details of Options granted post-IPO to Directors and senior managerial personnel.	Mr. Parag Parikh – 1,20,000 (6.28% of Options issued during the year) Mr. Kshitiz Bhasker – 1,20,000 (6.28% of Options issued during the year) Mr. Deepak Chauhan – 1,00,000 (5.24% of Options issued during the year) Mr. G.Sathis Chandran – 1,00,000 (5.24% of Options issued during the year)	Mr. Parvez Umrigar – 5,00,000 (26.18% of Options issued during the year)

No employee has been granted Options during the year exceeding 1% of issued capital of the Company (at the time of grant). No employee other than those named hereinabove has been granted Options exceeding 5% or more of the Options granted during the year.

(c) Details of impact on earnings per share if the Company had followed fair value method of valuation for Options granted.

	2008-09	2007-08
Difference between the employee compensation cost calculated by the Company at intrinsic value and fair value of Options and its impact on profits and earnings per share	Rs.2,60,62,370/- Net profit would come down from Rs.1,362 lakhs to Rs. 1,101 lakhs. EPS would come down from 0.95 to 0.75.	Rs.1,70,51,198/- Net profit would come down from Rs.698 lakhs to Rs.527 lakhs. EPS would come down from 0.54 to 0.41.

CERTIFICATE FROM THE PRACTISING COMPANY SECRETARY REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members of Gammon Infrastructure Projects Limited.

I have examined the compliance of conditions of Corporate Governance by Gammon Infrastructure Projects Limited for the year ended March, 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the officers and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the shareholders / investors grievance committee.

I 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.

Veeraraghavan. N

Practising Company Secretary

C.P.No. 4334

Place Mumbai

Date : 31st July, 2009

Report on Corporate governance



COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Introduction

The Board recognizes that transparency in disclosures, effective implementation of internal controls and accountability at all levels, would lead to a good system of corporate governance creating, sustainable long-term value for the shareholders and other stakeholders of the Company. The Corporate Governance mechanism is being implemented in its true letter and spirit so as to ensure that all the shareholders of the Company maximize their value legally, ethically and benefit in the long run by way of sustained growth and value addition.

Board of Directors

Composition of the Board of Directors and attendance at the Board Meetings

The Board of Directors consists of seven Directors of which five are Non-Executive and two are Executive Directors. The Chairman is an Executive Director, apart from him there is one Executive Director who is also the Managing Director. Out of the five Non-Executive Directors four are Independent Directors. The Board structure is in compliance with Clause 49 of the Listing Agreement.

During the financial year ended 31st March, 2009 the Board met five times on 23rd April, 2008, 21st May, 2008, 31st July, 2008, 24th October, 2008 and 27th January, 2009.

The composition of the Board of Directors as at 31st March, 2009 and details of Directors' attendance at Board meetings and Annual General Meeting, the other directorships and Committee Chairmanships/ Memberships held by the Directors are as follows:

Name of Director	Out of five Board Meetings held during the year the Director attended	Attend-ance at Last AGM	No. of Di-rectorships in other public com-panies\$	No. of Committee Positions held in public companies including the Company*.	
				Chairman	Member
Mr. Abhijit Rajan Chairman & Managing Director	4	Yes	3	-	-
Mr. Parvez Umrigar Managing Director	5	Yes	11	4	5
Mr. Himanshu Parikh Non - Executive Director	5	Yes	4	1	3
Mr. C. C. Dayal Independent Director	5	Yes	10	2	9
Mr. Sanjay Sachdev Independent Director	4	Yes	Nil	-	1
Mr. Naresh Chandra Independent Director	4	No	11	1	10
**Mr. S. C. Tripathi Independent Director	4	No	10	-	3

\$ excludes private, foreign, unlimited liability companies and companies registered under section 25 of the Companies Act, 1956

* indicates membership of Audit & Shareholders'/Investors' Grievances Committees across all public limited companies.

** appointed as an additional director on 21st May, 2008

Remuneration of Directors

Executive Directors

Mr. Abhijit Rajan, Chairman & Managing Director, was re-appointed as the Chairman & Managing Director of the Company for a period of three years with effect from 23rd January, 2009. He does not draw any remuneration from the Company.

Mr. Parvez Umrigar was re-appointed as the Managing Director of the Company for a period of three years with effect from 21st July, 2008.

The particulars of Mr. Umrigar's remuneration for the period under review are as follows:

(in Rupees)

Salary	1,02,51,033/-
Benefits	4,92,166/-
Bonus	45,66,667/-
Total	1,53,09,866/-

The Company has granted Mr. Umrigar 6,00,000 ESOPs of the Company, which would vest on him a right to apply (exercisable over a period of twenty four months after vesting) for 6,00,000 equity shares of the Company at a price of Rs.80/- per share in four installments over a period of four years from 1st July, 2008.

The Company has further granted 500,000 options, which entitles him to apply for 5,00,000 equity shares of the Company at a price of Rs.10/- per share over a period of twenty four months on or after 5th December, 2009.

Notice period for termination of appointment of the Managing Directors is three months on either side.

Mr. Umrigar was also the Managing Director of the Company's subsidiary, Rajahmundry Expressway Ltd. till

28th May, 2009. He did not draw any remuneration from Rajahmundry Expressway Ltd. during the period under report.

Non Executive Directors

The Non-Executive Directors are paid sitting fees for attending the Board Meetings /Committee Meetings. The details of sitting fees paid during the period under report are as under:

Name	Sitting Fees (Rs.)
Mr. Himanshu Parikh	Rs. 1,00,000/-
Mr. Naresh Chandra	Rs. 100,000/-
Mr. Sanjay Sachdev	Rs. 100,000/-
Mr. C. C. Dayal	Rs. 1,20,000/-
*Mr. S. C. Tripathi	Rs. 80,000/-

*appointed as an additional director w.e.f 21st May, 2008

The Shareholdings of the Non-Executive Directors as on 31st March, 2009 are as under:

Name	No. of Equity Shares held
Mr. Himanshu Parikh	7,41,106
Mr. C.C. Dayal	5000

There were no other pecuniary relationships or transactions of the Non-executive Directors vis-à-vis the Company.

Code of Conduct

The Company has put in place a Code of Conduct for the Directors and the senior management. The Code of Conduct is posted on the website of the Company (www.gammoninfra.com).

All Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct and a declaration to this effect signed by the Managing director has been obtained.

Insider Trading Code

As per SEBI (Prevention of Insider Trading) Regulations, 1992, the Company has adopted a Code of Conduct for prevention of Insider Trading. This code is applicable to all the Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

MD / CFO Certificate

The Managing Director and the Chief Financial Officer have certified to the Board about the correctness of the annual financial statements and cash flow statements as required by Clause 49 of the Listing Agreement.

AUDIT COMMITTEE

The members of the Audit Committee as at 31st March, 2009 were:

Mr. C.C. Dayal (Chairman),
Mr. Parvez Umrigar
Mr. Sanjay Sachdev and
Mr. Naresh Chandra

During the period under review, the Audit Committee met four times on 21st May, 2008; 31st July, 2008; 24th October, 2008 and 27th January 2009. Attendance of the Audit Committee members at such meetings is as follows:

Name	No. of Meetings attended during the year
Mr. C. C. Dayal	4
Mr. Parvez Umrigar	4
Mr. Sanjay Sachdev	3
Mr. Naresh Chandra	3

The terms of reference stipulated by the Board to the Audit Committee, as per Section 292A of the Companies Act, 1956 include:



1. Discussions with the Auditors periodically about internal control systems and the scope of audit including observations of the Auditors;
2. Review of the quarterly, half yearly and annual financial statements and analyzing the performance of the Company, along with the management, before the same are forwarded to the Board with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements having financial statement implications;
3. Recommending the appointment and removal of statutory and internal auditors, fixing the audit fees and approving payment of other services;
4. Discussions with the internal auditors regarding any significant findings and follow up thereon;
5. Monitoring the adequacy of the internal control environment including computerized information control system and security and management information systems;
6. To provide directions and oversee the operation of the total audit function in the Company (internal as well as external).

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The members of the Shareholders'/ Investors' Grievance Committee as at 31st March, 2009 were :

- Mr. Himanshu Parikh (Chairman); and
- Mr. C. C. Dayal

The Shareholders'/Investors' Grievance Committee has been set up for the

following purposes:

- redressing complaints from shareholders such as non-receipt of dividend, annual report, transfer of shares and issue of duplicate share certificates;
- monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares issued by the Company.
- issues relating to the relationship of the Company with its Share Transfer Agents, including appointment of, termination of and agreement with Share Transfer Agents.

During the period under review, the Committee met four times during the year on 2nd April, 2008, 9th May, 2008, 2nd June, 2008 and 1st July, 2008 at which both the member Directors were present

During the year company has received 244 complaints which were resolved on time and no complaint except a complaint wherein the complainant has approached the consumer court has remained pending at the year end. The status of complaints is periodically reported to the Committee and Board of Directors in their meetings.

Mr. G. Sathis Chandran, Company Secretary, is the Compliance Officer of the Company.

IPO COMMITTEE

The IPO Committee was constituted by the Board to oversee the 'Initial Public Offer' of equity shares of the Company.

The members of the IPO Committee at 31st March, 2009 were:

- Mr. Parvez Umrigar (Chairman); and
- Mr. Himanshu Parikh

During the period under review, the

Committee met three times on 5th May, 2008, 24th June, 2008 and 17th November, 2008 during which both the member Directors were present.

REMUNERATION COMMITTEE

The Remuneration Committee as at 31st March, 2009 comprised three non-executive Directors viz. Mr. C.C. Dayal (Chairman), Mr. Himanshu Parikh and Mr. Sanjay Sachdev. The Committee has been constituted to oversee the appointment and terms of remuneration of Executive Directors.

During the period under review, the Committee met thrice on 8th August, 2008, 19th December, 2008 and on 31st March, 2009 at which all the member Directors were present.

COMPENSATION COMMITTEE

The Compensation Committee as at 31st March, 2009 comprised two independent Directors and the Managing Director, viz. Mr. C.C. Dayal (Chairman), Mr. Sanjay Sachdev and Mr. Pravez Umrigar. The Committee has been constituted to administer the 'Employee Stock Options Scheme' and related issues.

During the period under review, the Committee met thrice on 1st October, 2008, 31st October, 2008 and 5th December, 2008 at which all the member Directors were present. (However, Mr. Umrigar was absent for the meeting held on 5th December, 2008)

PROJECT COMMITTEE

The Project Committee as at 31st March, 2009 comprised of Mr. Abhijit Rajan, Mr. Himanshu Parikh and Mr. Parvez Umrigar. The Committee was constituted

to evaluate and decide the business opportunities that the Company might want to take up, with emphasis on infrastructure related BOT/BOOT and allied projects from the point of:

- a) assessment and minimization of legal and business risk;
- b) business / consortium partners;

- c) terms of engagement with consortium partners, technology providers and other service providers, including the costs thereof;
 - d) economic benefits and business positioning of the Company.
- During the period under review, the

Committee met ten times in 2008 on 27th May, 5th June, 14th July, 28th July, 13th August, 15th September, 16th October, 29th October, 10th November and 23rd December and twice in 2009 on 28th January and 2nd March.

GENERAL BODY MEETING

Location, Date and Time of the Annual General Meetings ("AGM") held during the last 3 years

AGM	Year	Date	Time	Venue
5th	1st January, 2005 to 31st March, 2006	26th September, 2006	12.00 noon	Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai - 400025
6th	1st April, 2006 to 31st March, 2007	27th August, 2007	11.00 a.m.	Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai - 400025
7th	1st April, 2007 to 31st March, 2008	15th September, 2008	11.00 a.m.	Patkar Convocation Hall, 1, Nathibhai Thackersey Road, Queens Road, Fort, Mumbai - 400020

Special Resolutions passed in the previous three Annual General Meetings:

AGM	Particulars of Special Resolutions passed
5th AGM	(a) resolution u/s 372A for inter-corporate loans, investments etc.; and (b) resolution u/s 163 for keeping the Register of Members etc. in the R&T agent's premises
6th AGM	(a) resolution u/s 81(1A) relating to IPO; (b) resolution u/s 372A for inter-corporate loans, investments etc.;
7th AGM	(a) ratification of the resolution passed by the shareholders on 4th May, 2007 relating to 'GIPL Employee Stock Options Scheme' (Pre-IPO scheme); (b) resolution u/s 81 for approving 'GIPL Employee Stock Options Scheme - 2008'; (c) resolution u/s 309 for payment of commission to non-whole time directors; and (d) resolution u/s 269 for re-appointment of Mr. Parvez Umrigar as Managing Director of the Company.

Approval by Members through Postal Ballot

The Company received the approval of the Members, for passing a Special Resolution under section 372 A of the Companies Act, 1956, authorizing the Board of Directors to make investments/loans/ provide guarantees/security pursuant to the said section. Mr. Chaitanya C. Dalal of M/s. Chaitanya C. Dalal & Co., Chartered Accountants, was appointed as the scrutinizer for conducting the Postal Ballot process. The details of the voting pattern are as under:

Particulars	No. of Votes cast	% of total votes cast
In favour of the resolution	11,65,33,325	99.9997%
Against the resolution	350	0.0003%
Total	11,65,33,675	100



The resolution was passed by requisite majority.

Procedure for Postal Ballot:

After receiving the approval of the Board of Directors, notice of the Postal Ballot, text of the resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage pre-paid envelopes were sent to the shareholders on 22/08/2008 to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. After the last date for receipt of ballots, the scrutinizer, after due verification, submitted the results to the Chairman. Thereafter, the Chairman declared the result of the Postal Ballot on 29/09/2008. The same was published in the Newspapers and displayed on the Company's website.

DISCLOSURES

- i) There are no materially significant transactions with the related parties viz. promoters, directors or

the management, their subsidiaries or relatives conflicting with the Company's interest. Suitable disclosures as required by the Accounting Standard (AS18) has been made in the Annual Report.

- ii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- iii) The Company has fulfilled the following non mandatory requirement:
- The Company has constituted a Remuneration Committee.

MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are published in the news papers. The said results are also displayed on Company's website. Press releases made by the Company are informed to the Stock

Exchanges and are also uploaded on the website of the Company.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Day and Date September 23, 2009

Time 3.00 p.m.

Venue Kohinoor Hall, 3rd Floor, Opp. Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025

Financial Calendar

First quarterly results July, 2009

Second quarterly results October, 2009

Third quarterly results January, 2010

Fourth quarterly results April, 2010

Financial Year 2009-10 June, 2010 (audited)

Date of Book Closure

On 23rd September, 2009 for the purpose of the Annual General Meeting.

Dividend Payment Date

The Company has not declared any dividend for the year.

Listing on the Stock Exchanges

The Equity Shares of the Company are listed at the following Stock Exchanges:

Name of Stock Exchange	Stock Code/Symbol
1) Bombay Stock Exchange Limited	532959
2) The National Stock Exchange of India Limited	GAMMNINFRA

ISIN: INE181G01017 (Fully Paid)

Listing fees for the year 2009-10

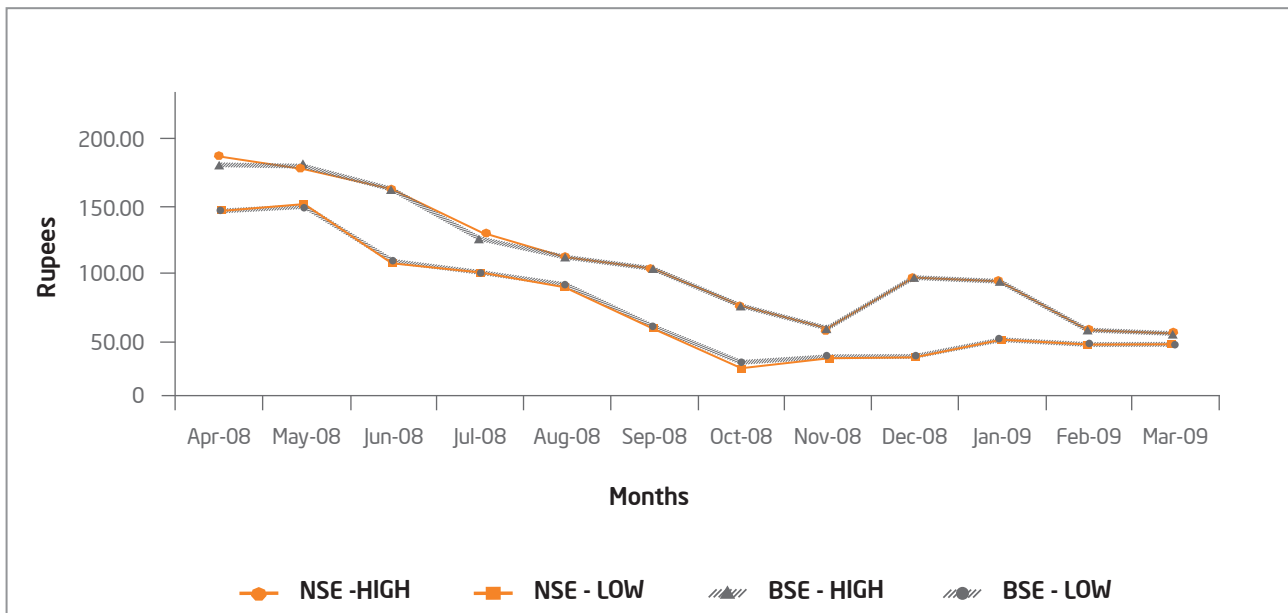
The listing fees have been paid up to date to the Stock Exchanges.

Stock market price data for the year 2008-2009

Month	National Stock Exchange of India Limited		Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April'08	185.00	147.00	180.00	146.45
May'08	177.95	150.25	178.85	148.65
June'08	162.00	108.00	162.85	108.85
July'08	129.00	100.00	125.00	101.00
August'08	113.10	91.05	112.00	92.15
September'08	105.00	60.00	103.00	61.00
October'08	76.70	31.50	76.20	35.00
November'08	58.00	38.00	59.75	39.00
December'08	94.00	38.45	96.55	38.70
January'09	93.00	50.10	93.70	51.20
February'09	59.90	47.55	58.75	48.10
March'09	55.50	48.10	54.75	47.05

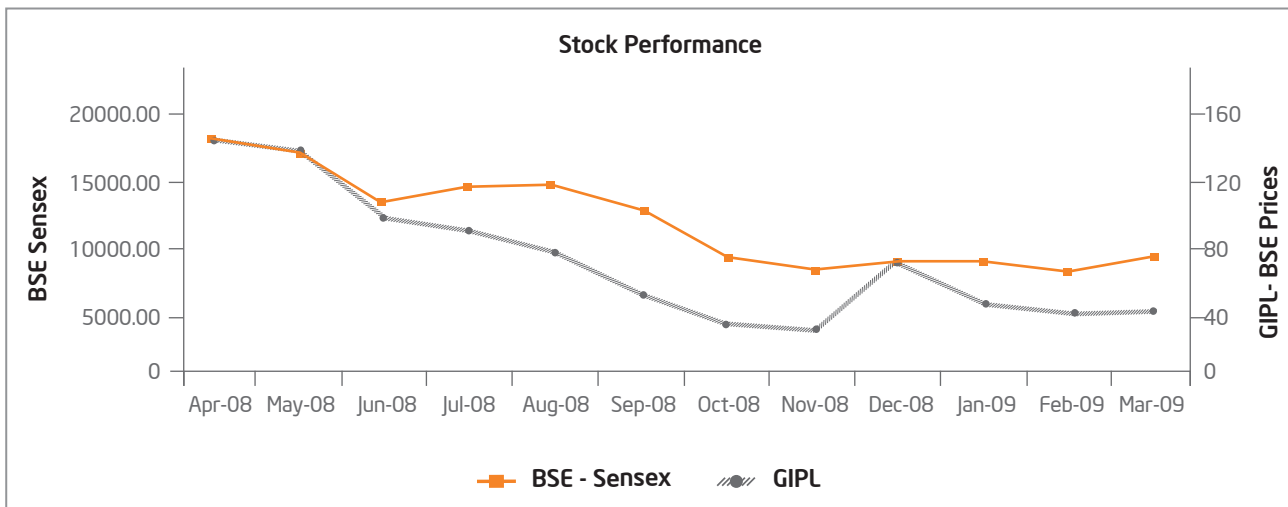
(source: www.bseindia.com, www.nseindia.com)

GIPL Comparative High Low price on NSE & BSE





Share Price performance in comparison to BSE Sensex



Registrar and Share Transfer Agents

Link Intime India Private Limited
 (erstwhile Intime Spectrum Registry Limited)
 C - 13, Pannalal Silk Mills Compound
 LBS Marg, Bhandup (West), Mumbai - 400 078
 Tel: 022- 25963838, Fax: 022- 25946969

Share Transfer System

The Shareholders' & Investors' Grievance Committee looks after the share transfer system and other related issues in tandem with the Registrar and Share Transfer Agents.

Distribution of Shareholding as on 30th June, 2009

No. of Equity Shares	Shareholders		No. of Shares	% of Total
	Number	% to Total		
1- 500	17511	97.1592	2829706	1.9576
501 - 1000	285	1.5813	207913	0.1438
1001 - 2000	101	0.5604	144448	0.0999
2001 - 3000	31	0.1720	78692	0.0544
3001 - 4000	15	0.0832	51936	0.0359
4001 - 5000	11	0.0610	52462	0.0363
5001 - 10000	21	0.1165	173445	0.1200
10001 and above	48	0.2663	141011398	97.5520
Total	18023	100.00	144550000	100.00

Shareholding Pattern as on 30th June, 2009

Category	Number of Shares Held	% of capital
(A) Promoter's Holding		
1. Indian		
Individual/HUF (held as nominees)	30	0.0000
Central/State Government	Nil	
Bodies Corporate	10559970	73.05
Financial Institutions/Banks	Nil	Nil
Any Other		
Promoter Group	4480000	3.10
2. Foreign Promoters		
Individual	Nil	Nil
Bodies Corporate	Nil	Nil
Institutions	Nil	Nil
Any Other	Nil	Nil
Sub - Total (A) (1+2)	110080000	76.15
(B) Public Shareholding		
1. Institutions		
Mutual Funds and UTI	0	0
Banks/ Financial Institutions	1386328	0.96
Insurance Companies (Central / State Government Institutions / Non - Government Institutions)	Nil	Nil
FIs	9054140	6.26
Venture Capital Funds	46344	0.03
Foreign Company	11520000	7.97
Sub - Total (B)(1)	22006812	15.22
2. Non Institutions		
Bodies Corporate	2114048	1.46
Individuals		
(i) Individual Shareholders holding nominal share capital up to Rs. 1 Lakh	3137543	2.17
(ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	113718	0.08
Any Other		
(i) NRIs / OCBs	59957	0.04
(ii) Directors & Relatives	6474990	4.48
(iii) Clearing Member	141192	0.10
(iv) Office Bearers	421250	0.29
(v) Trusts	490	0.00
Sub - Total (B)(2)	12463188	8.6
Shares held by Custodians and against which Depository Receipts have been received	-	-
GRAND TOTAL	144550000	100



Dematerialization of Shares

The break- up of Company's shares in physical / dematerialized form as on 30th June, 2009 are as under:

Particulars	No. of Equity Shares	% to Share Capital
Electronic	140069938	96.90
Physical	4480062	3.10
Total	144550000	100

The free float of the Company's as on 30th June, 2009 is 19.91%

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

None

Plant Location

None

Address for Correspondence

All inquiries, clarifications and correspondence should be addressed to the Compliance Officer at the following address:

Compliance Officer
 Gammon Infrastructure Projects Ltd.
 Gammon House,
 Veer Savarkar Marg,
 Prabhadevi, Mumbai – 400 025.
 Telephone : 022 – 67444000

MANAGEMENT CERTIFICATE UNDER CLAUSE 49 (1D) OF THE LISTING AGREEMENT

To,

The Members

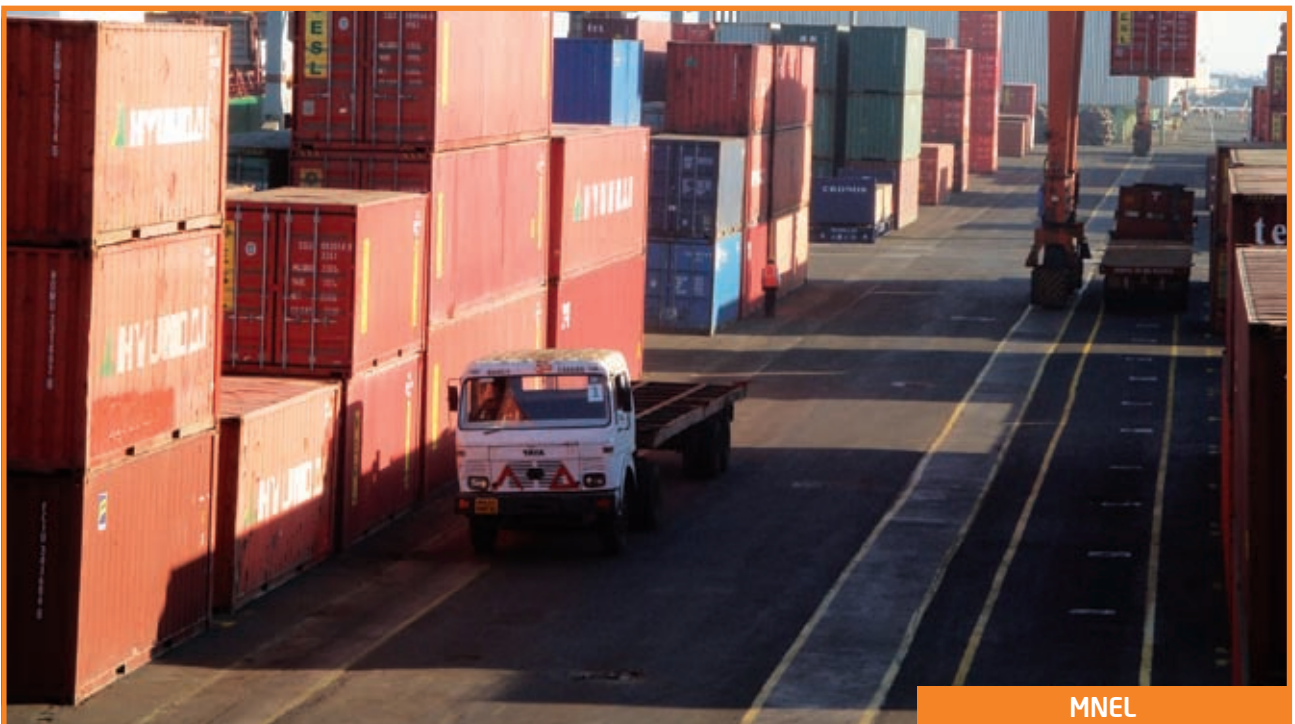
Gammon Infrastructure Projects Limited

This is to affirm that the Board of Directors of Gammon Infrastructure Projects Limited has adopted a Code on Conduct for its Directors and Senior Management Personnel in compliance with the provisions of Clause 49 (1D) of the Listing Agreement with the Stock Exchanges and the Board of Directors and Senior Management Personnel of the Company have confirmed the compliance of provisions of the said Code for the financial year ended 31st March, 2009.

Parvez Umrigar
 Managing Director

Place: Mumbai

Date : 31.07.09



Auditors' Report

The Board of Directors

Gammon Infrastructure Projects Limited

1. We have audited the attached Consolidated Balance Sheet of Gammon Infrastructure Projects Limited ('GIPL' or 'the Company') Group ('the Group' or 'GIPL Group'), as at March 31, 2009, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of GIPL's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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
 - a. certain subsidiaries whose financial statements reflect total assets of Rs. 3,528,103,643 as at March 31, 2009 and total income of Rs. 55,117,164 and cash flows of Rs (1,090,032) for the year then ended;
 - b. certain joint venture Companies whose financial statements reflect total assets of Rs. 3,875,291,407 as at March 31, 2009, the total income of Rs. 774,743,289 and cash flows amounting to Rs. (75,289,068) for the year then ended, the Company's share of such assets, total income and cash flows being Rs 1,867,182,406, Rs 369,211,136 and Rs. (35,979,000) respectively and
 - c. certain associates whose financial statements reflect a total loss Rs 16,813,394 for the year ended March 31, 2009, the Group's share in the losses of such associates being Rs 5,601,792.

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 except for certain joint ventures whose financial statements reflect total assets of Rs 557,638,750 as at March 31, 2009, total income of Rs 41,427,541 and cash flows of Rs 304,88,394 for the year then ended, the Group's share of such assets, total income and cash flows being Rs 278,819,375, Rs 20,713,771 and Rs 15,244,197 respectively, which are based on unaudited financial statements certified by the respective managements of the said joint ventures.

In respect of the other subsidiaries, the audit has been conducted by either of us and the audit of GIPL has been conducted by us jointly.

4. We report that the Consolidated Financial Statements have been prepared by GIPL's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated financial statements, AS 23, Accounting for Investments in Associates in Consolidated Financial Statements and AS 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006.
5. Without qualifying our opinion, we draw attention to:
 - a. Note B 4 (a) of Schedule 19 of the Consolidated Financial Statements regarding the Early Completion Bonus accrued by two subsidiary Companies in earlier years and included in sundry debtors at March 31, 2009. The outcome of the matter cannot be presently determined and hence no provision for any liability has been made in the financial statements.
 - b. Note B 22 of Schedule 19 of the Consolidated financial statements. The Company has incurred managerial remuneration, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956 by Rs. 6,002,843 The Company is in the process of making an application to the Central Government in this regard, for such excess payment of managerial remuneration. Pending the final outcome of the Company's application, no adjustments have been made to the accompanying financial statements in this regard

6. Based on our audit and on consideration of reports of other auditors on the financial statements and of 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 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 GIPL Group as at March 31, 2009;
 - b. in the case of the consolidated profit and loss account, of the profit of the GIPL 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 GIPL Group for the year ended on that date.

For Natvarlal Vepari & Co.
Chartered Accountants

N Jayendran
Partner
M.No. 40441
Mumbai, Dated : July 13, 2009

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
M.No. 42650
Mumbai, Dated : July 13, 2009

Consolidated Balance Sheet

As At March 31, 2009

	Schedule	As At March 31, 2009	As At March 31, 2008	(Rs.)
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	1,444,130,163	1,420,745,077	
Employees Stock Options outstanding	2	25,824,892	11,353,039	
Reserves & Surplus	3	<u>4,811,233,144</u>	<u>3,793,579,363</u>	
		6,281,188,199		5,225,677,479
		258,718,244		235,293,448
Minority Interest				
Loan Funds				
Secured Loans	4	13,357,836,068	10,043,926,426	
[refer note no B (9) of Schedule 19]				
Unsecured Loans	5	<u>2,376,175</u>	<u>293,000,000</u>	
		13,360,212,243		10,336,926,426
		34,880,989		85,025,111
Deferred Tax Liability (Net)				
[refer note no B (6) of Schedule 19]				
		19,934,999,675	15,882,922,464	
APPLICATION OF FUNDS				
Fixed Assets (Net)				
	6			
Gross Block		7,190,785,761	6,930,398,263	
Less: Accumulated depreciation & amortisation		1,862,668,101	1,412,435,213	
Net Block		5,328,117,660	5,517,963,050	
Add: Capital Work-in-progress		<u>12,004,671,999</u>	<u>6,302,886,014</u>	
		17,332,789,659		11,820,849,064
Goodwill on Consolidation				
[refer Note No. B (7) of Schedule 19]		41,791,214	14,638,832	
Less: Amortisation		<u>3,729,475</u>	<u>3,729,475</u>	
		38,061,739		10,909,357
		64,826,417		989,230,608
Investments				
Current Assets, Loans and Advances				
Inventories		26,698,689	12,012,795	
Accrued Income		377,094,405	376,908,824	
Sundry Debtors	8	438,192,203	307,269,600	
Cash & Bank Balances		2,313,971,562	2,703,425,665	
Loans & Advances	10	395,408,425	431,797,645	
	(A)	3,551,365,284	3,831,414,529	
Less: Current Liabilities and Provisions				
Current Liabilities	11	1,059,075,422	776,149,390	
Provisions		12,650,025	3,849,031	
	(B)	<u>1,071,725,447</u>	<u>779,998,421</u>	
Net Current Assets	(A - B)	2,479,639,837		3,051,416,108
Miscellaneous Expenses to the extent not written off or adjusted.				
	12	19,682,023	10,517,327	
TOTAL		19,934,999,675	15,882,922,464	
Notes to the Consolidated Financial Statements	19			

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date.

For Natvarlal Vepari and Co.
Chartered Accountants**N. Jayendran**

Partner

Membership No: 40441

For S.R. Batliboi & Associates
Chartered Accountants**per Hemal Shah**

Partner

Membership No: 42650

**For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited****Abhijit Rajan**

Chairman & Managing Director

Himanshu Parikh

Director

Sanjay Sachdeva

Director

G. Sathis Chandran

Company Secretary

Parvez Umrigar

Managing Director

C.C. Dayal

Director

Place : Mumbai

Date : July 13, 2009

Place : Mumbai

Date : July 13, 2009

Consolidated Profit & Loss Account

For the year ended March 31, 2009

	Schedule	Year ended March 31, 2009	As At March 31, 2008	(Rs.)
INCOME				
Turnover and Operating Income	13	1,904,883,242	1,593,798,726	
Other Income	14	228,970,671	116,162,311	
		2,133,853,913		1,709,961,037
EXPENDITURE				
Operational Expenses	15	574,280,107	344,318,111	
Establishment Expenses	16	77,450,487	39,618,635	
Personnel Costs	17	119,773,534	61,240,342	
Financial Costs	18	512,001,224	512,797,069	
Depreciation and amortisation		433,468,499	416,090,308	
Amortisation of Goodwill		-	1,463,883	
Preliminary and Share Issue Expenses written off		652,645	613,767	
		1,717,626,496		1,376,142,115
PROFIT BEFORE TAX AND SHARE OF LOSS OF ASSOCIATE				
		416,227,417		333,818,922
Add: Share of Loss of Associate		(5,601,792)		(273,385)
PROFIT BEFORE TAX AND AFTER SHARE OF LOSS OF ASSOCIATE				
		410,625,625		333,545,537
Provision for Taxation :				
- Current		97,301,901	82,903,698	
- Deferred		(50,144,122)	38,878,784	
- Fringe Benefit tax		1,529,248	749,496	
		48,687,027		122,531,978
PROFIT AFTER TAX				
		361,938,598		211,013,559
Less: Short Provision for Taxation for earlier years		6,179,754		3,328,563
Less: Transitional liability recognised pursuant to adoption of Accounting Standard - 15 (Revised) "Employee Benefits"		-		292,846
Less: Prior period Items [refer note no B (16) of Schedule 19]		6,021,205		-
PROFIT FOR THE YEAR				
		349,737,639		207,392,150
Less: Profit after tax attributable to Minority Interest		23,179,797		20,911,420
NET PROFIT				
		326,557,842		186,480,730
Add: Compensation cost reversed on forfeiture of ESOP		512,109		-
Add: Retained Earnings brought forward		696,806,729		510,325,999
Add: Retained Earnings for prior years		7,090,174		-
BALANCE CARRIED TO BALANCE SHEET				
		1,030,966,854		696,806,729
Earnings Per Share : [refer Note No. B (10) of Schedule 19]				
Basic		2.26		1.45
Diluted		2.25		1.45
Notes to the Consolidated Financial Statements	19			

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date.

For Natvarlal Vepari and Co.
Chartered Accountants

N. Jayendran
Partner
Membership No: 40441

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No: 42650

**For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited**

Abhijit Rajan
Chairman & Managing Director

Himanshu Parikh
Director

Sanjay Sachdeva
Director

G. Sathis Chandran
Company Secretary

Parvez Umrigar
Managing Director

C.C. Dayal
Director

Place : Mumbai
Date : July 13, 2009

Place : Mumbai
Date : July 13, 2009

Consolidated Cash Flow Statement

For the year ended March 31, 2009

	Year Ended March 31, 2009	Year Ended March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		(Rs.)
Net Profit before Tax	410,625,625	333,545,537
Adjustments for:		
Employees Stock Options	14,983,962	11,353,039
Cash Alternative Settlement for ESOP Scheme	5,973,334	-
Depreciation & Amortisation	433,468,499	416,090,308
Dividend Income	(101,931,917)	(729,807)
(Profit) on sale of Investments	(55,743,899)	(45,185,476)
Interest (Net)	446,090,652	446,647,618
Goodwill amortised	-	1,463,883
Assets written off	47,862	-
Share of Loss of Associate	5,601,792	273,385
Provision for diminution in value of investments	456,976	-
Preliminary and Share Issue Expenses written off	652,645	613,767
	749,599,906	830,526,717
Operating Profit before Working Capital Changes	1,160,225,531	1,164,072,254
Adjustments for:		
Trade and Other Receivables	(252,674,106)	(43,705,965)
Trade Payables & Working Capital Finance	453,982,430	125,145,813
Inventories	(14,685,894)	(8,218,546)
	186,622,430	73,221,302
Cash generated from the Operations	1,346,847,961	1,237,293,556
Direct Taxes paid	(116,808,367)	(159,367,936)
Cash flow before extraordinary items	1,230,039,594	1,077,925,620
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Capital Purchases after adjusting capital creditors	(5,991,806,122)	(4,386,304,928)
Purchase of Investments:		
- Joint Venture / Group Companies	-	(489,200)
- Mutual Funds	(18,724,395,750)	(6,964,613,172)
Sale of Investments :		
- Joint Venture / Group Companies	-	440,000
- Mutual Funds	19,703,595,218	6,096,857,427
Investment in Redeemable Non Convertible Debentures	(30,000,000)	-
Fixed Deposit with Banks (above 90 days)	1,100,000	(21,700,000)
Intercompany Deposits given:		
- Granted during the year	(2,181,265,746)	(890,777,773)
- Repayments received during the year	2,309,390,060	905,000,000
Advances to Joint Venture / Group Companies	42,916,046	3,511,494
Purchase of stake in joint venture company	(20,062,208)	(3,310,869)
Share Application Money Pending Allotment	24,869,484	(22,594,800)
Interest received	64,622,818	73,676,748
Advances received for purchase of equity shares	-	26,520,000
Dividend received	101,931,917	729,807
Net Cash used in Investment activities	(4,699,104,283)	(5,183,055,266)

Consolidated Cash Flow Statement (Contd.)

For the year ended march 31, 2009

	Year Ended March 31, 2009	Year Ended March 31, 2008
C. CASH FLOW FROM FINANCING ACTIVITIES		(Rs.)
Proceeds from equity share capital	364,807,355	2,377,573,203
Capital Grant received	332,380,000	-
Proceeds from borrowings	3,731,488,719	4,135,539,807
Repayment of Loans	(710,514,830)	(477,839,033)
Minority Interest contribution	245,000	18,818,810
Interest Paid	(509,689,296)	(511,643,106)
Preliminary Expenses	(9,817,341)	(3,788,746)
Share Issue Expenses	(118,189,021)	(43,256,307)
Net Cash from Financing Activities	3,080,710,586	5,495,404,628
Net Decrease in Cash and Cash Equivalents	(388,354,103)	1,390,274,982
Closing Balances of Cash / Cash Equivalents	2,293,371,562	2,681,725,665
Opening Balances of Cash / Cash Equivalents	2,681,725,665	1,291,450,683
Net Decrease in Cash and Cash Equivalents	(388,354,103)	1,390,274,982
COMPONENTS OF CASH AND CASH EQUIVALENTS :		
Cash and Cheques on hand	332,757	400,275
Funds in Transit	70,879	-
With Banks :		
- On Current Account	1,681,449,481	153,652,187
- On Current Account - IPO Proceeds	596,018,445	2,377,673,203
- On Deposit Account	36,100,000	171,700,000
Total Components of Cash and Cash Equivalents	2,313,971,562	2,703,425,665
Less : Fixed Deposits above 90 days	20,600,000	21,700,000
Closing Balances of Cash/Cash Equivalents	2,293,371,562	2,681,725,665

As per our report of even date.

For Natvarlal Vepari and Co.
Chartered Accountants

N. Jayendran
Partner
Membership No: 40441

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
Membership No: 42650

**For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited**

Abhijit Rajan
Chairman & Managing Director

Himanshu Parikh
Director

Sanjay Sachdeva
Director

G. Sathis Chandran
Company Secretary

Parvez Umrigar
Managing Director

C.C. Dayal
Director

Place : Mumbai
Date : July 13, 2009

Place : Mumbai
Date : July 13, 2009

Schedule

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

	As At March 31, 2009	As At March 31, 2008
(Rs.)		
SCHEDULE '1': SHARE CAPITAL		
Authorised		
200,000,000 Equity Shares of Rs. 10/- each	2,000,000,000	2,000,000,000
	2,000,000,000	2,000,000,000
Issued and Subscribed		
144,550,000 (Previous Year : 144,550,000) Equity Shares of Rs. 10/- each	1,445,500,000	1,445,500,000
[Out of the above 105,600,000 (Previous Year: 105,600,000) Equity shares of Rs. 10/- each fully paid held by Gammon India Limited - the holding Company and 4,480,000 (Previous Year 4,480,000) equity shares of Rs 10/- each are held by Gactel Turnkeys Projects Limited formerly, Gammon Cooling Towers Limited, a wholly owned subsidiary of Gammon India Limited]		
	1,445,500,000	1,445,500,000
Paid-up		
144,550,000 (Previous Year : 144,550,000) Equity Shares of Rs. 10/- each	1,445,500,000	1,445,500,000
Less: Amount due on allotment of equity shares [refer note B (5) of Schedule 19]	1,369,837	24,754,923
	1,444,130,163	1,420,745,077
The Company has issued employee stock options to employees in the Year 2007-08 and during the Year 2008-09 [refer note B (19) of Schedule 19]. At March 31, 2009, 2,725,000 options (Previous Year 1,565,000) were issued and outstanding		
	1,444,130,163	1,420,745,077
SCHEDULE '2': EMPLOYEE STOCK OPTIONS OUTSTANDING		
Employee stock options outstanding	47,085,000	30,360,000
Less : Forfeiture of stock options offered	512,109	-
	46,572,891	30,360,000
Less : Deferred Employee compensation outstanding	20,747,999	19,006,961
For details of Stock Options Outstanding [refer note B (19) of Schedule 19]		
	25,824,892	11,353,039

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

	As At March 31, 2009	As At March 31, 2008
(Rs.)		
SCHEDULE "3" : RESERVES AND SURPLUS		
General Reserve	18,200,000	18,200,000
Capital Reserve		
Capital Grant received from National Highways Authority of India [refer note no. B (8) of Schedule 19]	332,380,000	-
Security premium, at the beginning of the Year	3,078,572,634	1,012,781,223
Add : Security Premium received / receivable on equity shares through Initial Public Offer	361,421,874	2,598,350,000
Less: Amount due on allotment of equity shares [refer note B (5) of Schedule 19]	19,999,605	361,421,874
	3,419,994,903	3,249,709,349
Less : Share issue expenses (relating to prior Years)	-	10,816,209
Less : Share issue expenses during the Year	100,000	160,320,506
Add : Excess provision made written back	9,791,387	-
	3,429,686,290	3,078,572,634
Profit & Loss Account balance	1,030,966,854	696,806,729
	4,811,233,144	3,793,579,363

	As At March 31, 2009	As At March 31, 2008
(Rs.)		
SCHEDULE '4' : SECURED LOANS		
Term Loans from the Banks	13,342,697,499	10,036,434,677
Cash Credit from Lenders	5,334,892	-
Interest accrued and due on loans [for security provided for loans availed refer note no. B (9) of Schedule 19]	9,803,677	7,491,749
	13,357,836,068	10,043,926,426

	As At March 31, 2009	As At March 31, 2008
SCHEDULE '5' : UNSECURED LOANS		
Intercompany Loans (short term, repayable on demand) [Intercompany Loan of Rs Nil (Previous Year Rs 293,000,000) was outstanding from holding company, Gammon India Limited]	2,376,175	293,000,000
	2,376,175	293,000,000

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

SCHEDULE '6' : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION					NET BLOCK	
	As at 1.04.2008	Additions on increase in holding in group companies (##)	Deletions/ adjustments during the year and on consolidation	As at 31.03.2009	As at 01.04.2008	Additional Depreciation due to increase in holding in group companies (##)	Depreciation for the year	Depreciation on deletions during the year	As at 31.03.2009	As at 31.03.2008
Tangible Assets										
Buildings	451,526	-	-	25,461,191	47,780	-	2,458,547	-	22,954,864	403,746
Project Road (*)	5,044,982,312	-	-	5,044,982,312	1,158,091,419	-	333,031,732	-	3,553,859,162	3,886,890,893
Project Berths (**)	861,921,895	11,086,146	15,882	977,341,961	92,434,314	11,898,432	36,781,565	-	896,227,650	769,487,581
Project Bridge (***)	257,438,683	-	-	257,438,683	89,594,802	-	13,768,456	-	154,075,425	167,843,881
Freehold Property	22,131,843	-	-	22,406,843	-	-	-	-	22,406,843	22,131,843
Plant and Machinery (#)	349,132,812	42,134,780	14,500,000	446,423,001	32,672,045	4,102,157	25,846,538	-	383,802,261	316,460,767
Earth Moving Machinery	-	-	-	12,079	-	-	10,219	-	11,058	-
Furniture & Fixtures	5,666,352	1,27,378	-	10,634,016	6,15,218	17,950	904,374	-	9,096,474	5,05,1134
Motor Vehicles	7,458,250	1,64,657	-	12,580,526	1,230,293	42,324	1,160,899	-	10,147,010	6,22,7957
Office Equipments (#)	2,427,925	1,17,589	48,990	6,540,252	280,916	13,774	354,462	-	5,891,100	2,14,7009
Computers	3,786,665	1,59,352	-	11,856,179	852,518	41,152	1,517,398	-	9,445,111	2,934,147
Total	6,555,398,263	1,53,565,217	14,707,817	6,815,785,761	1,375,819,305	16,115,789	415,894,190	-	5,008,016,478	5,179,578,958
Intangible Assets										
Purchase of O & M Rights	375,000,000	-	-	375,000,000	36,615,908	-	18,282,910	-	320,101,182	338,384,092
Total	375,000,000	-	-	375,000,000	36,615,908	-	18,282,910	-	320,101,182	338,384,092
CAPITAL WORK IN PROGRESS										
Expenses Capitalised	-	-	-	-	-	-	648,601	-	12,004,671,999	6,302,886,014
Depreciation Capitalised	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	6,930,398,263	1,53,565,217	14,707,817	7,190,785,761	1,412,435,213	16,115,789	433,468,499	1,862,668,101	17,332,789,659	11,820,849,064
Previous year	6,773,163,638	-	1,091,780	6,980,398,263	996,287,264	-	416,192,747	44,798	11,820,849,064	11,820,849,064

- * Project Roads pertains to the costs incurred by Andhra Expressway Limited (AEL) and Rajahmundry Expressway Limited (REL) for the construction of highway on a road owned by the Government of India under the two separate concession agreements entered into between the said companies and the National Highways Authority of India. These agreements encompasses the construction, operation and maintenance of the highway on a Build, Operate, Transfer basis. The construction was completed in October, 2004 and September 2004 for AEL and REL respectively. The concession for both the companies is valid till November 29, 2019.
- ** Project Berth pertains to the costs incurred by Vizag Seaport Private Limited for the construction of two berths at Vizag Port, by Vizag Port Trust, a statutory body, under the concession agreements entered into between the said companies and the Vizag Port Trust. These agreements encompasses the construction, operation and maintenance of the two berths on a Build, Operate, Transfer basis. The construction of the first berth was completed in July, 2004 and the second berth on September, 2005 and the concession is valid upto November, 2031.
- *** Project Bridge pertains to the costs incurred by Cochin Bridge Infrastructure Company Limited for the construction of road bridge at Cochin as per the concession agreement entered into between the said company with the Greater Cochin Development Authority. This agreement encompasses the construction, operation and maintenance of the bridge on a Build, Operate, Transfer basis. The concession is valid till June 6, 2020.
- # Additions in Gross Block during the year, includes Office Equipments of Rs 117,453 not considered in the previous year on the basis of the management accounts received from Indira Container Terminal Pvt Limited. Deletions in Gross Block during the year, includes excess booking of Plant and Machinery of Rs 14,500,000 as additions in the previous year on the basis of the management accounts received from Indira Container Terminal Pvt Limited.
- ## During the year, the Company acquired additional stake in Vizag Seaport Pvt Limited, increasing its total stake to 47.52%. Due to this the increase in the Company's share in assets and depreciation thereon of Vizag Seaport Private Limited has been shown under "Additions on Increase in holding in group companies" and "Additional Depreciation due to increase in holding in group companies" respectively.

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

	As At March 31, 2009	As At March 31, 2008
(Rs.)		
SCHEDULE '7' : INVESTMENTS		
Long term Investments unless otherwise stated (at cost)		
Trade Investments in Associates (Fully paid-up unless otherwise stated)		
Ordinary Shares: (Unquoted) of Rs 10/- each, unless otherwise stated		
[refer note no B (3) of Schedule 19]		
2,143,950 (Previous Year : 2,143,950) Eversun Sparkle Maritime Services Pvt Ltd	8,992,669	14,585,272
24,470 (Previous Year : 24,470) Modern Tollroads Ltd	244,700	244,700
24,450 (Previous Year : 24,450) ATSL Infrastructure Projects Ltd	214,941	244,500
	9,452,310	15,074,472
Non-Trade-Quoted Investments, in fully paid-up Equity Shares of Rs. 10/- each, unless otherwise stated (Current Investments) (lower of cost or market value) :		
10,530 (Previous Year : 10,530) Allahabad Bank Ltd	408,564	863,460
76,800 (Previous Year : 76,800) Canara Bank Ltd	2,688,000	2,688,000
52,024 (Previous Year : 52,024) Infrastructure Development Finance Co Ltd	1,768,816	1,768,816
1,160 (Previous Year : 1,160) Tata Consultancy Services Ltd (Re 1/- per share paid-up)	493,000	493,000
3,200 (Previous Year : 3,200) Vijaya Bank Ltd	74,720	76,800
	5,433,100	5,890,076
Other Current Investments		
In Liquid Mutual Funds (at cost)	-	923,455,569
Share application money pending allotment	19,941,007	44,810,491
Non-Trade-Quoted Investments, in fully paid-up Secured, Redeemable, Non Convertible Debentures		
30 (Previous Year : Nil) Deutsche Investments India Pvt Limited (Rs 1,000,000 per unit)	30,000,000	-
	64,826,417	989,230,608
Summary of Investments		
Aggregate Book Value of Unquoted Investments	9,452,310	938,530,041
Aggregate Book Value of Quoted Investments	35,433,100	5,890,076
Aggregate Book Value of Other Investments	19,941,007	44,810,491
Market Value of Quoted Investments	46,648,260	27,047,531

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

	As At March 31, 2009	(Rs.) As At March 31, 2008
SCHEDULE '8' : SUNDRY DEBTORS		
(Unsecured, considered good) [refer note no B (4) of Schedule 19]		
Outstanding for over six months	235,442,844	221,503,988
Other Debts	202,749,359	85,765,612
	<u>438,192,203</u>	<u>307,269,600</u>
Sundry Debtors includes dues from companies under same management as under :		
- Gammon India Limited	120,977,813	37,682,999
	<u>120,977,813</u>	<u>37,682,999</u>

	As At March 31, 2009	(Rs.) As At March 31, 2008
SCHEDULE '9' : CASH AND BANK BALANCES		
Cash on Hand	332,757	400,275
Funds in Transit	70,879	-
Balances with Scheduled Banks		
in Current Accounts	1,681,449,481	153,652,187
in Escrow Bank Accounts - IPO Proceeds	596,018,445	2,377,673,203
in Fixed Deposits with Banks	36,100,000	171,700,000
	<u>2,313,567,926</u>	<u>2,703,025,390</u>
	<u>2,313,971,562</u>	<u>2,703,425,665</u>

	As At March 31, 2009	(Rs.) As At March 31, 2008
SCHEDULE '10' : LOANS AND ADVANCES :		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind for value to be received	202,978,510	104,978,443
Interest Accrued Receivable	2,431,670	1,143,916
Dues from Holding Company, Gammon India Limited	8,927,725	-
Dues from and Loans to Joint Venture Companies and/ or Associates	33,763,868	54,804,228
Deposit with Joint Stock Companies	4,356,000	154,356,000
Advance Taxes Paid	435,976,116	316,789,200
Less : Provision for Taxation	<u>348,467,987</u>	<u>241,078,535</u>
	87,508,129	75,710,665
Other Deposits	28,962,034	21,690,715
Cenvat/VAT/Service Tax	8,152,746	5,476,209
Prepaid Expenses	18,327,743	13,637,469
	<u>395,408,425</u>	<u>431,797,645</u>
Loans and Advances includes dues from companies under the same management as follows :		
- Gammon India Limited	8,927,725	-
	<u>8,927,725</u>	<u>-</u>

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

	(Rs.)	
	As At March 31, 2009	As At March 31, 2008
SCHEDULE '11' : CURRENT LIABILITIES		
Sundry Creditors		
- For share issue expenses	-	127,880,408
- Others	101,920,258	66,695,581
	101,920,258	194,575,989
Dues to Holding Company - Gammon India Limited	474,563,173	450,873,772
Dues to Joint Venture Companies and/or Associates	2,190,055	-
Advance received from Modern Tollroads Limited for purchase of equity shares	26,520,000	26,520,000
Advance received from Client	8,579,902	21,983,791
Dues to Lenders	7,156,568	7,156,568
Share Application Money received in subsidiary	300,000,000	-
Other Liabilities	138,145,466	75,039,270
	1,059,075,422	776,149,390
Provisions		
Provision for Staff Benefits against :		
- Cash Compensatory Scheme	5,973,334	-
- Leave Encashment	5,126,292	2,541,110
- Gratuity	1,550,399	1,307,921
	12,650,025	3,849,031
	12,650,025	3,849,031

	(Rs.)	
	As At March 31, 2009	As At March 31, 2008
SCHEDULE '12' ; MISCELLANEOUS EXPENSES		
Preliminary Expenses	1,662,388	3,166,243
Share Issue Expenses	18,019,635	7,351,084
	19,682,023	10,517,327

	(Rs.)	
	Year Ended March 31, 2009	Year Ended March 31, 2008
SCHEDULE '13' ; TURNOVER AND OPERATING INCOME		
Operation & Maintenance Revenues	241,675,845	143,020,096
Income from Port Operations	364,748,318	237,642,790
Annuity Revenues	1,166,020,000	1,166,020,000
Toll Proceeds	36,753,510	35,517,675
Air Cargo Revenue	75,101,662	-
Miscellaneous Receipts	20,583,907	11,598,165
	1,904,883,242	1,593,798,726

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

	(Rs.)	
	Year Ended March 31, 2009	Year Ended March 31, 2008
SCHEDULE '14' : OTHER INCOME		
Interest Income		
Deposits with Joint Stock Companies	60,690,824	32,486,278
Others	5,219,748	33,663,173
	65,910,572	66,149,451
Miscellaneous Income		
Dividend Income	101,931,917	729,807
Profit on Sale of Investments	55,743,899	45,185,476
Miscellaneous Income	5,384,283	4,097,577
	163,060,099	50,012,860
	228,970,671	116,162,311

	(Rs.)	
	Year Ended March 31, 2009	Year Ended March 31, 2008
SCHEDULE '15' : OPERATIONAL EXPENSES		
Road Operation & Maintenance Expenses	289,104,947	186,093,725
Bridge Operations Expenses	6,879,004	4,555,486
Port Operational Expenses	212,932,658	153,668,900
Air Cargo Operating Expenses	65,363,498	-
	574,280,107	344,318,111

SCHEDULE '16' : ESTABLISHMENT EXPENSES		
Administration Expenses	9,737,657	1,987,443
Professional / Legal Expenses	25,247,679	18,768,711
Travelling, Leave Passage and Motor Car Expenses	11,965,832	9,440,398
Office Rent	3,631,501	1,200,000
Directors Fees	500,000	150,000
Telephone Expenses	1,726,077	729,854
Insurance Charges	193,072	203,380
Tender Document Expenses	9,250,512	
Miscellaneous Expenses	10,853,092	4,856,333
Auditors Remuneration :		
- Audit Fees	4,345,065	2,282,516
	77,450,487	39,618,635

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

	(Rs.)	
	Year Ended March 31, 2009	Year Ended March 31, 2008
SCHEDULE '17' : PERSONNEL COSTS		
Salaries, wages and bonus	72,835,995	37,637,006
Contributions to Provident Fund	5,285,333	1,476,690
Managing Director's Remuneration including contribution to Provident Fund	15,664,226	8,337,453
Staff Welfare Expenses	5,030,684	2,436,154
Employees 'ESOP' compensation cost [refer note no B (19) of Schedule 19]		
- Managing Director	9,256,164	4,845,000
- Employee	5,727,798	6,508,039
	14,983,962	11,353,039
Cash Alternative Settlement of ESOP Scheme [refer note no B (20) of Schedule 19]	5,973,334	-
	119,773,534	61,240,342

SCHEDULE '18' : FINANCIAL COSTS

Interest Paid on

Fixed Period Loans	505,482,744	502,925,853
Interest Paid (Others)	990,925	9,219,963
	506,473,669	512,145,816

Other Finance Charges

	5,527,555	3,979,200
	512,001,224	516,125,016
Less : Transferred to Capital WIP	-	3,327,947
	512,001,224	512,797,069

SCHEDULE '19' : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. Accounting Policies

a) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standards) Rules, 2006 (as amended). The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies are consistent with those used in the previous year.

b) Principles Of Consolidation

The Consolidated Financial Statements comprise the financial statements of GAMMON INFRASTRUCTURE PROJECTS 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:

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 ('AS-21') "Consolidated Financial Statements" notified under the companies (accounting standards) rules, 2006.

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

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.

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 ('AS-27') "Financial Reporting of Interests in Joint Ventures" notified under the Companies (Accounting Standards) Rules, 2006 (as amended). 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.

Investment in Associates

Investments in Associate Companies are accounted under the equity method as per the Accounting Standard – 23 ('AS-23') "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

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 disclosed as goodwill. The excess of the company's share of net assets in the associate over the cost of its investment is disclosed as capital reserve.

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

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Revenue Recognition

Infrastructure Development Business :

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

The cash compensation on account of multiple entry 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.

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.

Operations and Maintenance Revenues :

Revenue on Operations & Maintenance (O & M) contracts are recognised over the period of the contract as per the terms of the contract.

Construction Contract Revenues :

Revenue from construction contracts is recognized on the basis of percentage completion method. The percentage of work completed is determined by the expenditure incurred on the job till date to the total expected expenditure of the contract.

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

Construction contracts are progressively evaluated at the end of each accounting period. On contracts under execution which have reasonably progressed, profit is recognized 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.

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.

Interest income:

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income:

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend is recognised even if same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

d) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. 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.

Depreciation on the Project Assets constructed and/or acquired by the Company as per the Concession Agreements are amortized over the period of the rights given under the License Agreement / Concession Agreement.

Depreciation on Fixed Assets is provided on the Straight Line Method ("SLM") at the rates and in the manner laid down in Schedule XIV of the Companies Act, 1956 or based on the estimated useful life of the fixed assets whichever is higher. Depreciation on assets purchased /installed during the year/ period is calculated on a pro-rata basis from the date of such purchase / installation.

Intangible assets comprise of rights of Operations and Maintenance ("O&M") and an amount paid to Mumbai Port Trust towards upfront fees for construction and operation of an offshore terminal (License Fees Intangible). The O&M intangible results in income stream for the Company for a period of 14 years. The rights are therefore amortised over the period of 14 years. The License Fees Intangible being rights of Operations and Maintenance are amortised over the period of the subsistence of its rights commencing from the date the project becomes operational.

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

e) Impairment

The carrying amounts of assets, (including goodwill), are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) 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.

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

g) Inventories

Stores and materials are valued at lower of cost or net realizable value. Net realizable value is the estimated selling price less estimated cost necessary to make the sale. The FIFO method of inventory valuation is used to determine the cost.

h) Foreign Currency Translation

Initial recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

i) Provision for Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised 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.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

j) Preliminary and Share Issue Expenses

The preliminary expenses and share issue expenses incurred upto March 31, 2004, are amortised equally over a period of ten and five years respectively. Share Issue expenses incurred from April 1, 2004 onwards are charged to the Security Premium Account, if available, or to the Profit and Loss Account.

k) 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.

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

l) Earnings Per Share

Basic and diluted earnings per share are calculated by dividing the net profit for the year attributed to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

m) Employee Benefits

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

Gratuity liability, a defined benefit obligation, is provided for on the basis of, an actuarial valuation on projected unit credit method, made at the end of each financial year.

Leave encashment liability is recognised on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

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

n) Employee Share – Based Payments (Esop)

The Company uses the intrinsic value (excess of the share price on the date of grant over the exercise price) method of accounting prescribed by the Guidance Note ('GN') on 'Accounting for employee share-based payments' issued by the Institute of Chartered Accountants of India ('ICAI') ('the guidance note') to account for its Employee Stock Option Scheme (the 'ESOP' Scheme) read with SEBI (Employees stock option scheme or Employees Stock Purchase) Guidelines, 1999. Compensation expense is amortised over the vesting period of the option on SLM basis.

o) Provisions, Contingent Liabilities and Contingent Assets

A provision is 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 recognised but disclosed in notes to accounts. Contingent assets are neither recognised nor recorded in financial statements.

p) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statements comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

q) Grants Received by the Company

Grants received as equity support are accounted under Shareholders funds under Reserves and Surplus. Grants received relating to operations not forming part of equity support will be credited to the Profit and Loss account.

r) 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.

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

B. Other Notes

Significant accounting policies and notes to this consolidated financial statement are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such policies and notes from the individual financial statements, which fairly presents the needed disclosures.

1. Subsidiaries

The following Subsidiary Companies (incorporated in India) have been consolidated in these financial statement as per AS 21:

Name of the Subsidiary	Voting power and beneficial interest as at March 31, 2009	(Rs.) Voting power and beneficial interest as at March 31, 2008
Andhra Expressway Ltd ('AEL')	93.50%	93.50%
Bedi Seaport Limited ('BSL')	100.00%	-
Cochin Bridge Infrastructure Company Ltd ('CBICL')	97.66%	97.66%
Gammon Hospitality Limited ('GHL')	100.00%	-
Gammon Logistics Limited ('GLL')	100.00%	99.99%
Gammon Metro Transport Limited ('GMTL')	100.00%	50.00%
Gammon Projects Developers Ltd ('GPD')	100.00%	100.00%
Gorakhpur Infrastructure Company Ltd ('GICL')	94.90%	94.90%
Jaguar Projects Developers Limited ('JPDL')	100.00%	-
Kosi Bridge Infrastructure Company Ltd ('KBICL')	100.00%	100.00%
Marine Project Services Limited ('MPSL')	100.00%	99.99%
Mumbai Nasik Expressway Ltd ('MNEL')	79.99%	79.99%
Pravara Renewable Energy Limited ('PREL')	100.00%	-
Rajahmundry Godavari Bridge Limited ('RGBL')	100.00%	-
Rajahmundry Expressway Ltd ('REL')	93.50%	93.50%
Ras Cities and Townships Private Limited ('RCTPL')	100.00%	-
Sikkim Hydro Power Ventures Ltd ('SHVPL')	100.00%	100.00%
Tidong Hydro Power Limited ('THPL')	51.00%	99.99%
Youngthang Power Ventures Limited ('YPVL')	100.00%	-

As part of its overall business plans, the Company has been acquiring beneficial, controlling interest and voting rights from its holding company in consideration of payment of deposit which, along with the Company's direct shareholdings, has resulted in the Company having control over 51% in various SPVs as listed above.

The details of the deposits outstanding and the resultant beneficial interest and voting rights are tabulated hereunder:

Name of the Company	As at March 31, 2009			(Rs.) As at March 31, 2008		
	No. of shares	Amount Paid	% of holding	No. of shares	Amount Paid	% of holding
AEL	7,467,550	84,825,000	25.75%	12,905,000	164,761,200	44.50%
GICL	95,96,923	95,969,230	26.01%	95,96,923	95,969,230	26.01%
KBICL	6,284,146	62,841,460	26.01%	6,284,146	62,841,460	26.01%
REL	7,467,550	84,825,000	25.75%	12,905,000	163,618,800	44.50%
THPL	25,500	255,000	51.00%	-	-	-

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

- During the year, the legal ownership in respect of 5,437,450 equity shares each in AEL and REL was transferred to the Company out of the beneficial, controlling interest and voting rights held by it as on March 31, 2008. Due to this the legal ownership of the Company in AEL and REL increased by 18.75%.
- The Company sold its entire legal stake in Tidong Hydro Power Limited ('THPL') to Torrent Power Limited and to its holding company, GIL. The Company later acquired beneficial, controlling interest and voting rights in respect of 25,500 equity shares from GIL.
- The Company acquired 50,000 equity shares in the joint venture company Gammon L & T Infra MRTS Ltd ('GLTIML') from L & T Infrastructure Projects Limited. Due to this acquisition, GLTIML became a wholly owned subsidiary of the Company. The name of GLTIML was subsequently changed to Gammon Metro Transport Limited (GMTL).
- During the year, Bedi Seaport Limited, Gammon Hospitality Limited, Jaguar Projects Developers Limited, Pravara Renewable Energy Limited, and Youngthang Power Ventures Limited were incorporated by the Company by subscribing to the memorandum.
- YPVL has paid an amount of Rs 528,525,000 towards 50% of the upfront premium to the Himachal Pradesh State Electricity Board on allotment of the Youngthang Khab project. The said amount has been shown under Capital Work In Progress.
- RGBL has paid an amount of Rs.59,300,000 towards success fee paid to Andhra Pradesh Road Development Corporation towards the project. The said amount has been shown under Capital Work In Progress.
- Effect of acquisition of subsidiaries during the year on Financial Statements.

Particulars	GMTL	RCTPL	(Rs.) RGLB
Assets			
Fixed Assets (incl. Capital WIP)		750,000,000	378,040,083
Balances with Bank	77,692	50,763	5,685,110
Miscellaneous Expenses	31,700	49,237	7,122,867
Liabilities			
Current Liabilities	430,810	-	65,860
Profit and Loss A/c	(1,421,418)	-	-
Income	420,036	-	-
Expenses	43,082	-	-
Profit Before Tax	376,954	-	-
Profit/ (Loss) Brought forward	(1,798,372)	-	-
Balance c/f to Balance Sheet	(1,421,418)	-	-

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 March 31, 2009.

- Details of Joint Ventures entered into by the Company :

Name of the Joint Venture	% of Interest as at March 31, 2009	% of Interest as at March 31, 2008
Vizag Seaport Private Ltd ('VSPL')	47.52%	42.22%
Punjab Biomass Power Ltd ('PBPL')	50.00%	50%
Indira Container Terminal Private Ltd ('ICTPL')*	50.00%	50%
SEZ Adityapur Ltd ('SEZAL')*	38.00%	38%
Haryana Biomass Power Limited ('HBPL')	50.00%	-

* As per unaudited management accounts

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

- i. CBICL, a subsidiary of the Company had extended a Term Loan of Rs 80,000,000 to VSPL, which was fully convertible at par into equity shares of Rs 10 each on April 1, 2008. Accordingly, during the year, VSPL allotted 8,000,000 equity shares at par to CBICL on April 1, 2008. These equity shares were purchased by the Company at par from CBICL, thereby increasing the stake of the Company in VSPL from 42.22% to 47.52%.
 - ii. The Company has entered into an agreement with GIL for acquisition of beneficial, controlling interest and voting rights in respect of equity shares of Indira Container Terminal Private Ltd ('ICTPL'). Under this agreement when ICTPL shares are allotted to GIL, the Company would deposit to GIL, equivalent to GIL's subscription amount for the respective shares to acquire the abovementioned beneficial, controlling interest and voting rights. In respect of the shares issued by ICTPL upto March 31, 2009, the Company's beneficial, controlling interest and voting rights in ICTPL as a consequence of the arrangement described earlier, aggregates to 50% of ICTPL at that date and ICTPL is considered for proportionate consolidation to the extent of 50%.
 - iii. The Company has sold 50% of its stake in Haryana Biomass Power Limited ('HBPL') to Bermaco Energy Systems Limited. As a consequence, HBPL became a jointly controlled entity.
- b. The proportionate share of assets, liabilities, income and expenditure of the Joint Ventures consolidated in the accounts is tabulated hereunder.

	(Rs.)	
	March 31, 2009	March 31, 2008
Balance Sheet		
Application of Funds		
Fixed Assets		
Fixed Assets	1,609,805,773	1,362,344,279
Less: Accumulated depreciation/amortisation	(209,388,598)	(126,169,192)
Fixed Asset (Net)	1,400,417,175	1,236,175,087
Capital WIP	295,377,010	145,946,922
Current Assets :		
Inventories	24,729,370	10,651,429
Sundry Debtors	29,384,220	43,866,745
Cash and Bank Balances	29,755,475	45,873,084
Loan and Advances	70,248,365	60,602,728
Total Current Assets (A)	154,117,430	160,993,986
Current Liabilities	105,816,433	108,449,914
Provisions	1,051,119	606,527
Total Current Liabilities & Provisions (B)	106,867,552	109,056,441
Net Current Assets (A-B)	47,249,878	51,937,545
Miscellaneous Expenses not written off	1,921,814	277,060
Total Application of Funds	1,744,965,877	1,434,336,614
Sources of Funds		
Loan Funds		
Secured Loans	1,026,884,199	894,228,723
Unsecured Loans	2,376,175	-
Deferred Tax Liability	-	56,470,413
Reserves and Surplus	(171,265,253)	(126,650,414)
Add : Profit/(Loss) for the year	(17,373)	(67,051,844)
Total Liabilities	857,977,748	756,996,878

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

Income / Expenses	March 31, 2009	March 31, 2008
(Rs.)		
Income		
Turnover and Operating Income	364,748,318	237,642,790
Other Income	4,462,818	49,799
Total Income	369,211,136	237,692,589
Expenses		
Operation & Maintenance Expenses	212,932,658	153,668,900
Establishment Expenses	31,488,723	5,504,970
Finance Cost	114,876,673	76,243,484
Depreciation and Amortisation	66,671,804	48,962,738
Preliminary/Share Issue Expenses Written Off	269,827	211,111
Total Expenses	426,239,685	284,591,203
Profit / (Loss) Before Tax	(57,028,549)	(46,898,614)
Provision for Tax	548,576	19,860,384
Deferred Tax Liability written back	63,560,587	-
Transitional Liability (AS-15)	-	292,846
Profit / (Loss) After Tax	5,983,462	(67,051,844)
Prior period items	(6,000,835)	-
Net Profit for the year	(17,373)	(67,051,844)

The above figures pertaining to the Joint Venture Companies are based on the audited accounts for the year ended March 31, 2009 except for ICTPL and SEZAL which are based on the un-audited management accounts. All the Joint Venture Companies were incorporated in India.

3. Associates

The following Associate has been accounted for on one line basis applying the equity method in accordance with the Accounting Standard (AS) – 23 "Accounting for Investment in Associates in Consolidated Financial Statements".

Name of the Company	% Share held	Original Cost of Investment	Goodwill / Capital Reserve	Adjusted / Accumulated Loss up to March 31, 2008	Dividend / Prior Period adjustment	Loss for the year ended March 31, 2009	Carrying amount of Investments as on March 31, 2009
Eversun Sparkle Maritime Services Pvt. Ltd (ESMSPL)	33.30%	21,439,500	(5,552,678)	(6,854,228)	-	(5,592,603)	8,992,669
Modern Toll Roads Limited (MTRL)	48.94%	244,700	-	-	-	-	244,700
ATSL Infrastructure Projects Ltd (AIPL)	48.90%	244,500	-	(20,370)	-	(9,189)	214,941
Total		21,928,700	(5,552,678)	(6,874,598)	-	(5,601,792)	9,452,310

The above figures pertaining to the Associate Companies are based on the audited accounts for the year ended March 31, 2009 except MTRL and AIPL which are based on the un-audited management accounts

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

4. Sundry Debtors

a) Bonus recoverable from the NHAI

Sundry debtors also include Rs. 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 have initiated arbitration proceedings for recovery of the bonus. As the companies believe that the bonus is fully recoverable, no provision has been considered necessary for any amounts not recoverable.

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 January 6th, 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) Sundry Debtors include Rs 120,977,813 (Previous year Rs 37,682,999) towards dues from holding company, Gammon India Limited.

5. Initial Public Offer :

a) The Company had made an Initial Public Offer of 16,550,000 equity shares of Rs 10/- each at a premium of Rs 157 per share in the year 2007-08. The equity shares pursuant to the offer were allotted on March 27, 2008.

During the year 4,280,181 equity shares were fully paid on receipt of the balance of the allotment money. As on March 31, 2009, the total number of partly paid shares is 182,875 and the Company has initiated action by sending final call notices to the concerned shareholders for payment of the balance allotment money comprising Rs 1,369,837 and Rs 19,999,605 towards face value of the equity shares and security premium respectively

b) The details of utilization of IPO proceeds upto March 31, 2009 are as under :

	Amount to be utilized as per Prospectus	(Rs.) Amount utilized upto March 31, 2009
Investments in Subsidiaries		
Kosi Bridge Infrastructure Company Limited ('KBICL')	241,544,000	241,395,000
Gorakhpur Infrastructure Company Limited ('GICL')	368,900,000	173,900,000
Sikkim Hydro Power Ventures Limited ('SHPVL')	896,000,000	4,100,000
Mumbai Nasik Expressway Limited ('MNEL')	510,000,000	-
Repayment of loan taken from GIL	100,000,000	100,000,000
IPO Issue Expenses	161,006,000	102,104,965
General corporate purposes and investments in strategic initiatives	486,400,000	314,522,370
Investments in any other infrastructure projects in addition to the above mentioned objects (refer to the note below)	-	1,210,462,948
Total	2,763,850,000	2,146,485,283

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

In terms of the approval of the members in the General Meeting held on September 15, 2008, authorizing the Company to utilize the IPO proceeds for investments in other infrastructure projects of the Company including, acquisition of any such projects and repayment of loans availed by the Company, for any such purpose in addition to the purpose already specified in the prospectus, the Company has utilized a sum of Rs. 1,210,462,948 as of March 31, 2009 as follows :

	(Rs.)
	Upto March 31, 2009
Investments made in	
Youngthang Power Ventures Limited (YPVL)	528,525,000
Rajahmundry Godavari Bridge Limited ('RGBL')	382,625,000
Pravara Renewable Energy Limited ('PREL')	68,056,008
Indira Container Terminal Private Limited ('ICTPL')	43,320,000
Punjab Biomass Power Limited ('PBPL')	21,500,000
Bedi Seaport Limited ('BSL')	2,299,940
Repayment of loan taken from GIL for investments in infrastructure projects	164,137,000
Total	1,210,462,948

Pending utilization, the funds are temporarily held in :

	(Rs.)
	Upto March 31, 2009
Bank Balances	586,783,677
Escrow Accounts	9,211,598
Total	595,995,275

Summary of proceeds received/receivable from IPO and their utilization upto March 31, 2009 :

	(Rs.)
	Upto March 31, 2009
Total Proceeds receivable from IPO	2,763,850,000
Less : IPO proceeds pending collection	21,369,442
IPO proceeds received upto March 31, 2009	2,742,480,558
IPO proceeds utilized upto March 31, 2009	2,146,485,283
Unutilised proceeds held in bank accounts	595,995,275
Total	2,742,480,558

6. Deferred tax

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

Particulars	March 31, 2009	March 31, 2008
Deferred Tax Liability :		
On Account of Depreciation	38,518,231	86,127,238
Deferred Tax Asset :		
On Account of Gratuity/Leave Encashment/Cash Compensation Scheme	3,637,242	1,102,127
Net Deferred Tax Liability	34,880,989	85,025,111

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

AEL and REL, are eligible for a 10-year tax holiday under Section 80 IA of the Income Tax Act, 1961. As a result, timing differences arising and not reversing during the tax holiday period are recognized by the respective companies.

VSPL has recorded the deferred tax liability on account of depreciation on fixed assets, Rs 225,598,444 (Company's share Rs 107,212,294) upto March 31, 2009. Further, VSPL has reassessed the unrecognized deferred tax asset as on March 31, 2009 and recognized the Deferred Tax Asset on account of timing differences on unabsorbed depreciation on the basis of prudence, only to the extent of the above mentioned deferred tax liability.

7. Capital Reserve and Goodwill

The details of Goodwill and Capital Reserve are as under.

Particulars	(Rs.)	
	March 31, 2009	March 31, 2008
Goodwill :		
- CBICL	13,425,584	13,425,584
- PBPL	30,000,000	30,000,000
- GICL	2,063,995	2,063,995
- KBICL	1,246,874	1,246,874
- VSPL	51,392,357	24,673,807
- GMTL	433,035	-
- GLL	774	-
- MPSL	23	-
Total (A)	98,562,642	71,410,260
Capital Reserve :		
- AEL	37,894,738	37,894,738
- REL	18,876,690	18,876,690
Total (B)	56,771,428	56,771,428
Net of Goodwill over Capital Reserve (A-B)	41,791,214	14,638,832
Goodwill amortised upto September 30, 2007	3,729,475	3,729,475
Net Goodwill / (Capital reserve)	38,061,739	10,909,357

8. Capital Grant

As per terms of the concession agreement dated October 14, 2005 between MNEL and NHAI, the company is entitled for a grant from NHAI of Rs.510,000,000 during the construction period and Rs.1,080,000,000 during the operations period. MNEL has received a grant of Rs.332,380,000. The same is considered as equity support and is credited to capital reserve under Reserves & Surplus in terms of the concession agreement.

9. Security for loans availed by AEL, CBICL, GICL, KBICL, MNEL, REL, PBPL and VSPL

Secured Loans in the consolidated financial statements comprises following loans of SPVs:

Particulars	(Rs.)	
	March 31, 2009	March 31, 2008
Long Term Secured Loans :		
AEL	1,806,910,000	1,996,380,000
CBICL	150,000,000	-
GICL	1,750,000,000	1,077,500,000
KBICL	1,265,000,000	557,500,000
MNEL	5,337,372,557	3,282,400,000
REL	2,021,528,000	2,235,860,000
PBPL	113,892,401	127,109
VSPL	897,994,541	886,667,568
Total (A)	13,342,697,499	10,036,434,677

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

Particulars	(Rs.)	
	March 31, 2009	March 31, 2008
Short Term Loans from Banks		
PBPL	5,334,892	-
Total (B)	5,334,892	-
Total Secured Loans	13,348,032,391	10,036,434,677

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

AEL AND REL :

Term Loans availed from Banks are :

Secured by Legal Mortgage in English Form over immovable properties, both present & future.

Secured by hypothecation / Charge over :

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

CBICL

- a) Secured against mortgage of residential property of the company.
- b) Assignment of all future receivables of the company.
- c) Pledge of shares of the Company.
- d) Guarantee of the holding company Gammon Infrastructure Projects Limited.

GIPL AND KBICL

The Loan together with all, interest, additional interest, liquidated damages, premium on pre payment, costs, expenses and other monies

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

whatsoever stipulated in this Agreement ("Secured Obligations") shall be secured by :

- a) a first mortgage and charge on all the Borrower's immovable properties, both present and future;
- b) a first charge by way of hypothecation of all the Borrower's moveables, including current and non-current assets, moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future other than the Project Assets;
- c) a first charge on Borrower's Receivables;
- d) a first charge over all bank accounts of the Borrower including without limitation, the Escrow Account, the Retention Accounts (or any account in substitution thereof) and such Other Bank Accounts that may be opened in terms hereof and of the Project Documents and in all funds from time to time deposited therein and in all Authorised Investments or other securities representing all amounts credited thereto;
- e) a first charge on all intangibles of the Borrower including but not limited to goodwill, rights, undertakings and uncalled capital, present and future;
- f) a first charge by way of assignment or otherwise creation of Security Interest in:
 - i. 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;
 - ii. the right, title and interest of the Borrower by way of first charge in, to and under all the Government Approvals;
 - iii. 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;
 - iv. insurance contracts/ insurance proceeds;
 - v. Pledge of 26% of equity shares of GICL and KBICL each, presently held by GIPL.

MNEL

The Senior Loan 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) a first mortgage and charge on all the Borrower's immovable properties, both present and future;
- b) a first charge by way of hypothecation of all the Borrower's moveables, both present and future;
- c) a first charge on Borrower's Receivables except bonus;
- d) a first charge over all bank accounts of the Borrower;
- e) a first charge on all intangibles of the Borrower including but not limited to goodwill, rights, undertakings and uncalled capital, present and future;
- f) a first charge by way of assignment or otherwise creation of Security Interest in:
 - i. 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;
 - ii. the right, title and interest of the Borrower by way of first charge in, to and under all the Government Approvals;
 - iii. 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;
 - iv. all insurance contracts/ insurance proceeds;
- g) Pledge of 51% of equity shares held by GIL and GIPL.

PBPL

1. Vehicle loan is secured by hypothecation of car purchased under the scheme from ICICI Bank Limited.
2. The Gross Facility availed from United Bank of India including interest thereon and all amounts in respect thereof shall be secured by :

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

- a) first mortgage and charge covering:
- The Borrower's immovable properties at Bhagaura for the generation unit of the company at Bhagaura;
 - The Borrower's moveable properties for the generation unit of the company at Bhagaura; assignment of all Project Agreements (including contractor guarantees, performance bonds and liquidated damages);
 - assignment of Borrower's receivables, insurance policies and government, approvals of company pertaining only to the generation unit at Bhagaura including the proceeds from the CDM benefits accrued to company.
- b) Pledge of 30% of paid up and voting equity share capital of PBPL held by the promoters, GIPL and Bermaco Energy Systems Limited.

VSPL

- a) Secured by hypothecation of moveable assets and receivables of the company.

Borrowing Costs Capitalised

During the year the total amount of borrowing cost capitalized is as under :

	As at March 31, 2009	As at March 31, 2008
GICL	153,972,311	47,868,316
KBICL	82,671,642	26,330,178
MNEL	386,200,522	185,328,078
PBPL	4,595,149	20,034
VSPL	-	3,486,774
Total	627,439,624	263,033,380

10. Earnings per share

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

	As at March 31, 2009	As at March 31, 2008
Net Profit for the year	326,557,842	186,480,730
Outstanding equity shares at the end of the year	144,550,000	144,550,000
Weighted average Number of Shares outstanding during the year - Basic	144,550,000	128,180,365
Weighted average Number of Shares outstanding during the year - Diluted	145,220,160	128,484,792
Earnings per Share-Basic (Rs.)	2.26	1.45
Earnings per Share-Diluted (Rs.)	2.25	1.45

Reconciliation of weighted number of outstanding during the year

	As at March 31, 2009	As at March 31, 2008
Nominal Value of Equity Shares (Rs per share)	10	10
For Basic EPS :		
Total number of equity shares outstanding at the beginning of the year	144,550,000	128,000,000
Add : Issue of Equity Shares through Initial Public Offer	-	16,550,000
Total number of equity shares outstanding at the end of year	144,550,000	144,550,000
Weighted average number of equity shares at the end of the year	144,550,000	128,180,365
For Dilutive EPS :		
Weighted average number of shares used in calculating basic EPS	144,550,000	128,180,365
Add : Equity shares for no consideration arising on grant of stock options under ESOP	703,745	318,820
Less : Equity shares for no consideration arising on grant of stock options under ESOP forfeited / lapsed (included above)	33,585	14,393
Weighted average number of equity shares used in calculating diluted EPS	145,220,160	128,484,792

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

11. Pledge of Shares

The Company 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		(Rs.)
	March 31, 2009	March 31, 2008	Rate (Rupees)
Andhra Expressway Limited	9,135,010	9,135,010	10/-
Rajahmundry Expressway Limited	14,266,318	9,135,010	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	-	10/-
Vizag Seaport Private Limited	20,589,729	-	10/-

12. Lease

The Company has obtained its registered premises on operating lease (cancellable) from its holding company, GIL. The annual lease rentals are Rs 1,200,000 (Previous year Rs 1,200,000). There are no restrictions imposed on the Company by the lease agreement and there are no sub-leases.

13. Segment reporting

Business segments have been identified on the basis of the nature of services, the risk return profile of individual business, the organizational structure and the internal reporting system of the Company.

Segment Composition :

a) Infrastructure Activities

Infrastructure activities comprise of all the activities of investing in infrastructure projects, providing advisory services and operating and maintaining of Public Private Partnership Infrastructure Projects.

b) Air Cargo Services

Providing air cargo services within the country.

As the income from the Air Cargo segment in the reporting year is less than 10%, the details of the Segment Reporting has not been provided.

Further, the Company's operations are within single geographical segment which is India.

14. Remuneration to Auditors

Remuneration to Auditors of the subsidiaries not audited by any of the Joint Auditors of the Company is grouped with Professional Fees.

15. Periodic Maintenance

AEL and REL, subsidiaries of the Company has incurred Rs 89,945,826 (Previous year Rs Nil) towards periodic maintenance costs during the year which are included in the capital work in progress and the same will be capitalised to project road on completion of the activity.

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

Disclosure under Accounting Standard (AS)-7

Particulars	(Rs.)	
	2008-09	2007-08
Contract Revenue recognised	89,945,825	-
Contract Expenditure recognized	89,945,825	-
Contract Profit	-	-
Retentions	7,195,666	-

16. Prior Period Items

Prior period items as shown in the profit and loss account for the year 2008-09 includes expenses capitalised during the year 2007-08 erroneously now expensed. The break-up of the same is given hereinunder :

Particulars	(Rs.)	
	March 31, 2009	
Establishment Expenses	2,511,965	
Personnel Expenses	3,174,503	
Depreciation	43,737	
Tax expense	291,000	
Total	6,021,205	

17. Contingent Liability

a) Group's share in Contingent Liability not provided for in the respect of Jointly Controlled Entities:

Particulars	(Rs.)	
	March 31, 2009	March 31, 2008
VSPL :		
Bank Guarantees	17,810,021	15,824,483
Disputed Liquidated Damages	-	8,444,453
Others	-	8,444,453
GIPL :		
Corporate Guarantees	150,000,000	-
Bank Guarantees	464,500,000	-
TOTAL	632,310,021	32,713,389

- b) Contingent Liability includes an amount of Rs 177,699,900 claimed by the Collector and District Registrar, Rajahmundry, pursuant to an Order dated March 15, 2005, as deficit stamp duty payable on the Concession Agreement entered into between REL and National Highway Authority of India ('NHAI'), classifying the Concession Agreement as a 'lease' under Article 31(d) of the Indian Stamp Act. REL has impugned the Order by way of a writ petition before the High Court of Andhra Pradesh at Hyderabad. No provision is considered necessary in respect of the said demand, as the management believes that there is no contravention of the Indian Stamp Act.
- c) Disputed tax liabilities, in appeal in the case of AEL, is Rs 32,283,712. Of this, an amount of Rs 22,788,078 has been deposited by AEL.

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

18. Commitments

Capital commitments

The total capital commitment as on March 31, 2009 is Rs 26,956,000,000 (Previous year Rs 20,902,200,000). The capital commitments are in respect of projects where the concession agreements have been signed and does not include projects where only Letters of Intents are held.

Export obligations

Particulars	March 31, 2009	(Rs.) March 31, 2008
VSPL :		
Under EPCG Scheme	88,080,325	-

19. Employees Stock Options Scheme ('ESOP')

The Company has instituted an ESOP Scheme during the year 2007-08, approved by the shareholders vide their resolution dated May 4, 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 options entitles an employee to subscribe to 1 equity share of the Company at an exercise price of Rs 80 per share. Out of the options granted, 75,000 options were forfeited during the year 2007-08.

During the current year, the Compensation Committee of the Board of the Directors of the Company at its meeting held on October 1, 2008, has further granted 1,410,000 options to eligible employees of the Company at the market price of Rs 63.95 per equity share, prevailing on September 30, 2008 upon expiry of the respective vesting period which ranges from one to three years.

Further, during the year, 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 Rs 43.45 per equity share.

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

The details of the grants under the aforesaid ESOPs Schemes are summarized hereinunder :

Series	GIPL ESOP 2007		GIPL ESOP 2007		GIPL ESOP 2008		GIPL ESOP 2008		(Rs.)
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	
Fair Value (as on grant date) of equity shares	63.95	99.00	-	124.00	63.95	-	43.45	-	
Market Price (as on grant date) of equity shares granted during the year	63.95	N.A.	-	N.A.	63.95	-	43.45	-	
Exercise Price of Options granted during the year	63.95	80.00	-	80.00	63.95	-	10.00	-	
Grant Dates	October 1, 2008	July 1 2007	-	October 1, 2007	October 1, 2008	-	December 5, 2008	-	
Vesting commences from	October 1, 2009	July 1, 2008	-	October 1, 2008	October 1, 2009	-	December 5, 2009	-	
Options granted at the beginning of the year	1,540,000	-	25,000	-	-	-	-	-	
Options granted during the year	920,000	1,615,000	-	25,000	490,000	-	500,000	-	
Options lapsed forfeited during the year	750,000	75,000	-	-	-	-	-	-	
Options exercised during the year	-	-	-	-	-	-	-	-	
Options granted and outstanding at the end of the year	1,710,000	1,540,000	25,000	25,000	490,000	-	500,000	-	

Particulars	ESOP Scheme 2007			ESOP Scheme 2008			ESOP Scheme 2008			(Rs.)
Options (Numbers)	270,000			490,000			500,000			
Weighted Average Fair Value of options granted during the year	40.46			40.46			40.46			
Option Pricing Model used	Black Scholes Option Pricing Model			Black Scholes Option Pricing Model			Black Scholes Option Pricing Model			
Equity Share Price	74.30			74.30			47.90			
Exercise Price	63.95			63.95			10.00			
Expected Volatility	0.5169			0.5169			0.6533			
Weighted Average on unexpired life of the options (in years)	2.51			2.51			1.68			
Expected dividend	Nil			Nil			Nil			
Risk Free Interest Rate	8.61%			8.61%			6.81%			
Basis of determination of volatility	Average of GIPL (from the date of listing) and 4 previous yrs average of IVRCL and Nagarjuna			Average of GIPL (from the date of listing) and 4 previous yrs average of IVRCL and Nagarjuna			Average of GIPL (from the date of listing) and 2 previous yrs average of IVRCL and Nagarjuna			

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

The Company was an unlisted Company at the date when options were granted under GIPL ESOP 2007 scheme and therefore the intrinsic value was determined on the basis of an independent valuation by following the price to Net Asset Value (NAV) method.

If the compensation cost been determined in accordance with the fair value approach described in the Guidance Note, the Company's net profit for the year ended March 31, 2009 as reported would have changed to amounts indicated below:

Particulars	(Rs.)	
	Year ended March 31, 2009	Year ended March 31, 2008
Net Profit (as reported)	326,557,842	186,480,730
Add: Stock based compensation expense included in the reported income	14,983,962	11,353,039
Less: Stock based compensation expenses determined using fair value of options	41,046,332	28,404,237
Net Profit (adjusted)	300,495,472	169,429,532
Weighted average number of equity shares outstanding during the year	144,550,000	128,180,365
Weighted average number of shares considered for diluted earnings per share (adjusted)	145,220,160	128,484,792
Basic earnings per share as reported	2.26	1.45
Basic earnings per share (adjusted)	2.08	1.32
Diluted earnings per share as reported	2.25	1.45
Diluted earnings per share (adjusted)	2.07	1.31

20. Retention Bonus for employees

During the year, the Compensation Committee of the Board of Directors has implemented a scheme of Retention Bonus for its employees. Under this scheme, employees (excluding the managing Director), to whom stock options were offered in the current year are entitled to a cash alternative to the options which would be payable in lieu of their not exercising the right to apply for the shares against the options granted under the ESOP schemes. The Company has made a provision of Rs. 5,973,334 (Previous year Rs Nil) against Cash Compensation in accordance with guidance note on accounting of employees share based payments.

21. Employee benefits

From the April 1, 2007, the revised AS - 15 (Employee Benefits) is applicable to the group.

Gratuity

Gratuity is a defined benefit plan under which employees are entitled to receive gratuity calculated based on the number of years of their service and their last drawn salary at the time of retirement.

The following table summarises the components of net benefit expense recognized in the profit and loss account and amounts recognized in the balance sheet.

Particulars	(Rs.)	
	Year ended March 31, 2009	Year ended March 31, 2008
Net employee benefit expense :		
Current Service Cost	574,571	343,346
Interest Cost	110,597	48,877
Actuarial (gain)/loss	(2,644)	836,451
(Excess)/Short provision of earlier year	(458,594)	-
Total	223,930	1,228,674

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

The changes in the present value of the defined benefit obligation are as follows

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Defined benefit obligation, at beginning of the year	1,326,470	523,478
Current service Cost	574,571	343,346
Interest Cost	110,597	48,877
Actuarial (gain)/loss	(2,645)	836,451
Less : Benefit Paid	-	444,231
Add : (Excess)/Short accounted for in earlier year	(458,594)	-
Defined benefit obligation, at end of the year	1,550,399	1,307,921

The group's gratuity obligation is fully unfunded. Hence currently, the Company does not expect to contribute any amounts to its gratuity plan in the next annual period.

The principal assumptions used in determining the gratuity obligations are as follows:

Discount rate	8%
Expected rate of return on plan assets	Not applicable
Attrition rate	2%
Retirement age	60 years

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.

22. Managerial Remuneration

The Managerial Remuneration paid to the Managing Director of Rs. 16,845,065 (Previous year Rs 8,406,284) is in excess of the limit specified under Section 309 by Rs. 6,002,843 (Previous year Rs Nil). The Company is in the process of obtaining approval from the Central Government as required by the provisions of the Companies Act, 1956.

23. Related party transactions

a) Relationships:

Entity Where Control Exists: Holding Company of the Group:

Gammon India Limited

Associates:

Eversun Sparkle Maritimes Services Pvt. Limited

Associated Transrail Structure Limited

ATSL Infrastructure Projects Limited

Modern Toll Roads Limited.

Key Management Personnel and Relatives:

Mr. Abhijit Rajan

Mr. Parvez Umrigar

b) Related Party Transactions :

(Please refer to Annexure 1 for Related party transactions)

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

24. Derivative Instruments and Unhedged Foreign Currency Exposure

There are no derivative instruments outstanding as at March 31, 2009. There are unhedged foreign currency exposure of US \$ 4,696 (Rs 245,011) and of British Sterling Pound 126,035 (Rs 9,346,496) of liability outstanding as at March 31, 2009 towards legal services for the Fund to be established by the Company in future.

Further, there is an unhedged foreign currency exposure of US\$ 50,000 (Rs 2,547,500) of asset as on March 31, 2009 towards advance paid.

25. Prior period comparatives

Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date.

For Natvarlal Vepari and Co.
Chartered Accountants

N. Jayendran

Partner

Membership No: 40441

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah

Partner

Membership No: 42650

**For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited**

Abhijit Rajan

Chairman & Managing Director

Himanshu Parikh

Director

Sanjay Sachdeva

Director

G. Sathis Chandran

Company Secretary

Parvez Umrigar

Managing Director

C.C. Dayal

Director

Place : Mumbai

Date : July 13, 2009

Place : Mumbai

Date : July 13, 2009

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

ANNEXURE - 1

Related Party Transactions :

Amounts in brackets relate to March 31, 2008

Transactions	Holding Company	Associates	Key Management Personnel	(Rs.) Total
Operations & Maintenance Income :				
- Gammon India Ltd	241,675,845	-	-	241,675,845
	(143,020,096)	(-)	(-)	(143,020,096)
Other Operating Income :				
- Gammon India Ltd	16,562,143	-	-	16,562,143
	(9,000,000)	(-)	(-)	(9,000,000)
Cargo Income				
- Gammon India Ltd	410,840	-	-	410,840
	(-)	(-)	(-)	(-)
Operations & Maintenance Expenses :				
- Gammon India Ltd	241,675,846	-	-	241,675,846
	(143,020,096)	(-)	(-)	(143,020,096)
Contract Expenditure :				
- Gammon India Ltd	3,364,975,622	-	-	3,364,975,622
	(3,528,382,718)	(-)	(-)	(3,528,382,718)
Advances given against EPC contracts :				
- Gammon India Ltd	712,500,000	-	-	712,500,000
	(926,810,460)	(-)	(-)	(926,810,460)
Advances recovered against EPC contracts :				
- Gammon India Ltd	596,568,210	-	-	596,568,210
	(391,385,820)	(-)	(-)	(391,385,820)
Advance received for purchase of equity shares :				
- Modern Toll Roads Limited	-	-	-	-
	(-)	(26,520,000)	(-)	(26,520,000)
Share Application money paid :				
- Modern Toll Roads Limited	-	-	-	-
	(-)	(12,994,800)	(-)	(12,994,800)
Purchase of Assets				
- Gammon India Ltd	2,725,449	-	-	2,725,449
	(-)	(-)	(-)	(-)
Rent Paid :				
- Gammon India Ltd	1,200,000	-	-	1,200,000
	(1,200,000)	(-)	(-)	(1,200,000)
Insurance Claims received				
- Gammon India Ltd	1,882,407	-	-	1,882,407
	(3,941,595)	(-)	(-)	(3,941,595)
Insurance Claims transferred				
- Gammon India Ltd	1,882,407	-	-	1,882,407
	(3,941,595)	(-)	(-)	(3,941,595)

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

Transactions	Holding Company	Associates	Key Management Personnel	(Rs.) Total
Purchase of Investments :				
- Gammon India Ltd	159,730,000 (10,245,900)	- (-)	- (-)	159,730,000 (10,245,900)
- Modern Toll Roads Limited	- (-)	- (1,004,500)	- (-)	- (1,004,500)
Sale of Investments :				
- Gammon India Ltd	255,000 (-)	- (-)	- (-)	255,000 (-)
Share Application Money Received :				
- Gammon India Ltd	500,000 (219,676,670)	- (-)	- (-)	500,000 (219,676,670)
- Associated Transrail Structures Limited	- (-)	- (19,771,990)	- (-)	- (19,771,990)
Refund received against Share Application Money Paid / Conversion into equity :				
- Gammon India Ltd	500,000 (211,307,579)	- (-)	- (-)	500,000 (211,307,579)
- Associated Transrail Structures Limited	- (-)	- (19,771,990)	- (-)	- (19,771,990)
Managerial Remuneration :				
- Mr. Parvez Umrigar	- (-)	- (-)	16,845,065 (8,406,284)	16,845,065 (8,406,284)
Gross value of stock options issued to:				
- Mr. Parvez Umrigar	- (-)	- (-)	16,725,000 (11,400,000)	16,725,000 (11,400,000)
Amortization of options issued to:				
- Mr. Parvez Umrigar	- (-)	- (-)	9,256,164 (4,845,000)	9,256,164 (4,845,000)
Finance provided (including Loans and Equity contribution in cash or in kind) :				
- Associated Transrail Structures Ltd	- (-)	2,140,000,000 (665,000,000)	- (-)	2,140,000,000 (665,000,000)
- Modern Toll Roads Limited	- (-)	- (244,700)	- (-)	- (244,700)
- ATSL Infrastructure Projects Limited	- (-)	- (244,500)	- (-)	- (244,500)
Finance provided for expenses and on account payments :				
- Gammon India Ltd	6,693,704 (3,750,812)	- (-)	- (-)	6,693,704 (3,750,812)

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

Transactions	Holding Company	Associates	Key Management Personnel	(Rs.) Total
- Modern Toll Road	- (-)	575 (47,771)	- (-)	575 (47,771)
- ATSL Infrastructure Projects Limited	- (-)	- (19,585)	- (-)	- (19,585)
Amount liquidated towards the above finance :				
- Gammon India Ltd	59,757,996 (2,209,548)	- (-)	- (-)	59,757,996 (2,209,548)
- Associated Transrail Structures Ltd	- (-)	2,290,000,000 (595,000,000)	- (-)	2,290,000,000 (595,000,000)
- ATSL Infrastructure Projects Ltd	- (-)	36,785 (-)	- (-)	36,785 (-)
- Modern Toll Road	- (-)	575 (-)	- (-)	575 (-)
Interest income during the period :				
- Gammon India Limited	1,015,677 (-)	- (-)	- (-)	1,015,677 (-)
- Associated Transrail Structures Ltd	- (-)	59,368,905 (4,476,988)	- (-)	59,368,905 (4,476,988)
Finance received (including Loans and Equity contribution in cash or in kind) :				
- Gammon India Ltd	500,000 (561,546,590)	- (-)	- (-)	500,000 (561,546,590)
- Associated Transrail Structures Limited	- (-)	- (19,771,990)	- (-)	- (19,771,990)
Finance received for expenses & on account payments :				
- Gammon India Ltd	532,432,952 (53,250,710)	- (-)	- (-)	532,432,952 (53,250,710)
Amount liquidated towards the above finance :				
- Gammon India Ltd	822,967,129 (179,374,676)	- (-)	- (-)	822,967,129 (179,374,676)
Interest paid during the period :				
- Gammon India Ltd	5,323,071 (9,141,163)	- (-)	- (-)	5,323,071 (9,141,163)
Deposit towards purchase of Beneficial Interest of equity shares :				
- Gammon India Ltd	528,780,000 (243,991,370)	- (-)	- (-)	528,780,000 (243,991,370)

Schedule (Contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2009

Transactions	Holding Company	Associates	Key Management Personnel	(Rs.) Total
Refund/Adjustment of Advances Deposit for controlling interest in companies :				
- Gammon India Ltd	687,255,000	-	-	687,255,000
	(-)	(-)	(-)	(-)
Guarantee & Collaterals O/s				
- Gammon India Ltd	16,550,000	-	-	16,550,000
	(16,550,000)	(-)	(-)	(16,550,000)
Retention Money recovered :				
- Gammon India Ltd	488,319,681	-	-	488,319,681
	(205,111,903)	(-)	(-)	(205,111,903)
Retention Money refunded :				
- Gammon India Ltd	292,929,796	-	-	292,929,796
	(175,102,620)	(-)	(-)	(175,102,620)
Refund received of Margin Money Deposit kept :				
- Gammon India Ltd	-	-	-	-
	(9,438,488)	(-)	(-)	(9,438,488)
Oustanding Balances Receivable :				
- Gammon India Ltd	1,162,932,026	-	-	1,162,932,026
	(605,272,826)	(-)	(-)	(605,272,826)
- Associated Transrail Structures Ltd	-	-	-	-
	(-)	(150,139,849)	(-)	(150,139,849)
- ATSL Infrastructure Projects Ltd	-	-	-	-
	(-)	(36,785)	(-)	(36,785)
- Modern Toll Road	-	48,271	-	48,271
	(-)	(48,271)	(-)	(48,271)

Note :

During the year, the Company had granted 500,000 options under "ESOP Scheme 2007" to its Managing Director, Mr Parvez Umrigar at market price as on October 1, 2008 (Rs 63.95). The said options were not exercised and hence lapsed. He was further granted 500,000 options under "ESOP Scheme 2008" at an exercise price of Rs 10 on December 5, 2008.

Auditors' Report

To

The members of

Gammon Infrastructure Projects Limited

1. We have audited the attached Balance Sheet of Gammon Infrastructure Projects Limited as at March 31, 2009 and the related Profit and loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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. As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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.
4. Without qualifying our opinion we draw attention to Note C.7(c) of Schedule 19 to the financial statements. The Company has incurred managerial remuneration, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956 by Rs. 6,002,843. The Company is in the process of making an application to the Central Government in this regard, for such excess payment of managerial remuneration. Pending the final outcome of the Company's application, no adjustments have been made to the accompanying financial statements in this regard.

Auditors' Report (Contd.)

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

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
- iii) The Balance Sheet, Profit and loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- iv) In our opinion, the Balance Sheet, Profit and loss Account and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Clause (g) of Sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the accounts and the other 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 March 31, 2009 and
 - (b) in the case of Profit and loss Account of the profit for the year ended on that date.
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Natvarlal Vepari & Co.
Chartered Accountants

N Jayendran
Partner
M.No. 40441
Mumbai, Dated : May 21, 2009

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
M.No. 42650
Mumbai, Dated : May 21, 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and as per the report of the site auditors provided to us, no material discrepancies were noticed on such verification.
- (iii) (a) As informed, the Company has not taken any fresh loan from any party covered in the Register maintained under Section 301 of the Companies Act 1956. In respect of the earlier loan taken from one Company covered in the register maintained under section 301 of the Companies Act, 1956, the same has been repaid during the year and the maximum balance outstanding during the year was Rs. 293,000,000.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and terms and conditions for such loans are not prima facie prejudicial to the interests of the company.
- (c) The Company has not granted any loans secured or unsecured to companies, firms or other 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 an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the rendering of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (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) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (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.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) The Company is generally regular in depositing Provident Fund, Income tax and service tax dues with the appropriate authorities though there has been a slight delay in a few cases. The provisions of the investor education and protection fund, employees' state insurance, sales-tax, customs duty and excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, there are no undisputed 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.
- (c) According to the information and explanations given to us there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses at March 31, 2009 and has not incurred cash losses in current year and the previous year.

- (xi) The Company does not have any borrowings from banks and Financial institutions and therefore clause (xi) of para 4 of the Order is not applicable.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/ mutual benefit fund/society and accordingly clause (xiii) of para 4 of the Order 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 given to us the Company has given guarantee for loans taken by its subsidiary company from banks which is not prejudicial to the interests of the company.
- (xvi) The Company has not taken any term loans and therefore clause (xvi) of para 4 of the Order is not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties covered in the Register maintained under section 301 of the Act and therefore clause (xviii) of the said Order is not applicable.
- (xix) The Company has not issued any debentures and accordingly clause (xix) of the said Order is not applicable.
- (xx) We have verified the end use of money raised by public issues as disclosed in the note C 3 (b) of schedule 19 to the financial statements.
- (xxi) Based on the audit procedures performed and the information and explanations given by the management we report that no fraud on or by the company has been noticed or reported during the year.

For Natvarlal Vepari & Co.
Chartered Accountants

N Jayendran
Partner
M.No. 40441
Mumbai, Dated : May 21, 2009

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah
Partner
M.No. 42650
Mumbai, Dated : May 21, 2009

Balance Sheet

As At March 31, 2009

	Schedule	As At March 31, 2009	As At March 31, 2008
(Rs.)			
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,444,130,163	1,420,745,077
Employee Stock Options outstanding	2	25,824,892	11,353,039
Reserves and Surplus	3	<u>3,763,358,301</u>	<u>3,275,534,433</u>
Unsecured Loans	4	5,233,313,356	4,707,632,549
Deferred Tax Liability, Net		-	293,000,000
[refer note C (4) of Schedule 19]		27,687,818	24,246,537
		5,261,001,174	5,024,879,086
APPLICATION OF FUNDS			
Fixed Assets (Net)			
Gross Block	5	265,727,774	261,313,613
Accumulated Depreciation and Amortisation		<u>57,614,776</u>	<u>38,107,680</u>
Net Block		208,112,998	223,205,933
Investments	6	3,692,173,717	2,461,693,323
Current Assets, Loans and Advances			
Inventories	7	1,969,319	1,361,366
Sundry Debtors	8	120,566,973	37,682,999
Cash and Bank Balances	9	736,625,786	2,416,372,221
Loans and Advances	10	<u>582,726,125</u>	<u>67,497,024</u>
(A)		1,441,888,203	2,522,913,610
Current Liabilities and Provisions			
Current Liabilities	11	71,668,707	173,471,191
Provisions	12	9,505,037	9,462,589
(B)		81,173,744	182,933,780
Net Current Assets	(A-B)	1,360,714,459	2,339,979,830
		5,261,001,174	5,024,879,086
Notes to the Financial Statements	19		

The schedules referred to above form an integral part of these financial statements.

As per our report of even date.

For Natvarlal Vepari and Co.
Chartered Accountants**N. Jayendran**
Partner
Membership No: 40441For S.R. Batliboi & Associates
Chartered Accountants**per Hemal Shah**
Partner
Membership No: 42650**For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited****Abhijit Rajan**
Chairman & Managing Director**Himanshu Parikh**
Director**Sanjay Sachdeva**
Director**G. Sathis Chandran**
Company Secretary**Parvez Umrigar**
Managing Director**C.C. Dayal**
Director**S.C. Tripathi**
DirectorPlace : Mumbai
Date : May 21, 2009Place : Mumbai
Date : May 21, 2009

Profit & Loss Account

For the year ended March 31, 2009

	Schedule	Year Ended March 31, 2009	Year Ended March 31, 2008
(Rs.)			
INCOME			
Turnover	13	373,409,371	266,976,780
Other Income	14	106,228,225	8,191,855
		479,637,596	275,168,635
EXPENDITURE			
Operating & Maintenance Expenses	15	129,450,099	43,073,629
Establishment Expenses	16	45,524,223	31,350,263
Personnel Cost	17	76,374,604	53,425,937
Finance Costs	18	9,328,935	9,879,673
Depreciation and Amortisation	5	19,508,224	19,277,460
		280,186,085	157,006,962
		199,451,511	118,161,673
PROFIT BEFORE TAX			
Less: Provision for Taxation			
Current Tax		53,000,000	38,100,000
Deferred Tax		3,441,281	9,190,058
Fringe Benefit Tax		750,000	600,000
		57,191,281	47,890,058
		142,260,230	70,271,615
PROFIT AFTER TAX			
Less: Short Provision for Tax of earlier years		6,062,127	520,726
		136,198,103	69,750,889
NET PROFIT FOR THE YEAR			
Add : Compensation Cost reversed on forfeiture of ESOP		512,109	-
Add: Balance at the beginning of the year		211,961,799	142,210,910
BALANCE CARRIED TO THE BALANCE SHEET			
		348,672,011	211,961,799
Earnings Per Share [refer note C (5) of Schedule 19]			
Basic		0.95	0.54
Diluted		0.94	0.54
Notes to the Financial Statements	19		

The schedules referred to above form an integral part of these financial statements.

As per our report of even date.

For Natvarlal Vepari and Co.
Chartered Accountants

N. Jayendran

Partner
Membership No: 40441

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah

Partner
Membership No: 42650

For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited

Abhijit Rajan
Chairman & Managing Director

Himanshu Parikh
Director

Sanjay Sachdeva
Director

G. Sathis Chandran
Company Secretary

Parvez Umrigar
Managing Director

C.C. Dayal
Director

S.C. Tripathi
Director

Place : Mumbai
Date : May 21, 2009

Place : Mumbai
Date : May 21, 2009

Cash Flow Statement

For the year ended March 31, 2009

	Year Ended March 31, 2009	Year Ended March 31, 2008
		(Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	199,451,511	118,161,673
Adjustments for :		
Depreciation & Amortisation	19,508,224	19,277,460
Dividend Income	(73,130,108)	(729,807)
(Profit)/loss on Sale of Investments	(50,507)	-
Interest (Net)	(23,355,644)	5,620,710
Employee Stock Options	14,983,962	11,353,039
Cash Alternative Settlement for ESOP Scheme	5,973,334	-
Provision for diminution in the value of investments	456,976	-
Assets Written Off	47,862	108,483
Provision for dues from subsidiaries written back	(938,441)	-
Advances paid to staff written off	-	4,192
	(56,504,342)	35,634,077
Operating Profit before Working Capital Changes	142,947,169	153,795,750
Adjustments for :		
Trade and Other Receivables	(110,809,457)	(15,060,467)
Inventories	(607,953)	1,388,859
Trade Payables & Working Capital Finance	15,063,005	(19,036,560)
	(96,354,405)	(32,708,168)
Cash Generated from the Operations	46,592,764	121,087,582
Direct Taxes paid	(60,699,147)	(67,098,671)
Net Cash from / used for Operating Activities	(14,106,383)	53,988,911
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(4,463,151)	(1,318,763)
Investments		
Subscription to:		
- Subsidiaries	(441,374,050)	(422,755,660)
- Joint Ventures	(191,543,335)	(80,628,320)
- Associates	-	(989,140)
Sale of Investments :		
- Subsidiaries	749,880	-
Purchase consideration comprising entirely cash & cash equivalents for the acquisition of following subsidiaries		
- Gorakhpur Infrastructure Company Limited	-	(6,127,450)
- Kosi Bridge Infrastructure Company Limited	-	(5,122,950)
- Tidong Hydro Power Limited	(255,000)	-
Deposit for acquisition of controlling interest in subsidiaries equity shares transferred against deposits for acquisition of controlling interest in subsidiaries :		
- Gorakhpur Infrastructure Company Limited	-	(95,969,230)
- Kosi Bridge Infrastructure Company Limited	-	(62,841,460)
Purchase of Other Investments :		
- Mutual Fund Units	(11,003,156,930)	(10,000,000)
Sale of Other Investments :		
- Mutual Fund Units	11,003,207,437	20,514,348
Share Application Money Pending Allotment	(598,514,865)	(77,955,800)
Intercorporate Deposits :		
- Granted	(1,885,955,000)	(70,000,000)

Cash Flow Statement (Contd.)

For the year ended March 31, 2009

	Year Ended March 31, 2009	Year Ended March 31, 2008
		(Rs.)
- Refunds received	1,847,229,574	240,000,000
Advances to Subsidiaries and Joint Ventures	(5,397,139)	5,170,035
Loan to Subsidiaries	(432,525,000)	-
Advances to Other Companies	1,060,848	(12,010,058)
Advances received for sale of shares	-	26,520,000
Interest received	24,775,119	5,747,845
Dividend received	73,130,108	729,807
Net Cash (used for) Investing Activities	(1,613,031,504)	(547,036,796)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Initial Public Offer of equity shares	364,807,355	2,377,673,203
Proceeds from borrowings	-	293,000,000
Refund of borrowings	(293,000,000)	-
Interest Paid	(6,226,882)	(9,141,163)
Share Issue Expenses	(118,189,021)	(43,256,307)
Net Cash from/(used for) Financing Activities	(52,608,548)	2,618,275,733
Net Decrease in Cash and Cash Equivalents	(1,679,746,435)	2,125,227,848
Closing Balances	736,625,786	2,416,372,221
Opening Balances	2,416,372,221	291,144,373
Net Decrease in Cash and Cash Equivalents	(1,679,746,435)	2,125,227,848
Note : Figures in brackets denote outflows.		
Components of Cash and Cash Equivalents		
Cash and Cheques on hand	49,563	161,456
With Banks :		
- On Current Account	140,557,778	38,537,562
- On Bank Overdraft	-	-
- On Escrow Account - IPO Proceeds	596,018,445	2,377,673,203
	736,625,786	2,416,372,221

As per our report of even date.

For Natvarlal Vepari and Co.
Chartered Accountants

N. Jayendran

Partner

Membership No: 40441

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah

Partner

Membership No: 42650

For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited

Abhijit Rajan

Chairman & Managing Director

Himanshu Parikh

Director

Sanjay Sachdeva

Director

G. Sathis Chandran

Company Secretary

Parvez Umrigar

Managing Director

C.C. Dayal

Director

S.C. Tripathi

Director

Place : Mumbai

Date : May 21, 2009

Place : Mumbai

Date : May 21, 2009

Schedule

Annexed to and forming part of the financial statements for the year ended March 31, 2009

	As At March 31, 2009	As At March 31, 2008
(Rs.)		
SCHEDULE '1': SHARE CAPITAL		
Authorised		
200,000,000 (Previous Year: 200,000,000) Equity shares of Rs 10/- each	2,000,000,000	2,000,000,000
	2,000,000,000	2,000,000,000
Issued and Subscribed		
144,550,000 Previous Year : 144,550,000) Equity Shares of Rs. 10/- each	1,445,500,000	1,445,500,000
[Out of the above 105,600,000 (Previous Year: 105,600,000) Equity shares of Rs. 10/- each fully paid held by Gammon India Limited - the holding Company and 4,480,000 (Previous year 4,480,000) equity shares of Rs 10/- each are held by Gactel Turnkeys Projects Limited formerly Gammon Cooling Towers Limited, a wholly owned subsidiary of Gammon India Limited]		
	1,445,500,000	1,445,500,000
Paid-up		
144,550,000 Previous Year : 144,550,000) Equity Shares of Rs. 10/- each	1,445,500,000	1,445,500,000
Less: Amount due on allotment of equity shares [refer note C (3) of Schedule 19]	1,369,837	24,754,923
	1,444,130,163	1,420,745,077
The Company has issued employee stock options to employees in the year 2007-08 and during the year 2008-09 [refer note C(18) of Schedule 19]. At March 31, 2009 2,725,000 options (Previous year 1,565,000) were issued and outstanding		
	1,444,130,163	1,420,745,077
SCHEDULE '2': EMPLOYEE STOCK OPTIONS OUTSTANDING		
Employee stock options outstanding	47,085,000	30,360,000
Less : Forfeiture of stock options offered	512,109	-
	46,572,891	30,360,000
Less : Deferred Employee compensation outstanding	20,747,999	19,006,961
For details of Stock Options Outstanding [refer note C (18) of Schedule 19]		
	25,824,892	11,353,039

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

	As At March 31, 2009	(Rs.) As At March 31, 2008
SCHEDULE '3': RESERVES AND SURPLUS		
Security Premium, beginning of the year	3,063,572,634	997,781,223
Add : Security Premium received / receivable on equity shares through the Initial Public Offer	361,421,874	2,598,350,000
Less: Amount due on allotment of equity shares [refer note C (3) of Schedule 19]	19,999,605	361,421,874
	341,422,269	2,236,928,126
Less : Share issue expenses (relating to prior year)	-	10,816,209
Less : Share issue expenses during the year	100,000	160,320,506
Add : Excess provision made written back	9,791,387	-
	351,113,656	2,065,791,411
	3,414,686,290	3,063,572,634
Profit & Loss Account balance	348,672,011	211,961,799
	3,763,358,301	3,275,534,433
SCHEDULE '4': UNSECURED LOANS		
Intercorporate Loan received from Holding Company (repayable on demand)	-	293,000,000
	-	293,000,000

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION			NET BLOCK		
	As on 01.4.2008	Additions during the year	Deletions during the year	As on 31.03.2009	As on 01.4.2008	For the year	Deletions for the year	As on 31.03.2009	As on 31.03.2008
Tangible Assets									
Office Equipments	1,019,681	233,276	48,990	1,203,967	88,218	42,075	1,128	1,29,165	1,074,802
Furniture & Fixtures	4,376,731	88,941	-	4,465,672	459,975	280,804	-	740,779	3,724,893
Computers	1,624,613	384,905	-	2,009,518	386,742	297,706	-	684,448	1,325,070
Earth Moving Machinery	-	120,797	-	120,797	-	10,219	-	10,219	110,578
Plant and Machinery	-	1,350,580	-	1,350,580	-	47,983	-	47,983	1,302,597
Motor Cars	4,292,588	2,284,652	-	6,577,240	556,837	546,527	-	1,103,364	5,473,876
	11,313,613	4,463,151	48,990	15,727,774	1,491,772	1,225,314	1,128	2,715,958	13,011,816
Intangible Asset									
Purchase of O & M Rights	250,000,000	-	-	250,000,000	36,615,908	18,282,910	-	54,898,818	195,101,182
	250,000,000	-	-	250,000,000	36,615,908	18,282,910	-	54,898,818	213,384,092
GRAND TOTAL	261,313,613	4,463,151	48,990	265,727,774	38,107,680	19,508,224	1,128	57,614,776	208,112,998
Previous year	260,148,131	1,318,763	153,281	261,313,613	18,875,018	19,277,460	44,798	38,107,680	223,205,933

(Rs.)

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

	As At March 31, 2009	(Rs.) As At March 31, 2008
SCHEDULE '6' : INVESTMENTS		
Long Term Investments Unless Otherwise Stated (At Cost)		
Trade Investments, in Subsidiary Companies		
(Fully paid-up unless otherwise stated)		
Ordinary Shares: (Unquoted) of Rs 10/- each		
19,647,450 (Previous Year: 14,210,000) Andhra Expressway Limited	256,969,000	177,032,800
200,000 (Previous Year : Nil) Bedi Seaport Limited	2,000,000	-
6,250,070 (Previous Year: 6,250,070) Cochin Bridge Infrastructure Company Limited	62,500,700	62,500,700
50,000 (Previous Year: Nil) Gammon Hospitality Limited	500,000	-
2,550,000 (Previous Year: 49,940) Gammon Logistics Limited (formerly Gammon Road Developers Ltd)	25,500,000	499,400
10,000 (Previous Year : 5,000) Gammon Metro Transport Limited (formerly Gammon L & T Infra MRTS Ltd) of Rs 100/- each (*)	533,850	500,000
50,000 (Previous Year: 50,000) Gammon Projects Developers Limited	500,000	500,000
25,418,378 (Previous Year : 25,418,378) Gorakhpur Infrastructure Company Limited	254,183,780	254,183,780
50,000 (Previous Year: Nil) Jaguar Projects Developers Limited	500,000	-
17,876,354 (Previous Year : 17,876,354) Kosi Bridge Infrastructure Company Limited	178,763,540	178,763,540
50,000 (Previous Year: 49,940) Marine Project Services Limited	500,000	499,400
41,595,000 (Previous Year 41,595,000) Mumbai Nasik Expressway Limited	415,950,000	415,950,000
50,000 (Previous Year: Nil) Pravara Renewable Energy Limited (formerly Falcon Projects Developers Ltd)	500,000	-
38,110,000 (Previous Year : Nil) Rajahmundry Godavari Bridge Limited	381,100,000	-
19,647,450 (Previous Year: 14,210,000) Rajahmundry Expressway Limited	256,969,000	178,175,200
3,173,900 (Previous Year: 50,000) Sikkim Hydro Power Ventures Limited	31,739,000	500,000
Nil (Previous Year: 49,994) Tidong Hydro Power Limited	-	499,940
50,000 (Previous Year : Nil) Youngthang Power Ventures Limited	500,000	-
	1,869,208,870	1,269,604,760
Acquisition of Controlling Interest in Equity Shares from Gammon India Limited, of [refer note no C (1) (a) and (c) of Schedule 19]		
- Andhra Expressway Limited	84,825,000	164,761,200
- Gorakhpur Infrastructure Company Limited	95,969,230	95,969,230
- Kosi Bridge Infrastructure Company Limited	62,841,460	62,841,460
- Rajahmundry Expressway Limited	84,825,000	163,618,800
- Tidong Hydro Power Limited	255,000	-
	328,715,690	487,190,690

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

	As At March 31, 2009	As At March 31, 2008
Trade Investments in Jointly Controlled Entities / Associates		
(Fully paid-up unless otherwise stated)		
Ordinary Shares: (Unquoted) of Rs 10/- each, unless otherwise stated		
Joint Controlled Entities		
25,000 (Previous Year: 49,994) Haryana Biomass Power Limited (**)	250,000	499,940
14,208,832 (Previous Year: 78,62,832) Indira Container Terminal Pvt Limited	142,088,320	78,628,320
50,833,335 (Previous Year: 2,750,000) Punjab Biomass Power Limited of Re 1/- each	80,833,335	32,750,000
19,000 (Previous Year : 19,000) SEZ Adityapur Limited	190,000	190,000
41,436,347 (Previous Year: 33,436,347) Vizag Seaport Private Limited	414,831,837	334,831,837
Associates		
24,450 (Previous Year: 24,450) ATSL Infrastructure Projects Limited	244,500	244,500
2,143,950 (Previous Year : 2,143,950) Eversun Sparkle Maritimes Services Pvt Limited	21,439,500	21,439,500
24,470 (Previous Year: 24,470) Modern Tollroads Limited	244,700	244,700
	660,122,192	468,828,797
Non-Trade-Quoted Investments, in fully paid-up Equity Shares of Rs. 10/- each, unless otherwise stated (Current Investments) (lower of cost or market value)		
10,530 (Previous Year: 10,530) Allahabad Bank Limited	408,564	863,460
76,800 (Previous Year : 76,800) Canara Bank Limited	2,688,000	2,688,000
52,024 (Previous Year: 52,024) Infrastructure Development Finance Co. Limited	1,768,816	1,768,816
1,160 (Previous Year: 1,160) Tata Consultancy Services Limited (Re 1 per share paid up)	493,000	493,000
3,200 (Previous Year : 3,200) Vijaya Bank Limited	74,720	76,800
	5,433,100	5,890,076
Share application money pending allotment (Current Investments)	828,693,865	230,179,000
	3,692,173,717	2,461,693,323
Aggregate Book Value of Unquoted Investments	2,529,331,062	1,738,433,557
Aggregate Book Value of Quoted Investments	5,433,100	5,890,076
Aggregate Book Value of Other Investments	1,157,409,555	717,369,690
Market Value of Quoted Investments	16,648,260	27,047,531

[For details on pledge of shares (included in Investments above) refer note no C(21) of Schedule 19]

* At March 31, 2008 this company was a jointly controlled entity.

** At March 31, 2008 this company was a subsidiary.

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

	As At March 31, 2009	(Rs.) Year Ended March 31, 2008
SCHEDULE '7': INVENTORIES		
(at lower of cost or net realisable value)		
Stores and Materials at site	1,969,319	1,040,966
Goods in Transit	-	320,400
	1,969,319	1,361,366
SCHEDULE '8': SUNDRY DEBTORS		
[refer note C(2) of Schedule 19]		
(Unsecured - Considered Good)		
Outstanding for more than six months	-	-
Other Debts	120,566,973	37,682,999
	120,566,973	37,682,999
Sundry Debtors includes dues from companies under same management as under :		
Gammon India Limited	120,566,973	37,682,999
	120,566,973	37,682,999
SCHEDULE '9': CASH AND BANK BALANCES		
Cash on Hand	49,563	161,456
Balances with Scheduled Banks		
in Current Accounts	140,557,778	38,537,562
in Fixed Deposits With Banks	-	-
in Escrow Bank Accounts - IPO Proceeds	596,018,445	2,377,673,203
	736,625,786	2,416,372,221

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

	As At March 31, 2009	(Rs.) As At March 31, 2008
SCHEDULE '10': LOANS AND ADVANCES		
(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received	61,800,410	22,109,916
Interest Accrued Receivable	781,819	2,503,359
Dues from Holding Company Gammon India Limited	4,834,272	3,112,388
Dues from Subsidiary / Joint Venture / Associate Companies		
- ATSL Infrastructure Projects Limited	-	36,785
- Gammon Hospitality Ltd	2,543,026	-
- Gammon Logistics Limited	25,598	337,080
- Gammon Metro Transport Limited	425,192	945,441
- Haryana Biomass Power Limited	9,064,898	6,261,447
- Indira Container Terminal Pvt Limited	3,437,288	2,725,779
- Modern Tollroads Limited	48,271	48,271
- Mumbai Nasik Expressway Limited	-	5,303
- Punjab Biomass Power Limited	-	7,410
- Ras Cities and Townships Limited	220,382	-
	15,764,655	10,367,516
Loan to Youngthang Power Ventures Limited, a subsidiary	432,525,000	-
refer note C (9)(b) of Schedule 19]		
Intercorporate Deposits		
- Subsidiary Companies		
Gammon Logistics Limited	35,900,000	-
Gammon Projects Developers Limited	-	5,000
- Associate Companies	-	-
Punjab Biomass Power Limited	2,830,426	-
- Others	3,892,000	3,892,000
	42,622,426	3,897,000
Other Deposits	17,117,500	17,111,500
Prepaid Expenses	7,280,043	9,333,786
	582,726,125	68,435,465
Less : Provision made for Dues receivable from subsidiaries	-	938,441
	582,726,125	67,497,024
Loans and Advances includes dues from companies under the same management as follows :		
- Gammon India Limited	4,834,272	3,112,388
	4,834,272	3,112,388

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

	As At March 31, 2009	As At March 31, 2008
SCHEDULE '11': CURRENT LIABILITIES		
Dues to Holding Company, Gammon India Limited	947,198	19,118
Dues to Joint Venture Company	251,670	850,946
Sundry Creditors		
- Micro, small and medium enterprises [refer note no.C (14) of Schedule 19]	-	-
- For share issue expenses	-	127,880,408
- Others	19,918,040	1,402,223
	19,918,040	129,282,631
Advance received from Modern Tollroads Limited for purchase of equity shares	26,520,000	26,520,000
Other Liabilities	24,031,799	16,798,496
	71,668,707	173,471,191

SCHEDULE '12': PROVISIONS		
Provision for Taxation :		
- Current Taxation	174,513,055	115,119,502
- Fringe Benefit Tax	1,963,602	1,059,327
	176,476,657	116,178,829
Less : Prepaid Taxes	177,672,539	109,958,744
	(1,195,882)	6,220,085
Provision for Staff Benefits against :		
- Cash Compensatory Schme	5,973,334	-
- Leave Encashment	3,838,102	2,082,315
- Gratuity	889,483	1,160,189
	10,700,919	3,242,504
	9,505,037	9,462,589

SCHEDULE '13': TURNOVER		
Income from Professional services rendered :		
Developer's Fees	115,171,383	114,956,684
(Tax Deducted at Source Rs 14,634,433; Previous year Rs 13,844,408)		
Operating & Maintenance Income	241,675,845	143,020,096
(Tax Deducted at Source Rs. 2,738,185; Previous year Rs 1,620,418)		
Other Operating Income	16,562,143	9,000,000
(Tax Deducted at Source Rs. 375,298; Previous year Rs 101,970)		
	373,409,371	266,976,780

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

	Year Ended March 31, 2009	Year Ended March 31, 2008	(Rs.)
SCHEDULE '14': OTHER INCOME			
Dividend Income (comprises entirely dividend from short-term, non-trade investments)	73,130,108		729,807
Interest Income :			
- On Intercompany Deposits placed (Tax Deducted at Source Rs 6,382,986; Previous Year Rs. 566,618)	28,557,710	2,505,118	
- On Fixed Deposits with Banks (Tax Deducted at Source Rs Nil; Previous Year Rs 159,720)	-	1,003,676	
- On Bank Balances (Tax Deducted at Source Rs 145,961; Previous Year Rs Nil)	708,548	-	
- On Loans given to staff	316,268	11,659	
	29,582,526		3,520,453
Other Income :			
Insurance claims received	1,891,439	3,941,595	
Profit on Sale of Investments	50,507	-	
Foreign Exchange Translation Difference (Gain)	576,750	-	
Miscellaneous Income	996,895	-	
	3,515,591		3,941,595
	106,228,225		8,191,855
SCHEDULE '15': OPERATING AND MAINTENANCE EXPENSES			
Opening Stock of Materials	1,040,966		2,750,225
Administration Expenses	2,258,286	2,871,549	
Electricity Charges	9,335,460	11,112,776	
Fuel Charges	1,738,680	2,159,116	
Hire Charges	193,805	277,503	
Sub contract expenses	107,968,152	15,492,410	
Insurance Charges	5,397,248	7,102,916	
Motor Car and Conveyance Expenses	664,291	968,402	
VAT Paid	1,434,282	82,415	
Security Charges	1,388,248	1,297,283	
	130,378,452		41,364,370
Less: Closing Stock of Materials	1,969,319		1,040,966
	129,450,099		43,073,629

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

	Year Ended March 31, 2009	Year Ended March 31, 2008
(Rs.)		
SCHEDULE '16': ESTABLISHMENT EXPENSES		
Conveyance Expenses	180,445	493,529
Advertisement Expenses	569,704	-
Books & Periodicals	303,467	116,771
Membership & Subscription	166,759	110,500
Insurance Charges	51,189	203,380
Repairs & Maintenance	85,583	310,007
Office Maintenance Expenses	333,932	-
Motor Car Expenses	2,296,727	1,221,665
Printing & Stationery	2,027,148	871,809
Professional Charges	15,282,667	13,552,244
Rent	1,200,000	1,200,000
Telephone Expenses	793,142	654,240
Tender Document Expenses	9,250,512	2,094,327
Travelling Expenses	5,348,001	7,414,309
Directors' Sitting Fees	500,000	150,000
Auditors' Remuneration :		
- Audit Fees including Limited Review	2,518,190	1,128,600
- Other Services	508,668	574,462
- Out of Pocket Expenses	49,497	-
	3,076,355	1,703,062
Miscellaneous Expenses	1,774,173	1,254,420
Assets Written Off	47,862	-
Service Tax	1,779,581	-
Provision for Diminution in the Value of Investment	456,976	-
	45,524,223	31,350,263
SCHEDULE '17': PERSONNEL COSTS		
Salaries, wages and bonus	35,161,489	28,107,641
Contributions to Provident Fund	1,276,110	865,832
Managing Director's Remuneration including contribution to Provident Fund	15,664,226	8,337,453
Staff Welfare Expenses	1,830,402	1,857,916
Provision for Leave Encashment	1,755,787	1,747,545
Provision for Gratuity	(270,706)	1,156,511
Employees 'ESOP' compensation cost [refer note no C(18) of Schedule 19]		
- Managing Director	9,256,164	4,845,000
- Employee	5,727,798	6,508,039
	14,983,962	11,353,039
Cash Alternative Settlement of ESOP Scheme [refer note no C(19) of Schedule 19]	5,973,334	-
	76,374,604	53,425,937

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

	Year Ended March 31, 2009	Year Ended March 31, 2008	(Rs.)
SCHEDULE '18': FINANCE COST			
Interest Paid On :			
Intercorporate Deposits from Gammon India Limited	5,323,071	9,141,163	
Others	903,811	23,934	
	6,226,882		9,165,097
Other Finance Costs	3,102,053		714,576
	9,328,935		9,879,673

SCHEDULE '19' : NOTES TO THE FINANCIAL STATEMENTS

A. Background

The Company is an infrastructure development company formed primarily to develop, invest in and manage various initiatives in the infrastructure sector. It is presently engaged in the development of various infrastructure projects in sectors like transportation, energy and urban infrastructure through several special purpose vehicles ("SPVs"). It is also engaged in carrying out operation and maintenance ("O&M") activities for the transportation sector projects.

B. Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standards) Rules 2006 (as amended), 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.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

a) Revenue Recognition

Revenue on Operation and Maintenance contracts are recognized over the period of the contract as per the terms of the contract. Revenue from construction contracts is recognized on the basis of percentage completion method. The percentage of work completed is determined by the expenditure incurred on the job till each review date to the total expected expenditure of the contract.

Construction contracts are progressively evaluated at the end of each accounting period. On contracts under execution which have reasonably progressed, profit is recognized 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.

Revenue on Developer Fees is recognized on the accrual basis.

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

b) Fixed Assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. 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

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

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.

Depreciation on Fixed Assets is provided on the Straight Line Method ("SLM") at the rates and in the manner laid down in Schedule XIV of the Companies Act, 1956. Depreciation on assets purchased /installed during the year/ period is calculated on a pro-rata basis from the date of such purchase / installation.

Intangible assets are rights of Operations and Maintenance ("O&M") which results in an O&M income stream for the Company for a period of 14 years. The rights are therefore amortised over the period of 14 years on SLM basis.

c) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

d) 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.

e) Inventories

Stores and materials are valued at lower of cost or net realizable value. Net realizable value is the estimated selling price less estimated cost necessary to make the sale. The FIFO method of inventory valuation is used to determine the cost.

f) Provision for Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised 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.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

g) 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.

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

h) Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the year attributed to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

i) Provisions, Contingent Liabilities and Contingent Assets

A provision is 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 recognised but disclosed in notes to accounts. Contingent assets are neither recognised nor recorded in financial statements.

j) Share Issue Expenses

Share Issue Expenses after 1st April, 2004 are charged off to the Security Premium Account, if available, or to the Profit and Loss Account.

k) Employee Benefits

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

Gratuity liability, a defined benefit obligation, is provided for on the basis of, an actuarial valuation on projected unit credit method, made at the end of each financial year.

Leave encashment liability is recognised on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

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

l) Employee Share – based payment plans ('ESOP')

The Company uses the intrinsic value (excess of the share price on the date of grant over the exercise price) method of accounting prescribed by the Guidance Note ('GN') on 'Accounting for employee share-based payments' issued by the Institute of Chartered Accountants of India ('ICAI') ('the guidance note') to account for its Employee Stock Option Scheme (the 'ESOP' Scheme) read with SEBI (Employees stock option scheme or Employees Stock Purchase) Guidelines, 1999. Compensation expense is amortised over the vesting period of the option on SLM basis.

m) Foreign currency translation

Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

n) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

C. Other Notes

1. Investments

- a) The Company had over and above its legal ownership of equity shares, acquired the beneficial, controlling interest and voting rights in respect of 12,905,000 equity shares each of Rajahmundry Expressway Limited ('REL') and Andhra Expressway Limited ('AEL').

During the year, the legal ownership in respect of 5,437,450 equity shares each in AEL and REL was transferred to the Company out of the above beneficial, controlling interest and voting rights held by it.

- b) The Company had entered into an agreement with Gammon India Limited ('GIL') for acquisition of beneficial, controlling interest and voting rights in respect of equity shares of Indra Container Terminal Private Ltd ('ICTPL'). As a consequence of this agreement the Company's beneficial, controlling interest and voting rights in ICTPL aggregate to 50% of ICTPL.
- c) During the year, the Company sold its entire stake in Tidong Hydro Power Limited ('THPL') to Torrent Power Limited and its holding company GIL. The Company later acquired beneficial, controlling interest and voting rights in respect of 25,500 equity shares from GIL.
- d) During the year, the Company acquired 5,000 equity shares in the joint venture company Gammon L & T Infra MRTS Ltd ('GLTIML') from L & T Infrastructure Projects Limited. Due to this acquisition, GLTIML became a subsidiary of the Company. The name of GLTIML was subsequently changed to Gammon Metro Transport Limited (GMTL).
- e) During the year, the Company has sold 50% of its stake in Haryana Biomass Power Limited ('HBPL') to Bermaco Energy Systems Limited. As a consequence, HBPL became a jointly controlled entity.
- f) During the year, the Company had purchased and sold the following investments in Mutual Fund schemes.

Mutual Fund	Purchase / Dividend Reinvested		Dividend / Profit	Redemption Proceeds		Closing Balance
	No. of Units	Rupees	Rupees	No. of Units	Rupees	Rupees
Birla Sunlife	86,389,469	865,134,920	9,032,878	87,292,040	874,167,798	-
	(-)	(-)	(-)	(-)	(-)	(-)
Canara Robeco	66,059,776	730,065,580	24,29,005	66,258,887	732,494,585	-
	(997,924)	(10,000,000)	(20,158)	(997,924)	(10,020,159)	(-)
ICICI Prudential	187,273,985	1,899,140,193	12,596,706	188,524,808	1,911,736,899	-
	(-)	(-)	(-)	(-)	(-)	(-)
UTI	1,136,723	1,148,245,712	2,516,255	1,139,232	1,150,761,967	-
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak	85,652,114	903,812,552	5,898,419	86,240,407	909,710,971	-
	(-)	(-)	(-)	(-)	(-)	(-)
Reliance	184,938,935	3,109,927,822	20,897,203	211,352,806	3,130,825,025	-
	(-)	(-)	(-)	(-)	(-)	(-)
HDFC	226,424,134	2,346,830,151	19,073,824	227,828,339	2,365,903,975	-
	(-)	(-)	(-)	(-)	(-)	(-)
Canbank	-	-	-	-	-	-
	(1,054,128)*	(10,514,348)*	(70,154)	(1,054,128)	(10,514,348)	(-)
Total	837,875,136	11,003,156,930	72,444,290	868,636,519	11,075,601,220	-
	(2,052,052)	(20,514,348)	(90,312)	(2,052,052)	(20,534,507)	(-)

(Previous year figures are in brackets)

* includes opening balance of 1,047,141 units and Rs 10,514,348 in the year 2007-08.

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

2. Sundry Debtors

Sundry Debtors as at March 31, 2009, represents amounts due from the holding company, GIL in respect of the Operations and Maintenance Contract

3. Initial Public Offer ('IPO'):

- a) The Company had made an Initial Public Offer of 16,550,000 equity shares of Rs 10/- each at a premium of Rs 157 per share in the year 2007-08. The equity shares pursuant to the offer were allotted on March 27, 2008.

During the year 4,280,181 equity shares were fully paid on receipt of the balance of the allotment money. As on March 31, 2009, the total number of partly paid shares is 182,875 and the Company has initiated action by sending final call notices to the concerned shareholders for payment of the balance allotment money comprising Rs 1,369,837 and Rs 19,999,605 towards face value of the equity shares and security premium respectively

- b) The details of utilization of IPO proceeds upto March 31, 2009 are as under :

	Amount to be utilized as per Prospectus	(Rs.) Amount utilized upto March 31, 2009
Investments in Subsidiaries :		
Kosi Bridge Infrastructure Company Limited ('KBICL')	241,544,000	241,395,000
Gorakhpur Infrastructure Company Limited ('GICL')	368,900,000	173,900,000
Sikkim Hydro Power Ventures Limited ('SHVPL')	896,000,000	4,100,000
Mumbai Nasik Expressway Limited ('MNEL')	510,000,000	-
Repayment of loan taken from GIL	100,000,000	100,000,000
IPO Issue Expenses	161,006,000	102,104,965
General corporate purposes and investments in strategic initiatives	486,400,000	314,522,370
Investments in any other infrastructure projects in addition to the above mentioned objects (refer to the note below)	-	1,210,462,948
Total	2,763,850,000	2,146,485,283

In terms of the approval of the members in the General Meeting held on September 15, 2008, authorizing the Company to utilize the IPO proceeds for investments in other infrastructure projects of the Company including, acquisition of any such projects and repayment of loans availed by the Company, for any such purpose in addition to the purpose already specified in the prospectus, the Company has utilized a sum of Rs. 1,210,462,948 as of March 31, 2009 as follows

	(Rs.) Upto March 31, 2009
Investments in Subsidiaries :	
Youngthang Power Ventures Limited (YPVL)	528,525,000
Rajahmundry Godavari Bridge Limited ('RGBL')	382,625,000
Pravara Renewable Energy Limited ('PREL')	68,056,008
Indira Container Terminal Private Limited ('ICTPL')	43,320,000
Punjab Biomass Power Limited ('PBPL')	21,500,000
Bedi Seaport Limited ('BSL')	2,299,940
Repayment of loan taken from GIL for investments in infrastructure projects	164,137,000
Total	1,210,462,948

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

Pending utilization, the funds are temporarily held in :

	(Rs.)
	Upto March 31, 2009
Bank Balances	586,783,677
Escrow Accounts	9,211,598
Total	595,995,275

Summary of proceeds received/receivable from IPO and their utilization upto March 31, 2009

	(Rs.)
	Upto March 31, 2009
Total Proceeds receivable from IPO	2,763,850,000
Less : IPO proceeds pending collection	21,369,442
IPO proceeds received upto March 31, 2009	2,742,480,558
IPO proceeds utilized upto March 31, 2009	2,146,485,283
Unutilised proceeds held in bank accounts	595,995,275
Total	2,742,480,558

4. Deferred Tax Liability :

The major components of deferred tax assets and liabilities are as given below :

Particulars	(Rs.)	
	As at March 31, 2009	As at March 31, 2008
Deferred Tax Liability on account of :		
- Depreciation	31,325,060	25,348,664
Deferred Tax Asset on account of :		
- Gratuity / Leave Encashment / Cash Compensation Scheme	3,637,242	1,102,127
Net Difference (Deferred Tax Liability)	27,687,818	24,246,537

5. Earnings Per Share :

Net Profit attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:

Particulars	(Rs.)	
	As at March, 31, 2009	As at March, 31, 2008
Net Profit as per profit & loss account	136,198,103	69,750,889
Outstanding equity shares at year end	144,550,000	144,550,000
Weighted average Number of Shares outstanding during the year - Basic	144,550,000	128,180,365
Weighted average Number of Shares outstanding during the year - Diluted	145,220,160	128,484,792
Earnings per Share - Basic (Rs.)	0.95	0.54
Earnings per Share - Diluted(Rs.)	0.94	0.54

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

Reconciliation of weighted number of outstanding during the year

Particulars	(Rs.)	
	As at March, 31, 2009	As at March, 31, 2008
Nominal Value of Equity Shares (Rs per share)	10	10
For Basic EPS :		
Total number of equity shares outstanding at the beginning of the year	144,550,000	128,000,000
Add : Issue of Equity Shares through Initial Public Offer	-	16,550,000
Total number of equity shares outstanding at the end of year	144,550,000	144,550,000
Weighted average number of equity shares at the end of the year	144,550,000	128,180,365
For Dilutive EPS :		
Weighted average number of shares used in calculating basic EPS	144,550,000	128,180,365
Add : Equity shares for no consideration arising on grant of stock options under ESOP	703,745	318,820
Less : Equity shares for no consideration arising on grant of stock options under ESOP forfeited / lapsed (included above)	33,585	14,393
Weighted average number of equity shares used in calculating diluted EPS	145,220,160	128,484,792

6. Expenses in Foreign Currency

Particulars	(Rs.)	
	Year ended March 31, 2009	Year ended March 31, 2008
Travelling Expenses	621,711	921,895
Professional Fees (Net of TDS & Service Tax)	944,858	4,086,876
Total	1,566,569	5,008,771

7. Managerial Remuneration

a) Particulars	(Rs.)	
	Year ended March 31, 2009	Year ended March 31, 2008
Managerial Remuneration for Directors included in the Profit and Loss Account		
Salary and Incentives	15,309,866	8,218,173
Company's Contribution to Provident Fund	354,360	119,280
Gratuity and Leave Encashment provision	1,180,839	68,831
Directors Remuneration	16,845,065	8,406,284

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

Computation of remuneration payable to Managing Director as per Schedule XIII of the Companies Act, 1956

Particulars	As at March, 31, 2009	(Rs.) As at March, 31, 2008
Profit after taxation as per the Profit & Loss Account	142,260,230	70,271,615
Add :		
Provision for Tax expense	57,191,281	47,290,058
Directors Fees	500,000	150,000
Directors Remuneration	16,845,065	8,406,284
Depreciation and Amortisation	19,508,224	19,277,460
Add : Assets written off	47,862	108,483
Less : Depreciation u/s 350 of the Companies Act, 1956	19,508,224	19,277,460
Net Profit u/s 349 of the Companies Act, 1956	216,844,438	126,226,440
Maximum Managerial Remuneration payable @ 5% thereof	10,842,222	6,311,322
Weighted average number of equity shares used in calculating diluted EPS	145,220,160	128,484,792

Managerial remuneration computation does not include ESOP compensation cost of Managing Director Rs 9,256,164.

- b) The maximum amount payable in respect of the Managing Director is determined under Schedule XIII, Section III which provides for payment of remuneration to a managerial person in two Companies. Accordingly the maximum amount payable is as follows

	Year ended March 31, 2009	(Rs.) Year ended March 31, 2008
Maximum payable as above	10,842,222	6,311,322
Maximum payable from Rajahmundry Expressway Ltd	10,338,306	9,420,621
Managerial Remuneration paid	16,845,065	8,406,284

- c) As, the Managerial Remuneration paid to the Managing Director of Rs. 16,845,065 is in excess of the limit specified under Section 309 by Rs. 6,002,843, the Company is in the process of obtaining approval from the Central Government as required by the provisions of the Companies Act, 1956.

8. Lease

The Company has obtained its registered premises on operating lease (cancellable) from its holding company, GIL. The annual lease rentals are Rs 1,200,000 (Previous year Rs 1,200,000). There are no restrictions imposed on the Company by the lease agreement and there are no sub-leases.

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

9. Details of Loans and Advances in the nature of Loans

- a) Disclosure of amounts outstanding at the period end as per Clause 32 of the Listing Agreement.

Particulars	Balance as on March 31, 2009	(Rs.) Maximum Amount Outstanding during the year
Subsidiaries :		
Gammon Hospitality Limited	2,543,026	2,543,026
	(-)	(-)
Gammon Logistics Limited	35,925,598	35,925,598
	(337,080)	(337,080)
Gammon Metro Transport Limited	425,192	945,441
	(945,441)	(945,441)
Gammon Projects Developers Limited	-	-
	(5,000)	(170,005,000)
Mumbai Nasik Expressway Limited	-	-
	(5,303)	(20,018,955)
Ras Cities and Townships Private Limited	220,382	220,382
	(-)	(-)
Youngthang Power Ventures Limited	432,525,000	432,525,000
	(-)	(-)
Associates and Joint Venture Companies :		
Punjab Biomass Power Limited	-	-
	(7,410)	(140,542)
Haryana Biomass Power Limited	9,064,898	9,064,898
	(6,261,447)	(6,261,447)
Indira Container Terminal Private Limited	3,437,288	3,437,288
	(2,725,779)	(2,726,780)
Modern Tollroads Limited	48,271	48,271
	(48,271)	(48,271)
ATSL Infrastructure Projects Limited	-	-
	(36,785)	(36,785)

(Previous year figures in brackets)

None of the loanees hold any shares in the Company

- b) During the year, the Company has granted an interest free loan to its wholly owned subsidiary Youngthang Power Ventures Limited for a period of three years. The terms of the loan extended includes, a put and call option after 90 days.

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

10. Disclosure under Accounting Standard (AS)-7

Particulars	2008-09	2007-08
Contract Revenue recognised	89,945,825	-
Contract Expenditure recognized	89,945,825	-
Contract Profit	-	-
Retentions	7,195,666	-

11. Segment Reporting

The Company's operations constitutes a single business segment namely "Infrastructure Development" as per AS 17. Further, the Company's operations are within single geographical segment which is India.

12. Related Party Disclosure

a. Relationships :

Entity where control exists :

1. Gammon India Limited - Holding Company

Subsidiaries :

1. Andhra Expressway Limited
2. Bedi Seaport Limited
3. Cochin Bridge Infrastructure Company Limited
4. Gammon Hospitality Limited
5. Gammon Logistics Limited
6. Gammon Metro Transport Limited
7. Gammon Projects Developers Limited
8. Gorakhpur Infrastructure Company Limited
9. Jaguar Projects Developers Limited
10. Kosi Bridge Infrastructure Company Limited
11. Marine Projects Services Limited
12. Mumbai Nasik Expressway Limited
13. Pravara Renewable Energy Limited
14. Rajahmundry Godavari Bridge Limited
15. Rajahmundry Expressway Limited
16. Ras Cities and Townships Pvt Limited
17. Sikkim Hydro Power Ventures Limited
18. Tidong Hydro Power Limited
19. Youngthang Power Ventures Limited

Associates and Joint Ventures :

1. Associated Transrail Structures Limited
2. ATSL Infrastructure Projects Limited
3. Eversun Sparkle Maritime Services Pvt. Limited
4. Haryana Biomass Power Limited

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

5. Indira Container Terminal Private Limited
6. Modern Tollroads Limited
7. Punjab Biomass Power Limited
8. SEZ Adityapur Limited
9. Vizag Seaport Private Limited

Key Management Personnel :

1. Abhijit Rajan
 2. Parvez Umrigar
- b. Details of related parties transactions for the year ended on March 31, 2009.
- Please refer to the Annexure – 1

13. Details of Joint Ventures

a) Details of Joint Ventures entered into by the Company.

Sl. no.	Name of the Joint Venture	% of Interest as at March 31, 2009
1	Haryana Biomass Power Ltd	50%
2	Indira Container Terminal Pvt. Ltd	50%
3	Punjab Biomass Power Ltd	50%
4	Sez Adityapur Ltd	38%
5	Vizag Seaport Pvt. Ltd	47.52%

All the above jointly controlled entities are incorporated in India

b) Details of share of Assets, Liabilities, Income, Expenditure and Capital Commitments in the Joint Ventures.

Name of the joint Venture	Share of Assets	Share of Liability	Share of Income	Share of Expenditure	Share of Capital Commitment	(Previous year figures in brackets)
						Contingent Liabilities
Haryana Biomass Power Ltd	4,766,868 (-)	4,535,258 (-)	N.A. (N.A.)	N.A. (N.A.)	64,800,000 (-)	N.A. (-)
Indira Container Terminal Pvt Ltd	283,676,824 (170,956,594)	18,619,637 (7,147,594)	20,713,770 (N.A.)	50,468,839 (N.A.)	862,600,000 (956,600,000)	- (-)
Punjab Biomass Power Ltd	232,446,134 (67,291,090)	139,250,427 (5,802,300)	N.A. (N.A.)	N.A. (N.A.)	21,300,000 (246,293,634)	76,401,541 (-)
Sez Adityapur Limited	347,410 (325,135)	157,410 (135,135)	N.A. (N.A.)	N.A. (N.A.)	- (-)	- (-)
Vizag Seaport Pvt Ltd	1,352,050,280 (1,323,858,136)	1,004,490,821 (1,083,867,763)	348,497,365 (237,692,589)	372,496,124 (309,437,178)	57,860,007 (51,409,525)	17,811,335 (32,713,390)

The above figures pertaining to the Joint Venture Companies are based on the audited accounts for the year ended March 31, 2009 except Indira Container Terminal Private Limited and SEZ Adityapur Limited which are based on the un-audited management accounts.

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

14. Amounts due to Micro, Small and Medium Enterprises

As per the information available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, 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 by the Auditors.

15. Quantitative information

Since the principal business of the Company is Infrastructure Development and carrying out operations and maintenance activities, quantitative details as required by Part II, para 3(ii), 4(c), 4(d) of Schedule VI of the Companies Act, 1956, are not required to be furnished.

16. Current Assets, Loans and Advances

In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

17. Capital commitments

The total capital commitments of the Company as on March 31, 2009 are Rs. 3,646,870,000 (inclusive of share of capital commitment in joint ventures). Total capital commitment as on March 31, 2008, was Rs 2,736,900,000. The capital commitments is in respect of projects where the concession agreements have been signed and does not include projects where the Company holds a Letter of Intent.

18. Employees Stock Options Scheme ('ESOP')

The Company has instituted an ESOP Scheme during the year 2007-08, approved by the shareholders vide their resolution dated May 4, 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 options entitles an employee to subscribe to 1 equity share of the Company at an exercise price of Rs 80 per share. Out of the options granted, 75,000 options were forfeited during the year 2007-08.

During the current year, the Compensation Committee of the Board of the Directors of the Company at its meeting held on October 1, 2008, has further granted 1,410,000 options to eligible employees of the Company at the market price of Rs 63.95 per equity share, prevailing on September 30, 2008 upon expiry of the respective vesting period which ranges from one to three years.

Further, during the year, 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 Rs 43.45 per equity share.

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

The details of the grants under the aforesaid ESOPs Schemes are summarized hereinunder :

Series	GIPL ESOP 2007		GIPL ESOP 2007		GIPL ESOP 2008		GIPL ESOP 2008		(Rs.)
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	
Fair Value (as on grant date) of equity shares (Rupees)	63.95	99.00	-	124.00	63.95	-	43.45	-	
Market Price (as on grant date) of equity shares granted during the year (Rupees)	63.95	N.A.	-	N.A.	63.95	-	43.45	-	
Exercise Price of Options granted during the year (Rupees)	63.95	80.00	-	80.00	63.95	-	10.00	-	
Grant Dates	October 1, 2008	July 1, 2007	-	October 1, 2007	October 1, 2008	-	December 5, 2008	-	
Vesting commences from	October 1, 2009	July 1, 2008	-	October 1, 2008	October 1, 2009	-	December 5, 2009	-	
Options granted at the beginning of the year	1,540,000	-	25,000	-	-	-	-	-	
Options granted during the year	920,000	1,615,000	-	25,000	490,000	-	500,000	-	
Options lapsed forfeited during the year	750,000	75,000	-	-	-	-	-	-	
Options exercised during the year	-	-	-	-	-	-	-	-	
Options granted and outstanding at the end of the year	1,710,000	1,540,000	25,000	25,000	490,000	-	500,000	-	

Particulars	ESOP Scheme 2007	ESOP Scheme 2008	ESOP Scheme 2008
Options (Numbers)	270,000	490,000	500,000
Weighted Average Fair Value of options granted during the year	40.46	40.46	40.46
Option Pricing Model used	Black Scholes Option Pricing Model	Black Scholes Option Pricing Model	Black Scholes Option Pricing Model
Equity Share Price	74.30	74.30	47.90
Exercise Price	63.95	63.95	10.00
Expected Volatility	0.5169	0.5169	0.6533
Weighted Average on unexpired life of the options (in years)	2.51	2.51	1.68
Expected dividend	Nil	Nil	Nil
Risk Free Interest Rate	8.61%	8.61%	6.81%
Basis of determination of volatility	Average of GIPL(from the date of listing) and 4 previous yrs average of IVRCL and Nagarjuna	Average of GIPL(from the date of listing) and 4 previous yrs average of IVRCL and Nagarjuna	Average of GIPL(from the date of listing) and 2 previous yrs average of IVRCL and Nagarjuna

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

The Company was an unlisted Company at the date when options were granted under GIPL ESOP 2007 scheme and therefore the intrinsic value was determined on the basis of an independent valuation by following the price to Net Asset Value (NAV) method.

If the compensation cost been determined in accordance with the fair value approach described in the guidance note, the Company's net profit for the year ended March 31, 2009 as reported would have changed to amounts indicated below:

Particulars	(Rs.)	
	Year ended March 31, 2009	Year ended March 31, 2008
Net Income as reported	136,198,103	69,750,889
Add: Stock based compensation expense included in the reported income	14,983,962	11,353,039
Less: Stock based compensation expenses determined using fair value of options	41,046,332	28,404,237
Net profit (adjusted)	110,135,733	52,699,691
Basic earnings per share as reported	0.95	0.54
Basic earnings per share (adjusted)	0.76	0.41
Diluted earnings per share as reported	0.94	0.54
Diluted earnings per share (adjusted)	0.75	0.41
Weighted average number of equity shares at the end of the year	144,550,000	128,180,365
Weighted average number of shares considered for diluted earnings per share (adjusted)	145,220,160	128,484,792

19. Retention Bonus for employees

During the year, the Compensation Committee of the Board of Directors has implemented a scheme of Retention Bonus for its employees. Under this scheme, employees (excluding the managing Director), to whom stock options were offered in the current year are entitled to a cash alternative to the options which would be payable in lieu of their not exercising the right to apply for the shares against the options granted under the ESOP schemes. The Company has made a provision of Rs. 5,973,334 (Previous year Rs Nil) against Cash Compensation in accordance with guidance note on accounting of employees share based payments.

20. Employee benefits

From the April 1, 2007, the revised AS -15 (Employee Benefits) is applicable to the Company.

Gratuity

Gratuity is a defined benefit plan under which employees are entitled to receive gratuity calculated based on the number of years of their service and their last drawn salary at the time of retirement.

The following table summarises the components of net benefit expense recognized in the profit and loss account and amounts recognized in the balance sheet.

Particulars	(Rs.)	
	Year ended March 31, 2009	Year ended March 31, 2008
Net employees benefit expense (recognized in Personnel Cost)		
Current Service Cost	245,364	302,962
Interest Cost	66,037	39,657
Actuarial (Gain)/Loss	(2,013)	813,892
Reversal of excess provision for earlier year	(580,094)	-
Total	(270,706)	1,156,511

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

The provision for gratuity as at March 31, 2009 is Rs 889,483 (Previous year : Rs 1,160,189).

The changes in the present value of the defined benefit obligation are as follows

Particulars	(Rs.)	
	Year ended March 31, 2009	Year ended March 31, 2008
Defined benefit obligation as at March 31, 2008	1,160,189	447,909
Current Service Cost	245,364	302,962
Interest Cost	66,037	39,657
Actuarial (Gain)/Loss	(2,013)	813,892
Less : Benefit Paid	-	444,231
Less : Excess accounted for in earlier year	580,094	-
Defined Benefit Obligation as at March 31, 2009	889,483	1,160,189

The Company in the year 2007-08, on the basis of the certificate received from the actuary booked an excess amount of Rs 580,094 (Previous year Rs Nil) which has been reversed during the year.

The Company's gratuity obligation is fully unfunded. Hence currently, the Company does not expect to contribute any amounts to its gratuity plan in the next annual period.

The principal assumptions used in determining the gratuity obligations are as follows

Discount rate	8%
Expected rate of return on plan assets	Not applicable
Attrition rate	2%
Retirement age	60 years

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.

21. Pledge of Shares

The Company 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 (Rs)
	March 31, 2009	March 31, 2008	
Andhra Expressway Limited	9,135,010	9,135,010	10/-
Rajahmundry Expressway Limited	14,266,318	9,135,010	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	-	10/-
Vizag Seaport Private Limited	20,589,729	-	10/-

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

22. Contingent Liabilities

- The outstanding Bank Guarantees issued out of the limits sanctioned to the Company as at March 31, 2009, stands at Rs. 9,900,000 (Previous Year Rs Nil) in favour of Gammon Logistics Limited, a wholly owned subsidiary.
- During the year, the Company has issued a Corporate Guarantee of Rs. 150,000,000 (Previous year Rs Nil) in favour of Bank of Maharashtra, as a security for loan availed by Cochin Bridge Infrastructure Company Limited, a subsidiary.
- Counter Guarantees given to the bankers for the guarantees given by them on our behalf Rs 454,600,000 (Previous year Rs Nil).

23. Derivative Instruments and Unhedged Foreign Currency Exposure

There are no derivative instruments outstanding as at March 31, 2009. There are unhedged foreign currency exposure of US \$ 4,696 (Rs 245,011) and of British Sterling Pound 126,035 (Rs 9,346,496) of liability outstanding as at March 31, 2009 towards legal services for the Fund to be established by the Company in future. Further, there is an unhedged foreign currency exposure of US\$ 50,000 (Rs 2,547,500) of asset as on March 31, 2009 towards advance paid.

24. Prior period comparatives

Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date.

For Natvarlal Vepari and Co.
Chartered Accountants

N. Jayendran

Partner

Membership No: 40441

For S.R. Batliboi & Associates
Chartered Accountants

per Hemal Shah

Partner

Membership No: 42650

For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited

Abhijit Rajan

Chairman & Managing Director

Himanshu Parikh

Director

Sanjay Sachdeva

Director

G. Sathis Chandran

Company Secretary

Parvez Umrigar

Managing Director

C.C. Dayal

Director

S.C. Tripathi

Director

Place : Mumbai

Date : May 21, 2009

Place : Mumbai

Date : May 21, 2009

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

ANNEXURE 1 : NOTES TO ACCOUNTS

Related Party Transactions :

Transactions	Holding Company	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Amounts in brackets relate to March 31, 2008
					(Rs.) Total
Operations & Maintenance Income :					
- Gammon India Ltd	241,675,845 (143,020,096)	- (-)	- (-)	- (-)	241,675,845 (143,020,096)
Purchase of Assets					
- Gammon India Ltd	2,725,449 (-)	- (-)	- (-)	- (-)	2,725,449 (-)
Developer's Fees :					
- Gorakhpur Infrastructure Company Ltd	- (-)	35,666,344 (35,599,857)	- (-)	- (-)	35,666,344 (35,599,857)
- Kosi Bridge Infrastructure Company Ltd	- (-)	29,721,954 (29,666,547)	- (-)	- (-)	29,721,954 (29,666,547)
- Mumbai Nasik Expressway Ltd	- (-)	49,783,085 (49,690,280)	- (-)	- (-)	49,783,085 (49,690,280)
Other Operating Income :					
- Gammon India Ltd	16,562,143 (9,000,000)	- (-)	- (-)	- (-)	16,562,143 (9,000,000)
Insurance Claims received :					
- Gammon India Ltd	1,882,407 (3,941,595)	- (-)	- (-)	- (-)	1,882,407 (3,941,595)
Rent Paid :					
- Gammon India Ltd	1,200,000 (1,200,000)	- (-)	- (-)	- (-)	1,200,000 (1,200,000)
Share Application Money Paid :					
- Bedi Seaport Ltd	- (-)	1,800,000 (-)	- (-)	- (-)	1,800,000 (-)
- Gammon Logistics Ltd	- (-)	24,500,000 (500,000)	- (-)	- (-)	24,500,000 (500,000)
- Gammon Metro Transport Ltd	- (-)	100,000 (-)	- (-)	- (-)	100,000 (-)
- Gammon Projects Developers Ltd	- (-)	1,400,000 (-)	- (-)	- (-)	1,400,000 (-)
- Gorakhpur Infrastructure Co. Ltd	- (-)	173,900,000 (355,505,000)	- (-)	- (-)	173,900,000 (355,505,000)
- Indira Container Terminal Pvt Ltd	- (-)	- (-)	66,720,000 (78,508,720)	- (-)	66,720,000 (78,508,720)
- Kosi Bridge Infrastructure Company Ltd	- (-)	241,395,000 (273,400,580)	- (-)	- (-)	241,395,000 (273,400,580)
- Marine Projects Services Ltd	- (-)	50,000,000 (-)	- (-)	- (-)	50,000,000 (-)
- Modern Tollroads Ltd	- (-)	- (-)	- (12,994,800)	- (-)	- (12,994,800)
- Mumbai Nasik Expressway Ltd	- (-)	126,000,000 (-)	- (-)	- (-)	126,000,000 (-)

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

Transactions	Holding Company	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	(Rs.) Total
	(-)	(-)	(-)	(-)	(-)
- Pravara Renewable Energy Ltd	-	68,000,000	-	-	68,000,000
- Punjab Biomass Power Ltd	(-)	(-)	(-)	(-)	(-)
	-	-	22,000,000	-	22,000,000
- Rajahmundry Godavari Bridge Ltd	(-)	(-)	(56,000,000)	(-)	(56,000,000)
	-	390,282,235	-	-	390,282,235
- Sikkim Hydro Power Ventures Ltd	(-)	(-)	(-)	(-)	(-)
	-	8,800,000	-	-	8,800,000
- Youngthang Power Ventures Ltd	(-)	(11,861,000)	(-)	(-)	(11,861,000)
	-	100,000,000	-	-	100,000,000
	(-)	(-)	(-)	(-)	(-)
Refund received against Share Application Money Paid / Conversion into equity :					
- Bedi Seaport Ltd	-	1,500,000	-	-	1,500,000
	(-)	(-)	(-)	(-)	(-)
- Gammon Logistics Ltd	-	25,000,000	-	-	25,000,000
	(-)	(-)	(-)	(-)	(-)
- Gorakhpur Infrastructure Co. Ltd	-	-	-	-	-
	(-)	(355,905,000)	(-)	(-)	(355,905,000)
- Indira Container Terminal Pvt Ltd	-	-	63,460,000	-	63,460,000
	(-)	(-)	(78,508,720)	(-)	(78,508,720)
- Kosi Bridge Infrastructure Company Ltd	-	-	-	-	-
	(-)	(273,400,580)	(-)	(-)	(273,400,580)
- Mumbai Nasik Expressway Ltd	-	126,000,000	-	-	126,000,000
	(-)	(-)	(-)	(-)	(-)
- Punjab Biomass Power Ltd	-	-	48,083,335	-	48,083,335
	(-)	(-)	(2,000,000)	(-)	(2,000,000)
- Rajahmundry Godavari Bridge Ltd	-	380,600,000	-	-	380,600,000
	(-)	(-)	(-)	(-)	(-)
- Sikkim Hydro Power Ventures Ltd	-	31,239,000	-	-	31,239,000
	(-)	(1,000,000)	(-)	(-)	(1,000,000)
- Youngthang Power Ventures Ltd	-	500,000	-	-	500,000
	(-)	(-)	(-)	(-)	(-)
Purchase of Investments :					
- Associated Transrail Structures Ltd	-	-	-	-	-
	(-)	(-)	(1,004,500)	(-)	(1,004,500)
- Cochin Bridge Infrastructure Company Ltd	-	80,000,000	-	-	80,000,000
	(-)	(-)	(-)	(-)	(-)
- Gammon India Ltd	159,730,000	-	-	-	159,730,000
	(10,245,900)	(-)	(-)	(-)	(10,245,900)
Sale of Investments :					
- Gammon India Ltd	255,000	-	-	-	255,000
	(-)	(-)	(-)	(-)	(-)
Advance received for purchase of equity shares :					
- Modern Tollroads Ltd	-	-	-	-	-

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

Transactions	Holding Company	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	(Rs.) Total
	(-)	(-)	(26,520,000)	(-)	(26,520,000)
Managerial Remuneration :					
- Parvez Umrigar	-	-	-	16,845,065	16,845,065
	(-)	(-)	(-)	(8,406,284)	(8,406,284)
Gross value of stock options issued to:					
- Parvez Umrigar	-	-	-	16,725,000	16,725,000
	(-)	(-)	(-)	(11,400,000)	(11,400,000)
Amortization of options issued to:					
- Parvez Umrigar	-	-	-	9,256,164	9,256,164
	(-)	(-)	(-)	(4,845,000)	(4,845,000)
Finance provided (including Loans and Equity contribution in cash or in kind) :					
- Associated Transrail Structures Ltd	-	-	1,790,000,000	-	1,790,000,000
	(-)	(-)	(-)	(-)	(-)
- ATSL Infrastructure Projects Ltd	-	-	-	-	-
	(-)	(-)	(244,500)	(-)	(244,500)
- Bedi Seaport Ltd	-	1,999,940	-	-	1,999,940
	(-)	(-)	(-)	(-)	(-)
- Gammon Hospitality Ltd	-	499,400	-	-	499,400
	(-)	(-)	(-)	(-)	(-)
- Gammon Logistics Ltd	-	60,900,000	-	-	60,900,000
	(-)	(499,400)	(-)	(-)	(499,400)
- Gammon Projects Developers Ltd	-	-	-	-	-
	(-)	(70,000,000)	(-)	(-)	(70,000,000)
- Gorakhpur Infrastructure Co. Ltd	-	-	-	-	-
	(-)	(247,861,330)	(-)	(-)	(247,861,330)
- Haryana Biomass Power Ltd	-	-	-	-	-
	(-)	(499,940)	(-)	(-)	(499,940)
Finance provided (including Loans and Equity contribution in cash or in kind) (continued) :					
- Indira Container Terminal Ltd	-	-	63,460,000	-	63,460,000
	(-)	(-)	(78,628,320)	(-)	(78,628,320)
- Jaguar Projects Developers Ltd	-	499,940	-	-	499,940
	(-)	(-)	(-)	(-)	(-)
- Kosi Bridge Infrastructure Co. Ltd	-	-	-	-	-
	(-)	(173,395,590)	(-)	(-)	(173,395,590)
- Marine Projects Services Ltd	-	-	-	-	-
	(-)	(499,400)	(-)	(-)	(499,400)
- Modern Toll Roads	-	-	-	-	-
	(-)	(-)	(244,700)	(-)	(244,700)
- Pravara Renewable Energy Ltd	-	499,940	-	-	499,940
	(-)	(-)	(-)	(-)	(-)
- Punjab Biomass Power Ltd	-	-	78,138,335	-	78,138,335
	(-)	(-)	(-)	(-)	(-)
- Rajahmundry Godavari Bridge Ltd	-	380,600,000	-	-	380,600,000
	(-)	(-)	(-)	(-)	(-)

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

Transactions	Holding Company	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	(Rs.) Total
- Rajahmundry Expressway Ltd	-	30,000,000	-	-	30,000,000
	(-)	(-)	(-)	(-)	(-)
- Sikkim Hydro Power Ventures Ltd	-	31,239,000	-	-	31,239,000
	(-)	(-)	(-)	(-)	(-)
- Tidong Hydro Power Ltd	-	-	-	-	-
	(-)	(499,940)	(-)	(-)	(499,940)
- Vizag Seaport Pvt Ltd	-	-	40,000,000	-	40,000,000
	(-)	(-)	(-)	(-)	(-)
- Youngthang Power Ventures Ltd	-	433,025,000	-	-	433,025,000
	(-)	(-)	(-)	(-)	(-)
Repayment in respect of finance provided including equity contribution :					
- Associated Transrail Structures Ltd	-	-	1,790,000,000	-	1,790,000,000
	(-)	(-)	(70,000,000)	(-)	(70,000,000)
- Gammon Projects Developers Ltd	-	5,000	-	-	5,000
	(-)	(170,000,000)	(-)	(-)	(170,000,000)
- Punjab Biomass Power Ltd	-	-	27,224,574	-	27,224,574
	(-)	(-)	(-)	(-)	(-)
- Rajahmundry Expressway Ltd	-	30,000,000	-	-	30,000,000
	(-)	(-)	(-)	(-)	(-)
- Vizag Seaport Pvt Ltd	-	-	40,000,000	-	40,000,000
	(-)	(-)	(-)	(-)	(-)
Finance provided for expenses and on account payments :					
- Andhra Expressway Ltd	-	3,808,266	-	-	3,808,266
	(-)	(16,500)	(-)	(-)	(16,500)
- ATSL Infrastructure Projects Ltd	-	-	-	-	-
	(-)	(-)	(19,585)	(-)	(19,585)
- Bedi Seaport Ltd	-	1,755,375	-	-	1,755,375
	(-)	(-)	(-)	(-)	(-)
- Cochin Bridge Infrastructure Co. Ltd	-	1,666,012	-	-	1,666,012
	(-)	(451,496)	(-)	(-)	(451,496)
- Gammon Hospitality Ltd	-	3,230,066	-	-	3,230,066
	(-)	(-)	(-)	(-)	(-)
- Gammon India Ltd	5,313,171	-	-	-	5,313,171
	(-)	(-)	(-)	(-)	(-)
- Gammon Logistics Ltd	-	6,948,590	-	-	6,948,590
	(-)	(368,583)	(-)	(-)	(368,583)
- Gammon Metro Transport Ltd	-	5,155	-	-	5,155
	(-)	(-)	(7,000)	(-)	(7,000)
- Gammon Projects Developers Ltd	-	7,020	-	-	7,020
	(-)	(19,245)	(-)	(-)	(19,245)
- Gorakhpur Infrastructure Co. Ltd	-	6,982,132	-	-	6,982,132
	(-)	(9,405,013)	(-)	(-)	(9,405,013)

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

Transactions	Holding Company	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	(Rs.) Total
Finance provided for expenses and on account payments (continued):					
- Haryana Biomass Power Ltd	-	-	2,803,451	-	2,803,451
	(-)	(61,447)	(-)	(-)	(61,447)
- Indira Container Terminal Pvt Ltd	-	-	3,437,288	-	3,437,288
	(-)	(-)	(1,802,531)	(-)	(1,802,531)
- Jaguar Projects Developers Ltd	-	542,214	-	-	542,214
	(-)	(-)	(-)	(-)	(-)
- Kosi Bridge Infrastructure Co. Ltd	-	12,305,779	-	-	12,305,779
	(-)	(4,938,274)	(-)	(-)	(4,938,274)
- Marine Projects Services Ltd	-	1,896	-	-	1,896
	(-)	(33,529)	(-)	(-)	(33,529)
- Modern Tollroads Ltd	-	-	575	-	575
	(-)	(-)	(47,771)	(-)	(47,771)
- Mumbai Nasik Expressway Ltd	-	34,972,722	-	-	34,972,722
	(-)	(20,022,589)	(-)	(-)	(20,022,589)
- Pravara Renewable Energy Ltd	-	58,180,129	-	-	58,180,129
	(-)	(-)	(-)	(-)	(-)
- Punjab Biomass Power Ltd	-	-	166,428	-	166,428
	(-)	(-)	(9,579)	(-)	(9,579)
- Rajahmundry Godavari Bridge Ltd	-	8,041,053	-	-	8,041,053
	(-)	(-)	(-)	(-)	(-)
- Rajahmundry Expressway Ltd	-	4,503,517	-	-	4,503,517
	(-)	(14,500)	(-)	(-)	(14,500)
- Ras Cities and Townships Pvt Ltd	-	220,382	-	-	220,382
	(-)	(-)	(-)	(-)	(-)
- Sikkim Hydro Power Ventures Ltd	-	468,676	-	-	468,676
	(-)	(47,500)	(-)	(-)	(47,500)
- Tidong Hydro Power Ltd	-	95,641	-	-	95,641
	(-)	(50,494)	(-)	(-)	(50,494)
- Youngthang Power Ventures Ltd	-	3,120,435	-	-	3,120,435
	(-)	(-)	(-)	(-)	(-)
Amount received towards the above finance :					
- Andhra Expressway Ltd	-	3,808,266	-	-	3,808,266
	(-)	(39,500)	(-)	(-)	(39,500)
- ATSL Infrastructure Projects Ltd	-	-	36,785	-	36,785
	(-)	(-)	(-)	(-)	(-)
- Bedi Seaport Ltd	-	1,755,375	-	-	1,755,375
	(-)	(-)	(-)	(-)	(-)
- Cochin Bridge Infrastructure Co. Ltd	-	1,666,012	-	-	1,666,012
	(-)	(446,856)	(-)	(-)	(446,856)
- Gammon Hospitality Ltd	-	687,040	-	-	687,040
	(-)	(-)	(-)	(-)	(-)
- Gammon India Ltd	5,473,694	-	-	-	5,473,694
	(-)	(-)	(-)	(-)	(-)
- Gammon Logistics Ltd	-	7,260,072	-	-	7,260,072

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

Transactions	Holding Company	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	(Rs.) Total
	(-)	(31,503)	(-)	(-)	(31,503)
- Gammon Metro Transport Ltd	-	525,404	-	-	525,404
	(-)	(-)	(-)	(-)	(-)
- Gammon Projects Developers Ltd	-	7,020	-	-	7,020
	(-)	(48,845)	(-)	(-)	(48,845)
- Gorakhpur Infrastructure Co. Ltd	-	6,982,132	-	-	6,982,132
	(-)	(12,603,780)	(-)	(-)	(12,603,780)
- Jaguar Projects Developers Ltd	-	542,214	-	-	542,214
	(-)	(-)	(-)	(-)	(-)
- Kosi Bridge Infrastructure Co. Ltd	-	12,305,779	-	-	12,305,779
	(-)	(7,629,046)	(-)	(-)	(7,629,046)
- Marine Projects Services Ltd	-	1,896	-	-	1,896
	(-)	(51,129)	(-)	(-)	(51,129)
- Modern Tollroads Ltd	-	-	575	-	575
	(-)	(-)	(-)	(-)	(-)
- Mumbai Nasik Expressway Ltd	-	34,978,025	-	-	34,978,025
	(-)	(20,414,113)	(-)	(-)	(20,414,113)
Amount received towards the above finance :					
- Pravara Renewable Energy Ltd	-	68,180,129	-	-	68,180,129
	(-)	(-)	(-)	(-)	(-)
- Punjab Biomass Power Ltd	-	-	173,838	-	173,838
	(-)	(-)	(142,711)	(-)	(142,711)
- Rajahmundry Godavari Bridge Ltd	-	8,041,053	-	-	8,041,053
	(-)	(-)	(-)	(-)	(-)
- Rajahmundry Expressway Ltd	-	4,503,517	-	-	4,503,517
	(-)	(16,500)	(-)	(-)	(16,500)
- Sikkim Hydro Power Ventures Ltd	-	453,676	-	-	453,676
	(-)	(1,021,954)	(-)	(-)	(1,021,954)
- Tidong Hydro Power Ltd	-	95,641	-	-	95,641
	(-)	(50,494)	(-)	(-)	(50,494)
- Youngthang Power Ventures Ltd	-	3,120,435	-	-	3,120,435
	(-)	(-)	(-)	(-)	(-)
Interest income during the period :					
- Associated Transrail Structures Ltd	-	-	26,416,745	-	26,416,745
	(-)	(-)	(473,699)	(-)	(473,699)
- Gammon Logistics Ltd	-	978,027	-	-	978,027
	(-)	(-)	(-)	(-)	(-)
- Gammon Projects Developers Ltd	-	-	-	-	-
	(-)	(1,641,152)	(-)	(-)	(1,641,152)
- Punjab Biomass Power Ltd	-	-	723,108	-	723,108
	(-)	(-)	(-)	(-)	(-)
- Rajahmundry Expressway Ltd	-	50,630	-	-	50,630
	(-)	(-)	(-)	(-)	(-)
Interest expenses during the period :					
- Gammon India Ltd	5,323,071	(-)	(-)	(-)	5,323,071
	(9,141,163)	(-)	(-)	(-)	(9,141,163)

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

Transactions	Holding Company	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	(Rs.) Total
Finance received (including Loans and Equity contribution in cash or in kind) :					
- Gammon India Ltd	-	-	-	-	-
	(393,000,000)	(-)	(-)	(-)	(393,000,000)
Finance received for expenses & on account payments :					
- Gammon India Ltd	-	-	-	-	-
	(3,886,348)	(-)	(-)	(-)	(3,886,348)
- Vizag Seaport Private Ltd	-	-	344,512	-	344,512
	(-)	(-)	(640,646)	(-)	(640,646)
Amount liquidated towards the above finance received :					
- Gammon India Ltd	293,000,000	-	-	-	293,000,000
	(127,857,335)	(-)	(-)	(-)	(127,857,335)
- Vizag Seaport Private Ltd	-	-	928,788	-	928,788
	(-)	(-)	(1,000)	(-)	(1,000)
Advance / Deposit towards purchase of Beneficial Interest of equity shares :					
- Gammon India Ltd	528,780,000	-	-	-	528,780,000
	(158,810,690)	(-)	(-)	(-)	(158,810,690)
Refund / Adjustment of Deposit towards purchase of Beneficial interest of equity shares					
- Gammon India Ltd	687,255,000	-	-	-	687,255,000
	(-)	(-)	(-)	(-)	(-)
Bank or Corporate Guarantees outstanding :					
- Gammon india Limited	16,550,000	-	-	-	16,550,000
	(16,550,000)	(-)	(-)	(-)	(16,550,000)
- Cochin Bridge Infrastructure Company Ltd	-	150,000,000	-	-	150,000,000
	(-)	(-)	(-)	(-)	(-)
- Gammon Logistics Ltd	-	9,900,000	-	-	9,900,000
	(-)	(-)	(-)	(-)	(-)
Outstanding Balances Receivable :					
- ATSL InfrastructureProjects Ltd	-	-	-	-	-
	(-)	(-)	(36,785)	(-)	(36,785)
- Gammon Hospitality Ltd	-	2,543,026	-	-	2,543,026
	(-)	(-)	(-)	(-)	(-)
- Gammon India Ltd	453,169,737	-	-	-	453,169,737
	(234,966,959)	(-)	(-)	(-)	(234,966,959)
- Gammon Logistics Ltd	-	35,925,598	-	-	35,925,598
	(-)	(337,080)	(-)	(-)	(337,080)
- Gammon Metro Tranport Ltd	-	425,192	-	-	425,192
	(-)	(-)	(945,441)	(-)	(945,441)
- Gammon Projects Developers Ltd	-	-	-	-	-
	(-)	(2,115,740)	(-)	(-)	(2,115,740)
- Haryana Biomass Power Ltd	-	-	9,064,898	-	9,064,898
	(-)	(6,261,447)	(-)	(-)	(6,261,447)

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

Transactions	Holding Company	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	(Rs.) Total
- Indira Container Terminal Pvt Ltd	-	-	3,437,288	-	3,437,288
	(-)	(-)	(2,725,779)	(-)	(2,725,779)
- Modern Tollroads Ltd	-	-	48,271	-	48,271
	(-)	(-)	(48,271)	(-)	(48,271)
- Mumbai Nasik Expressway Ltd	-	-	-	-	-
	(-)	(5,303)	(-)	(-)	(5,303)
- Punjab Biomass Power Ltd	-	-	-	-	-
	(-)	(-)	(7,410)	(-)	(7,410)
- Ras Cities and Townships Pvt Ltd	-	220,382	-	-	220,382
	(-)	(-)	(-)	(-)	-
- Youngthang Power Ventures Ltd	-	432,525,000	-	-	432,525,000
	(-)	(-)	(-)	(-)	(-)
Ousting Balances Payable :					
- Sikkim Hydro Power Ventures Ltd	-	-	-	-	-
	(-)	(15,000)	(-)	(-)	(15,000)
- Vizag Seaport Private Ltd	-	-	251,670	-	251,670
	(-)	(-)	(835,946)	(-)	(835,946)

Notes :

- 1) During the year, the Company acquired 5,000 equity shares of Gammon L & T Infra MRTS Ltd from L & T Infrastructure Development Projects Ltd, making it a 100% subsidiary of the Company. Subsequently the name of Gammon L & T Infra MRTS Ltd was changed to Gammon Metro Transport Ltd.
- 2) During the year the Company floated a new subsidiary called "Falcon Projects Developers Ltd. The name of the said subsidiary was later changed to Pravara Renewable Energy Ltd.
- 3) During the year, Gammon Projects Developers Ltd, a wholly owned subsidiary of the Company, acquired the entire stake in the shareholding of Ras Cities and Townships Pvt Ltd, thereby making it a subsidiary of the Company.
- 4) During the year the Company sold its entire stake in Tidong Hydro Power Ltd to Torrent Power Ltd and Gammon India Ltd. It later acquired 51% stake in Tidong Hydro Power Ltd by placing a deposit with Gammon India Ltd for acquisition of the beneficial interest in the entire stake held by Gammon India Ltd, thereby making Tidong Hydro Power Ltd its subsidiary.
- 5) During the year, the Company had granted 500,000 options under "ESOP Scheme 2007" to its Managing Director, Mr Parvez Umrigar at market price as on October 1, 2008 (Rs 63.95). The said options were not exercised and hence lapsed. He was further granted 500,000 options under "ESOP Scheme 2008" at exercise price of Rs 10 on December 5, 2008.

Statement Pursuant to Section 212

of the Companies Act, 1956, Relating to the Subsidiary Companies

Name of Subsidiaries	Andhra Expressway Limited	Bedi Seaport Limited	Cochin Bridge Infrastructure Company Limited	Gammon Hospitality Limited	Gammon Logistics Limited	Gammon Metro Transport Limited (****)	Gammon Projects Developers Limited	Gorakhpur Infrastructure Company Limited
1 The Financial Year of the Subsidiaries ended	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
2 Shares of the Subsidiary Companies held by the holding company, Gammon Infrastructure Projects Ltd								
1) Numbers								
a) Legal ownership	19,647,450	200,000	6,250,070	50,000	2,550,000	10,000	50,000	25,418,378
b) Beneficial ownership (**)	7,467,550	-	-	-	-	-	-	9,596,923
2) Extent of Holding (including beneficial ownership)	93.50%	100.00%	97.66%	100.00%	100.00%	100.00%	100.00%	94.90%
3 The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were :								
i) Dealt with in the accounts of Gammon Infrastructure Projects 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 Infrastructure Projects Ltd								
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :								
a) For subsidiaries' financial year ended March 31, 2009	157,959,913	***	8,321,121	(2,215,558)	(16,964,151)	(376,954)	(19,254)	***
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	145,002,200	****	7,782,127	****	(645,201)	(13,943)	(389,618)	***

* Subsidiary of Gammon Projects Developers Limited, a wholly owned subsidiary of Gammon Infrastructure Projects Limited ('GIPL').

** As part of its overall business plans, GIPL has been acquiring beneficial, controlling interest and voting rights from its holding company in consideration of payment of deposit which, along with the direct shareholdings, has resulted in GIPL having control over 51% in various subsidiaries.

*** Since the company is under project implementation stage, no Profit and Loss Account is prepared.

**** The company was incorporated during the year 2008-09, hence figures for previous year are not available.

***** During the year 2008-09, GIPL acquired the entire stake in the equity shares of the 50:50 joint venture company, Gammon L&T Infra MRTS Limited ('GLTIML'), thereby making it a subsidiary company. The name of GLTIML was later changed to Gammon Metro Transport Limited. Hence loss for the year 2008-09 has been dealt with in the accounts of GIPL at 100% and that of 2007-08 at 50%.

											(Rs.)
Jaguar Projects Developers Limited	Kosi Bridge Infrastructure Company Limited	Marine Projects Services Limited	Mumbai Nasik Expressway Limited	Pravara Renewable Energy Limited	Ras Cities and Townships Private Limited*	Rajahmundry Godavari Bridge Limited	Rajahmundry Expressway Limited	Sikkim Hydro Power Ventures Limited	Tidong Hydro Power Limited	Youngthang Power Ventures Limited	
March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	
50,000	17,876,354	50,000	41,595,000	50,000	10,000	38,110,000	19,647,450	3,173,900	-	50,000	
-	6,284,146	-	-	-	-	-	7,467,550	-	25,500	-	
100.00%	100.00%	100.00%	79.99%	100.00%	100.00%	100.00%	93.50%	100.00%	51.00%	100.00%	
(9,997)	***	(12,314)	***	***	***	***	172,755,038	***	***	***	
****	***	(19,007)	***	****	****	****	152,970,225	***	***	****	

**For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited**

Abhijit Rajan
(Chairman & Managing Director)

Parvez Umrigar
(Managing Director)

Himanshu Parikh
Director

C.C. Dayal
Director

Sanjay Sachdeva
Director

S.C. Tripathi
Director

G. Sathis Chandran
Company Secretary

Place : Mumbai
Date : May 21, 2009

Details Of Subsidiaries Of Gammon Infrastructure Projects Limited

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

Sr. No.	Particulars	Andhra Expressway Limited	Bedi Seaport Limited	Cochin Bridge Infrastructure Company Limited	Gammon Hospitality Limited	Gammon Logistics Limited	Gammon Metro Transport Limited	Gammon Projects Developers Limited	Gorakhpur Infrastructure Company Limited
a)	Issued and Paid-up Equity Share Capital	290,000,000	2,000,000	64,000,700	500,000	25,500,000	1,000,000	500,000	368,970,500
b)	Reserves	725,824,561	*	38,426,733	(2,215,558)	(17,609,352)	(1,421,418)	(415,101)	*
c)	Total Assets	2,906,375,757	2,498,228	256,496,762	855,463	58,955,868	109,392	1,495,929	2,365,977,967
d)	Total Liabilities	1,890,551,196	498,228	154,069,329	2,571,021	51,065,220	530,810	1,411,030	1,997,007,467
e)	Investments (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-
f)	Turnover	558,240,000	-	54,697,128	-	75,101,662	-	-	-
g)	Profit/(Loss) before Taxation	192,800,003	-	10,004,776	(2,215,558)	(16,773,180)	(376,954)	(19,254)	-
h)	Provision for Taxation including Deferred Tax	23,858,920	-	1,483,951	-	190,971	-	-	-
i)	Profit / (Loss) After Taxation	168,941,083	-	8,520,825	(2,215,558)	(16,964,151)	(376,954)	(19,254)	-
j)	Proposed Dividend	-	-	-	-	-	-	-	-
	Details on Investments (other than in subsidiary companies):								

* Since the company is under project implementation stage, no Profit and Loss Account is prepared.

Balance Sheet Abstract

And company's general business profile

I. REGISTRATION DETAILS			
Registration No.	131728	State Code	11
Balance Sheet Date	31.03.2009		
II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)			
Public Issue	Nil	Right Issue	Nil
Bonus issue	Nil	Private Placement	Nil
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)			
Total Liabilities	5261001	Total Assets	5261001
Sources of Funds			
Paid up Capital	1444130	Deferred Tax (Liability)	27687
Reserves & Surplus	3763358	Unsecured Loans	NIL
Employee Stock Options	27687		
Application of Funds			
Net Fixed Assets	208112	Investments	3692173
Net Current Assets	1360174	Misc. Expenditure	NIL
IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)			
Total Income	479637	Total Expenditure	280186
Profit / Loss before tax	+ 199451	Profit / Loss after tax	+ 136198
Earning Per Share inRs.	0.95	Dividend rate %	NIL
V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY - CONSTRUCTION OF :			
Product Description	BOT PROJECTS		
Product Description			
Product Description			

For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited

Abhijit Rajan
(Chairman & Managing Director)

Parvez Umrigar
(Managing Director)

Himanshu Parikh
Director

C.C. Dayal
Director

Sanjay Sachdeva
Director

S.C. Tripathi
Director

G. Sathis Chandran
Company Secretary

Place : Mumbai

Date : May 21, 2009

Directors' Report

To
The Shareholders of
Tidong Hydro Power Limited

Your Directors have pleasure in submitting their Second Annual Report, together with the Audited Accounts of the Company, for the Second financial year of the Company from 1st April, 2008 to 31st March, 2009 (the "Period").

1. ACCOUNTS

The Company has not commenced commercial operations. Accordingly, no profit & loss account has been prepared for the Period.

2. PROJECT STATUS

The Company was promoted to implement the project to develop the 60 mw Tidong Hydro Electric Power Project awarded to the consortium of Gammon India Limited and Torrent Power Limited by the Government of Himachal Pradesh in April, 2007.

However later in October, 2008 the Government of Himachal Pradesh cancelled the allotment of project to the Consortium and awarded the project to Himachal Pradesh Power Development Corporation, a Government of Himachal Pradesh Undertaking. The Company alongwith the Consortium has filed a writ petition challenging the cancellation of the letter of allotment and the award of the project to the Himachal Pradesh power Development Corporation, which is pending in the Himachal Pradesh High Court.

3. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Information required to be given under Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is not applicable to the Company. The Company has neither earned nor spent any foreign exchange during the Period.

4. PARTICULARS OF EMPLOYEES

During the Period or any part of it, none of the employees of the Company was in receipt of remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

5. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Section 217 (2AA) of the Companies (Amendment), 2000, the Directors confirm that:

- i. The applicable accounting standards along with proper explanation relating to material departures have been followed by the Company in the preparation of the annual accounts for the Period;
- ii. They have selected the 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 the end of the Period;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. The annual accounts are prepared on a going concern basis.

6. BOARD OF DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements were;

Mr. Parvez Umrigar

Mr. Himanshu Parikh

Mr. Mahendra Sahai Bisaria

7. PUBLIC DEPOSITS

Your Company has not accepted/invited deposits u/s 58A of Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975, from public, Directors or Shareholders during the Period.

8. AUDITORS

The retiring Auditors, M/s. Chaitanya C. Dalal & Co., Chartered Accountants, being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

9. ACKNOWLEDGEMENT

The Directors wish to express their sincere gratitude to the State and Local Government Authorities and other constituents for their continued cooperation and assistance to the Company.

For and on behalf of the Board of
Tidong Hydro Power Limited

Place : Mumbai
Date : 20th May, 2009

Parvez Umrigar
Director

Himanshu Parikh
Director

Auditor's Report

To
The Members
Tidong Hydro Power Limited

We have audited the attached Balance Sheet of Tidong Hydro Power Limited as at 31st March, 2009 and also Cash Flow Statement of the Company for the period ended on that date, annexed thereto. 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.

We conduct our audit in accordance with auditing standards generally accepted in India. These Standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement(s). An audit includes examining on a test basis, evidence supporting the amount and disclosure in the financial statement. 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.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclosed in the Annexure a statement on matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to above:
 - a) 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;
 - b) 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 these books;
 - c) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion the Cash Flow Statement and the Balance Sheet comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable.
 - e) On the basis of written representations received from directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as directors in term of clause (g) of sub-section (1) of section 274 of the companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the other notes thereon given the information required by the Companies Act, 1956 in the manner so required and given a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009 and
 - (ii) In the case of Cash Flow of the cash balance of the Company for the period ending on that date.

For Chaitanya C. Dalal & Co.
Chartered Accountants

Chaitanya C Dalal
Partner
Membership No.:35809

Place: Mumbai
Date: 20th May, 2009

ANNEXURE REFERRED IN PARAGRAPH 1 TO OUR AUDITOR'S REPORT OF EVEN DATE

- (i) (a) The Company has started and is in process of capitalizing its Expenses & hence does not have any Fixed Asset Register.
- (b) In view of above there is no question of assets verification or disposal of assets.
- (c) The company has not disposed off any part of fixed assets during the year.
- (ii) The company is engaged in the business of generation and distribution of power. The company has not yet commenced commercial operation and that the project is under implementation. Thus it does not have inventory. Therefore, the provisions of the clause 4(ii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- (iii) (a) According to information and explanation given to us the company has not granted any loans secured or unsecured to companies firm or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly provisions of clause (iii) (b) (iii)(c) and (iii)(d) of the order are not applicable.
- (b) According to information and explanation given to us the company has not taken any loans secured or unsecured from companies firm or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly provisions of clause (iii) (b) (iii)(c) and (iii)(d) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory fixed assets. Further on the basis of our examination and according to the information and explanations given to us we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control procedures.
- (v) In our opinion and according to the information and explanation given to us, they are no transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub clause (b) is not applicable to the company.
- (vi) The company has not accepted any deposits from the public thus clause 4(vi) of the Companies (Auditor's report) Order 2003 is not applicable.
- (vii) Since there is no major activities the company has no internal audit system.
- (viii) As explained to us, the Central Government has not prescribed the maintenance of Cost records under section 209 (1) (d) of the Companies Act 1956 for the company's products.
- (ix) The company has no employees and hence there is no requirement of compliance with the Provident Fund and Employee State insurance Act.
There are no undisputed statutory dues as at the year end outstanding for the period more than six months from the date they become payable.
- (x) Since the company has not yet commenced commercial operation and that the project is under implementation, the profit and loss account for the year 1st April 2008 to 31st March 2009 has not been prepared. Hence all expenses incurred during the said year have been debited to Capital Advances and Work in Progress pending allocation and capitalization thereof. Therefore the company does not have any accumulated losses as on 31st March 2009.
- (xi) Based on our audit procedure and on the information and explanations given by management we are of opinion that the company has no dues payable to any financial institution or bank.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares debentures and other securities.
- (xiii) As the company is not a nidhi / mutual benefit fund / society Clause (xiii) of the order is not applicable.
- (xiv) In our opinion and according to the information and explanations given to us the Company is not a dealer or trader in securities thus Clause (xiv) of the order is not applicable.
- (xv) The company has not given any guarantees for loans taken by others from bank or Financial Institutions the terms and conditions

whereof are prima facie prejudicial to the interest of the Company.

(xvi) According to the information and explanation given to us the company has not obtained any term loans hence Clause (xvi) of the order is not applicable.

(xvii) According to the information and explanation given to us and an overall examination of the balance sheet of the company we report that no funds raised on short term basis has been used for long term investments.

(xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

(xix) The company has not issued any debentures during the year.

(xx) The Company has not raised any money by public issue during the year.

(xxi) During the course of our examination of the books and records of the company carried out in accordance with the Generally Accepted Auditing Practices in India and according to the information and explanation given to us, during the year, we have neither come across any instance of fraud on or by the company nor have we been informed of such case by the management.

For Chaitanya C. Dalal & Co.
Chartered Accountants

Chaitanya C Dalal
Partner
Membership No.:35809

Place: Mumbai
Date: 20th May, 2009

Balance Sheet

As At March 31, 2009

	Schedule	As at March 31, 2009	As at March 31, 2008
(Rs.)			
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	500,000	500000
		500,000	500,000
TOTAL		500,000	500,000
APPLICATION OF FUNDS :			
Fixed Assets			
Capital Work in Progress	2	365,905.00	5,618.00
Current Assets, Loans and Advances			
Cash & Bank Balances	3	362,647	454,506
		362,647	454,506
Less: Current Liabilities and Provisions			
- Current Liabilities	4	274,046	5,618
		274,046	5,618
Net Current Assets		88,601	448,888
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses	5	45,494	45,494
TOTAL		500,000	500,000
Notes to Accounts	6		

The schedules referred to above and notes to financial statements form part of the Balance Sheet

As per our report of even date attached.

For Chaitanya C. Dalal & Co.
Chartered Accountants

For and on behalf of the Board of Directors
of Tidong Hydro Power Limited

Chaitanya C. Dalal
Partner
M.No. : 35809
Mumbai,
Date : 20th May, 2009

Parvez Umrigar
Director

Himanshu Parikh
Director

Cash Flow Statement

For the year ended March 31, 2009

	As at March 31, 2009	As at March 31, 2008	(Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit before Tax and extraordinary items	-	-	
Adjustments for :			
Depreciation	-	-	
Interest (Net)	-	-	
Profit on Sale of Mutual Fund Units	-	-	
Preliminary Expenses / Deferred Revenue written off	-	-	
	-	-	
Operating Profit before Working Capital Changes	-	-	
Adjustments for :			
Trade and Other Receivables	-	-	
Trade Payables & Working Capital Finance	-	-	
	-	-	
Cash flow before extraordinary items	-	-	
Extra Ordinary Items	-	-	
Net Cash from operating activities	-	-	
B. CASH FLOW FROM INVESTMENT ACTIVITIES :			
Capitalisation of Expenses	(91,859)	-	
Preliminary Expenses	-	(45,494)	
Net Cash used from Investment activities	(91,859)	(45,494)	
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from issue of Share Capital	-	500,000	
	-	-	
NET INCREASE IN CASH AND CASH EQUIVALENTS	(91,859)	454,506	
Closing Balance	362,647	454,506	
Opening Balance	454,506	-	
NET INCREASE IN CASH AND CASH EQUIVALENTS	(91,859)	454,506	
Note : Figures in brackets denote outflows.			
	-	-	
Components of Cash and Cash Equivalents			
Cash and Cheques on hand	-	-	
With Banks :			
- On Current Account	362,647	454,506	
	362,647	454,506	

The schedules referred to above and notes to financial statements form part of the Balance Sheet

As per our report of even date attached.

For Chaitanya C. Dalal & Co.
Chartered Accountants

For and on behalf of the Board of Directors
of Tidong Hydro Power Limited

Chaitanya C. Dalal
Partner
M.No. : 35809
Mumbai,
Date : 20th May, 2009

Parvez Umrigar
Director

Himanshu Parikh
Director

Schedule

Annexed to and forming part of the balance sheet and profit and loss Account for the year ended 31st march, 2009

	As At March 31, 2009	(Rs.) As At March 31, 2008
SCHEDULE '1' : SHARE CAPITAL		
Authorised		
50,000 Equity Shares of Rs 10/- each	500,000	500,000
	500,000	500,000
Issued Subscribed and Paid-up :		
50,000 Equity Shares of Rs 10/- each fully paid-up (Fully held by the holding Company Gammon Infrastructure Projects Ltd.)	500,000	500,000
	500,000	500,000
SCHEDULE '2' : CAPITAL WORK IN PROGRESS		
Opening Balance		
	5,618	-
Add : Establishment Expenses incurred during the period	362,287	5,618
	365,905	5,618
SCHEDULE '3' : CASH & BANK BALANCES		
Balances with Scheduled Banks in Current Accounts	362,647	454,506
	362,647	454,506
SCHEDULE '4' : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
- Gammon India Limited	268428	-
- Other Liabilities	5,618	5,618
	274,046	5,618
SCHEDULE '5' : MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
- Preliminary Expenses	45,494	45,494
	45,494	45,494

Schedule (Contd.)

Annexed to and forming part of the financial statements for the year ended March 31, 2009

SCHEDULE '6' : NOTES TO ACCOUNTS

1. Background :

Tidong Hydro Power Limited (THPL) is incorporated under the Companies Act, 1956, on 21st August, 2007. The company proposes to engage in the business of development and operation of hydro power projects in the state of Himachal Pradesh.

2. Significant Accounting Policies :

Method of Accounting :

The financial statements have been prepared under the historical cost convention on accrual basis of accounting.

3. All the expenses incurred are capitalized to pre-operative expenses, which will be allocated to the various fixed assets on completion of the project.

4. Related Party Disclosures :

a) Related Parties Transactions :

i. Relationships:

Entities where control exists:

Gammon Infrastructure Projects Limited

Transactions	Holding Company	Total
Finance received for Expenses Incurred on behalf of us		
- Gammon India Limited	2,68,428	2,68,428
	(5,50,434)	(5,50,434)
- Gammon Infrastructure Projects Limited	88,480	88,480
	(-)	(-)
- Dues to promoters	-	-
	(60)	(60)
Amount liquidated towards the above finance		
- Gammon Infrastructure Projects Limited	88,480	88,480
	(5,50,434)	(5,50,434)
- Dues to promoters	-	-
	(60)	(60)
Outstanding Balances Payable		
- Gammon India Limited	2,68,428	2,68,428
(Previous year's figures in brackets)	(-)	(-)

5. Capital Commitments :

The total estimated cost of the project as on 31st March, 2009 is Rs 359.63 crores

(Previous Year Rs 360 crores).

6. Contingent Liabilities:

There are no contingent liabilities as at March 31, 2009

As per our report of even date attached.

For Chaitanya C. Dalal & Co.
Chartered Accountants

For and on behalf of the Board of Directors
of Tidong Hydro Power Limited

Chaitanya C. Dalal
Partner
M.No. : 35809
Mumbai,

Parvez Umrigar
Director

Himanshu Parikh
Director

Date : 20th May, 2009





GAMMON

Gammon Infrastructure Projects Limited
www.gammoninfra.com