



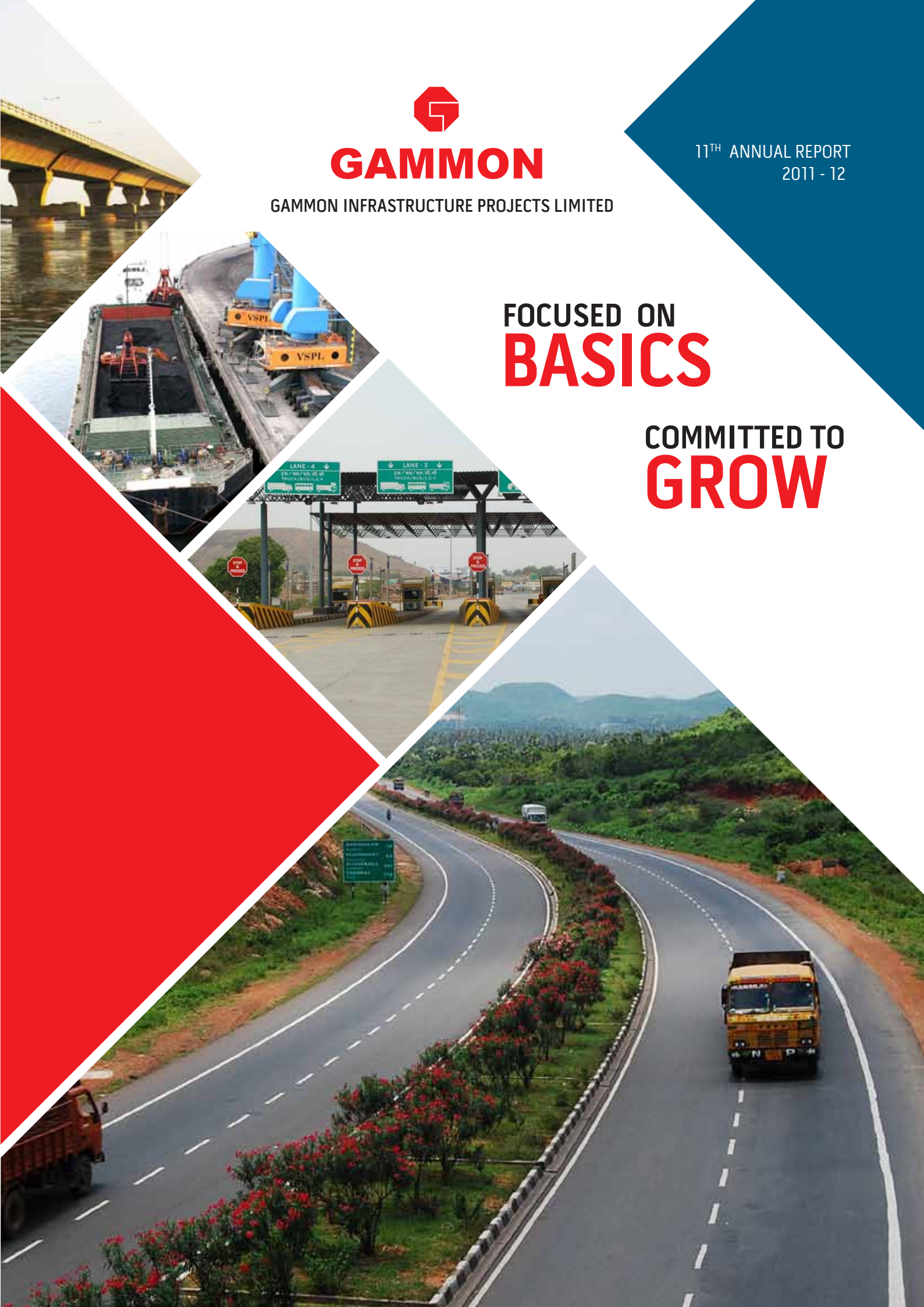
# GAMMON

GAMMON INFRASTRUCTURE PROJECTS LIMITED

11<sup>TH</sup> ANNUAL REPORT  
2011 - 12

FOCUSED ON  
**BASICS**

COMMITTED TO  
**GROW**



## Forward-Looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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How did Gammon Infrastructure Projects Limited (GIPL) succeed in a sluggish domestic infrastructure scenario and a challenging global business environment?

## THE ANSWER IS EMBEDDED IN OUR BUSINESS OPTIMISM.

Infrastructure can help save an economy in peril. If infrastructure blooms, the economy smiles and quality of life improves.

We enhanced our projects basket by:

- Focusing on selective project acquisition.
- Ensuring rapid implementation.
- Streamlining operations with consistent quality focus.
- Managing inherent risks effectively and protecting shareholder value.

And functioning with a **'Never Give Up'** attitude.

Therefore, we strengthened our business fundamentals to reap the maximum in a challenging scenario.

# Strength is a matter of fundamentals

Gammon Infrastructure Projects Limited (GIPL) is an infrastructure project development company, promoted by Gammon India, one of the largest construction companies in India.

Incorporated in 2001, GIPL undertakes the development of infrastructure projects on a public-private partnership basis, having presence in project development, project advisory and sector-specific operations and maintenance. It is among the first companies to be modelled as an infrastructure development holding company in India. It intends to spread across multiple sectors, which comprise the following:

- Roads & Bridges
- SeaPorts
- Power
- Urban Infrastructure
- Airports
- Special Economic Zone
- Water and waste water management
- Power Transmission lines

## 6

New Projects Won

# Geographical Diversification

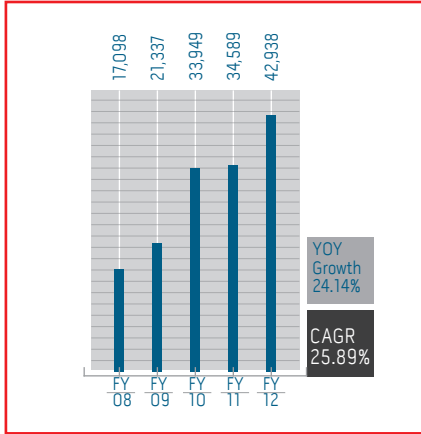


- |                              |                            |                           |                         |
|------------------------------|----------------------------|---------------------------|-------------------------|
| 1) Youngthang HEP            | 7) Pravara Co-Gen          | 13) Yamunanagar Panchkula | 19) Mahulia Kharagpur   |
| 2) Tidong HEP                | 8) Godavari Bridge         | 14) Gorakhpur Bypass      | 20) Paradip Iron Ore    |
| 3) Sidhi Singrauli           | 9) Andhra Expressway       | 15) Patna Hajipur         | 21) Birmitrapur Barkote |
| 4) Aparna TPP                | 10) Rajahmundry Expressway | 16) Sikkim HEP            | 22) Vizag Sea Port      |
| 5) Vadape Gonde              | 11) Vijayawada Gundugolanu | 17) Kosi Bridge           | 23) SEZ Adityapur       |
| 6) Indira Container Terminal | 12) Cochin Bridge          | 18) Patna Buxar           |                         |

# Optimism in numbers

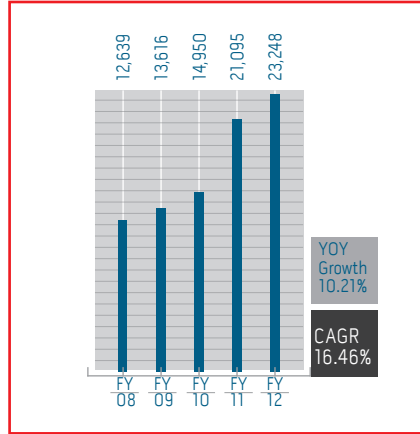
## Total Income

(₹ in Lakhs)



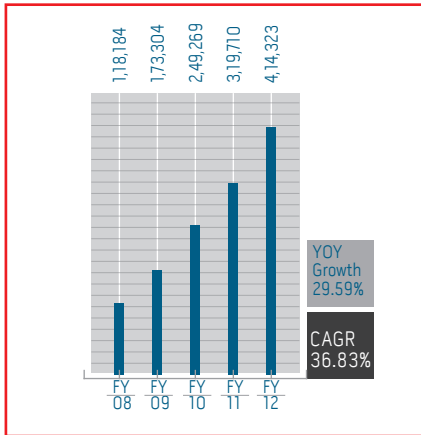
## EBITDA

(₹ in Lakhs)



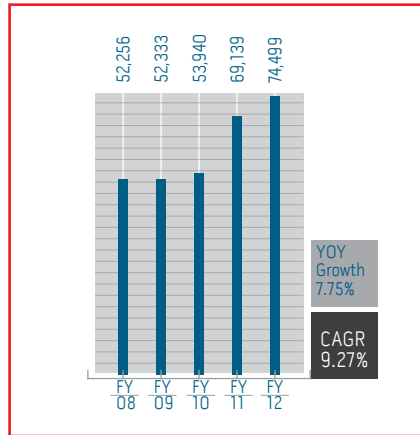
## Asset Capitalisation

(₹ in Lakhs)



## Net worth

(₹ in Lakhs)



# 2012 in Perspective

## June 2011

Financial Closure of Paradip Iron Ore Terminal Project

## September 2011

Commenced Tolling Operations for the entire stretch of Mumbai Nasik Expressway

Submitted Draft Letter of Offer to SEBI for the issue of equity shares on a rights basis

## November 2011

Letter of Award received for Patna-Buxar road Project

## February 2012

Letter of Award received for Vijayawada- Gundugolanu section of NH-5

Inauguration of Kosi Bridge Infrastructure Company Limited

Concession Agreement signed for Patna-Buxar road Project

## March 2012

Letter of Award received for Birmitrapur-Barkote section of NH-23

Letter of Award received for Yamunanagar-Panchkula section of NH-73

Concession Agreement signed for Vijayawada- Gundugolanu section of NH-5

Letter of Award received for Sidhi - Singrauli Road Project

Inauguration of Gorakhpur Bypass project

# Project Portfolio

## Operational Projects

### Roads

1. Rajahmundry Expressway Limited (REL)
2. Andhra Expressway Limited (AEL)
3. Cochin Bridge Infrastructure Company Limited (CBICL)
4. Mumbai Nasik Expressway Limited (MNEL)
5. Kosi Bridge Infrastructure Company Limited (KBICL)

### Ports

1. Vizag Seaport Private Limited (VSPL)



## Projects under active development

### Roads

1. Gorakhpur Infrastructure Company Limited (GICL)
2. Rajahmundry Godavari Bridge Limited (RGBL)
3. Patna Highway Projects Limited (PHPL)

### Ports

1. Indira Container Terminal Private Limited (ICTPL)
2. Blue Water Iron Ore Terminal Private Limited (BWIOTPL)

### Power

1. Sikkim Hydro Power Ventures Limited (SHPVL)
2. Youngthang Power Ventures Limited (YPVL)
3. Tidong Hydro Power Limited (THPL)
4. Pravara Renewable Energy Limited (PREL)



**Other Projects in  
pre-development phase****Roads**

1. Patna Buxar Highways Limited (PBHL)
2. Vijayawada Gundugolanu Road Project Private Limited (VGRPPL)
3. Birmiltrapur Barkote Highway Private Limited (BBHPL)
4. Yamunanagar Panchkula Highway Private Limited (YPHPL)
5. Sidhi Singrauli Road Project Limited (SSRPL)
6. Maa Durga Expressway Private Limited (MDEPL)

**Power**

1. 250 MW Thermal Power Project

**SEZ**

1. SEZ Adityapur Limited (SEZAL)



# Protecting shareholder value in good times and bad



Dear Shareholders,

Gammon Infrastructure has been a pioneer in the infrastructure sector in India. In the year gone by, we have again proved the same by our positive outlook in a challenging environment. This is reflected in our performance where we have increased our project basket by seventy per cent, achieved operation of three road projects, initiated execution of eight projects and achieved financial closure by underwriting of two projects.

All this has been achieved against a backdrop of moderation in economic growth combined with persistent inflation. Thrown in an unprecedented global economic scenario, high commodity prices and a depreciating rupee, the business scenario in India is a minefield – tough to manoeuvre and every move perilous.

In this difficult business environment, your company has focused on fundamental core values of increasing and improving stakeholder

value and has put in place a three pronged approach to achieve the same, namely:

- I. Careful and selective acquisition of new projects for growth with mitigated risk;
- II. Emphasis on improving implementation and delivery of projects to improve the economic value of the project; and
- III. Greater attention on operation of projects to demonstrate the revenue stream.

We are glad to report that the above strategy has borne fruit and in the year gone by, we have expanded our portfolio by acquiring six new road projects and put into operations three existing road projects. We have given added emphasis to project execution and to that end we have undertaken a team building exercise to create an in-house talent pool. We feel that we have laid the foundation for a bigger and better tomorrow for the Company and for all stakeholders.

The Infrastructure Sector has seen slow growth in the last few years mainly on account of several policy and structural issues. Land acquisition is one such sensitive issue and the proposed new legislation should address the grass root issues in its totality. Environment and forest clearances have delayed many projects and a mechanism to fast track these proposals need to be evolved. Highly competitive bidding in the past has led to a challenging situation for the banks and thus has made financial closure of even bankable

projects difficult. Further, avenues for raising long term funds are almost non-existent. If the economic growth has to be sustained, it is imperative that the Infrastructure Sector is made robust by addressing the challenges through policy action. The Government and the Industry therefore have to proactively come up with solutions and expedite their implementation.

Looking ahead, your Company is focused on delivering value to its shareholders. We look forward to expanding our basket of projects and commissioning existing projects so that we can carry forward the legacy of being a pioneer in the Public Private Partnership arena creating value for all stakeholders.

I thank you for your cooperation and continued support to the Company.

**Abhijit Rajan**

Chairman & Managing Director

Date: August 10, 2012

- Careful and selective acquisition of new projects for growth with mitigated risk
- Emphasis on improving implementation and delivery of projects to improve the economic value of the project
- Greater attention on operation of projects to demonstrate the revenue stream.

# Acquiring projects with an eye on sustainable value



GIPL's portfolio of projects reflects considerable potential for steady revenues. We identify opportunities and build a diversified portfolio, with strong fundamentals. Such a strategy has enabled us to facilitate growth, which is reliable and sustainable over a long period of time.

GIPL added six road projects in 2012 to the portfolio, with an estimated total order book size of ₹ 823,200 Lakhs for the next 2.5-3 years.

Our commitment to high-quality standards have facilitated project execution, and also helped us in acquiring new projects. Over the years, GIPL has built its asset portfolio by leveraging its inherent strengths and adopted strategies.

## GIPL edge

**Core capabilities:** Our capabilities comprise on-time project execution, resource mobilization and risk management. The result is international delivery standards and sustainable growth.

**Capital availability:** Our market creditworthiness has enabled financial closures for most of our projects, of which 82% comprises debt. Since incorporation GIPL has enjoyed enduring credibility and continue successfully even in difficult times.

**Presence across sectors & geographies:** GIPL has successfully mitigated its risks by establishing its footprints across diverse sectors and enjoying a vast presence across India.





Recently, we have added six road projects in Bihar, Andhra Pradesh, Madhya Pradesh, Odisha, Haryana, West Bengal & Jharkhand. Two out of these projects are nearing financial closures, whereas we have received a sanction letter for three other projects.

Project Name	PBHL	VGRPPL	BBHPL	YPHPL	SSRPL	MDEPL
Location	Bihar	AP	Odisha	Haryana	MP	WB-Jharkhand
Revenue Model	Toll	Toll	Toll	Toll	Toll	Toll
Road Length	125	103	126	105	103	123
Lane	4	6	4	4	4	4
Concession Period	20 Years	30 Years	23 Years	22 Years	30 Years	30 Years

## Ensuring faster turnaround at each step

At GIPL, we undertake execution of infrastructure projects like roads, bridges, ports, energy infrastructure, water and waste water, urban infrastructure, among others. GIPL has executed projects, based on BOT, BOOT, BOO and other PPP models, with consistent focus on faster turnarounds.

Proper planning and timely completion of various stages of the projects becomes a critical factor. At GIPL, we have constantly focused on timely management of our on-going projects. Our strong execution capabilities allow us to implement the projects at a considerable pace.

During 2011-12, we have successfully executed and put to use the following projects.

The prominent ones comprise:

- ▶ Vadape-Gonde section of Mumbai Nasik highway fully commissioned in September 2011.
- ▶ The bridge built at Kosipur across the river Kosi in Bihar was commissioned in February 2012.
- ▶ Bypass road to the town of Gorakhpur in UP inaugurated in March 2012.



# Streamlining operations for consistent quality

We monitor the progress of each project to ensure high quality standards. We are consolidating operations by accelerating the pace of lagging projects. Our effort towards timely execution is exemplified by our strong track record for project development.

REL commissioned 70 days ahead of schedule

AEL commissioned 30 days ahead of schedule

CBICL commissioned 10 months ahead of schedule

Our efficient project management results in differentiation and strong risk mitigation for all projects.

**23** Current project portfolio

**9** Projects under active development

**8** Projects in pre-development phase

**6** Projects in operations

# Managing risks effectively

## Capital Management and Derisking Strategies

1. A well-designed pre-bid risk management practice is followed to evaluate projects from a risk perspective to strike a healthy balance between the risk-reward ratio from various projects and required risk diversification from cost, revenue, interest and geographical perspectives.
2. The Company has sold a partial stake in Vijaywada Gundugolanu road project in Andhra Pradesh and has taken an equity stake in Maa Durga road project in West Bengal, reducing the risk arising out of a concentration of operations in one area. The geographical risk was reduced in Andhra Pradesh, where GIPL enjoys a presence through three existing projects in various stages.
3. GIPL has a good mix of annuity and toll projects in roads sector, which positions it well to benefit from any upside in toll collection due to accelerated economic growth. Concurrently, the Company can enjoy stable cash flows from annuity projects.
4. To diversify toll-based revenue risk, GIPL has tried to bag projects maintaining a judicious mix of commercial and passenger traffic to ensure smooth revenue flow during economic cycles, irrespective of slowdown.
5. GIPL has awarded various EPC contracts to multiple EPC contractors to avoid EPC concentration risk. To avoid EPC contractor-based risk, the Company has developed an in-house contractor/vendor selection process followed for selection of contractors.
6. To avoid a cost-based risk associated with EPC contracts due to commodity price fluctuations and other reasons, GIPL has entered into fixed price contracts for most projects. Such an approach helps the Company safeguard against the cost over-run risk.
7. GIPL follows continuous project risk reviews and assessments, based on an in-house PQRS framework (Profitability-Quality-Reputation-Schedule) that ensures that all the risks are captured at an early stage, and mitigation plan can be formulated and executed to achieve desired objectives.
8. As a project risk mitigation strategy, GIPL decided to exit from the Punjab Biomass Project, which looked unviable in the current scenario for better utilization of equity on other projects.
9. GIPL has created an in-house audit team to monitor day-to-day risk management at financial, operational, process and project levels. The in-house audit team works closely with risk-management team at the organizational level.
10. GIPL follows Standard Operating Procedures (SOPs) to ensure process excellence, productivity, responsibility and accountability at various levels. This is supported by adequate checks and balances, limits framework, documentation management systems and delegation of financial and non-financial powers on an integrated manner.





## Focusing on human expertise

At GIPL, we focus on enhancing the expertise of our people to drive faster turnarounds and achieve consistent quality.

1. Almost 80% of recruitment is conducted on referrals from our employees. This demonstrates their confidence, belief and trust in the organization.

### 2. Gammon-Club One 'Power of WE' camp

An offsite programme was conducted for senior management and other members.

**Senior Management:** The programme for Senior Management focused on developing management strategies through movies in conjunction with other tools. The programme sought to deliver the message of managing resources in shifting paradigms.

**Other Members:** This programme sought to inculcate among participants, the Team Building DNA through case studies. It highlights how the start-up team members go through the four stages of team building: Forming, Storming, Norming and Performing.

### 3. Gammon Day Out

An adventure sport picnic for employees and their family members was organised for family bonding, leisure and fun, along with team building activities.

4. A small bhajan programme was conducted through ISKON to help combat stress and enhance spirituality.

5. Festivals were celebrated in office, so that some time can be devoted for social interactions among team members.



## Board of Directors

### Abhijit Rajan

Chairman & Managing Director

- A successful industrialist, with over three decades of business experience.
- His zeal and vision is driving the Gammon Group of companies.

### Himanshu Parikh

Vice Chairman

- Rich managerial experience in diverse functional areas.
- On the Board of several Gammon Group companies.

### Kishor Kumar Mohanty

Managing Director

- An engineer with an MBA degree in Finance & Marketing from XIM (Bhubaneswar) and AMP from Harvard Business School.
- Has over three decades of managerial experience in various capacities.

### Rajeevkumar Malhotra

Whole Time Director

- An IIT civil engineer with over three decades of experience with Gammon India Ltd.

### Parag Parikh

Whole Time Director

- Post Graduate in Commerce and a Post Graduate Master in Business Administration.
- Over 12 years of experience in Project Finance and Strategic Planning.

### Chandras Charandas Dayal

Independent Director

- A Chartered Accountant with vast experience and expertise in audit, internal audit, finance and valuation.
- Head of the Audit Committee of the Company

**Sanjay Sachdev**  
Independent Director

- A lawyer with postgraduate degree in International Management.
- Certified financial planner with over two decades of experience, including 14-plus years with the pension and mutual fund industry.

**Naresh Chandra**  
Independent Director

- Retired officer of the Indian Administrative Service; held important positions in the Central Government.
- Served as a senior adviser to the Prime Minister of India, as Governor of Gujarat and as the ambassador of India to the US.

**Sushil Chandra Tripathi**  
Independent Director

- Retired officer of the Indian Administrative Service, over thirty seven years of service experience at senior levels in the State and Central Government.

**Kunal Shroff**  
Independent Director

- An investment adviser with vast industry experience.

**Homai A Daruwalla**  
Independent Director

- Chartered Accountant with over three decades of experience in the banking sector.



# Management Discussion & Analysis

India is amongst the fastest growing economies in the world. The main reasons for the relative dip in growth can be attributed to weakened industrial growth due to persistent inflationary pressures and the global economic scenario.

The Company's management would like to present the following analysis on the issues affecting the Company's competitive position.

## 1. MACRO ECONOMIC OVERVIEW

### a. World Economic Overview

2011-12 was significantly challenging for economies across the globe. Events like the socio-economic turbulence in the Middle East and North America, the tsunami and the consequent nuclear accident in Japan, the sovereign debt crisis in the Eurozone and the slowing growth in the US which affected global economic growth. The Eurozone crisis has only deepened further in recent months, with the increasing possibility of deceleration in growth, if not recession, in Greece, Portugal and Spain. The emerging economies (popularly called BRICS), also witnessed signs of slowdown with shrinking GDPs.

**Exhibit 1: GDP Growth rates (%)**

Country	2010	2011	2012
USA	3.0	1.7	2.1
UK	2.1	0.7	0.8
CHINA	10.4	9.2	8.2
JAPAN	4.4	-0.7	2.0
EUROPEAN UNION	2.0	1.6	0.0
WORLD	4.2	2.8	2.7

(Source: World Economic Outlook, April 2012)

### b. Indian Economic Overview

The Indian economy (GDP at factor cost at 2004-05 prices) recorded a meager growth of 6.5% in 2011-12 compared to 8.4% in 2010-11. Despite this stunted growth, India was amongst the fastest growing economies in the world. The main reasons for the relative dip in growth can be attributed to weakened industrial growth due to persistent inflationary pressures and the global economic scenario.

The manufacturing, services and agriculture sector growth also declined to 2.5%, 8.9% and 2.8% from 7.6%, 9.3% and 7%, respectively, in the previous fiscal.

**Exhibit 2: GDP trend (%)**

	2007 - 08	2008 - 09	2009 - 10	2010 - 2011	2011 - 12
GDP TREND*	9.3	6.7	8.4	8.4	6.5

\*(Source: Economic Review)

**c. Indian Infrastructure Overview**

Development of infrastructure is the key to long-term sustainable growth of the economy as it ensures percolation of economic resources to the lower strata of society.

The Eleventh Five Year Plan (FYP) laid an increased emphasis on removing infrastructure bottlenecks to ensure sustained economic growth. In order to reduce deficits across different areas in the infrastructure sector, an investment of US\$ 500 billion was targeted through an effective contribution from the public as well as the private sectors.

An initial investment of USD 1 trillion is targeted in the Twelfth FYP (2012-17), as per an approach paper by the Planning Commission. As per the projections, at least 50% of this investment is expected to be made by the private sector, a rise from 36% in the Eleventh FYP. (Source: Economic Survey, GoI)



Mumbai Nasik Expressway

**2. SECTORAL OVERVIEW AND OUTLOOK**

As the Company's current exposure is limited to roads (including bridges), seaports and power, the following analysis is not limited to these three sectors only. However, the management is constantly on the lookout for opportunities in other sectors, including but limited to airports, water management and sewage treatment projects, special economic zones and urban infrastructure projects.

**Roads and bridges**

India has one of the world's largest road networks of 3.3 million km consisting of national highways, state highways, major district roads and rural roads. National highways carry 40% of the total traffic but constitute 2% of India's road network. State highways and rural and urban roads, comprise the rest.

**Our target is to become the number one developer in the road sector in the next five years. However, timely availability of unencumbered land is a threat to the timely completion of road projects. The management hopes that the NHAI and other Governmental agencies will take proactive steps to reduce this threat.**

The Indian Government has laid out several initiatives to upgrade and strengthen National Highways, to build expressways in high and dense traffic segments and to improve the quality of roads. Foremost amongst such initiatives is the National Highways Development Programme (NHDP), covering a length over 55,000 km. The project has witnessed increasing participation from the private sector. Till date, around 18,000 km of projects have been awarded to private players. Of these, around 70% were awarded in the last three years. On the policy front, initiatives like pre-qualifications of bidders on an annual basis rather than project-wise document submission have helped to expedite the bidding process.

Likewise to bring ease in bid submission, transparency and efficiency in the bidding process an e-tendering process has also been initiated.

The main thrust of road development continues to be on improving mobility, accessibility and ensuring a balanced development of the road network across the country. The Government of India had set a 20-km-a-day target of building roads. However, the target could not be achieved largely on account of delays in land acquisition, environmental and forest clearances and the inability to fulfil working capital requirements because of delays in release of loan instalments by banks and local issues. Despite these hindrances, the Government is hopeful of achieving its target as construction activities are expected to pick up during the Twelfth Plan.

**The Company's Perspective On The Outlook And Opportunities In Roads And Highways**

The management is of the opinion that strengthening and improving road connectivity of rural areas with coastal and urban centers is a vital step towards the economic growth of the country. The best way to achieve growth will be through public-private-participation projects. Apart from the National Highway Authority of India (NHAI), various State Government bodies have also started the development of road projects through private participation, both on toll and annuity basis. The Company is an active participant in such bids. Our target is to become the number one developer in the road sector in the next five years. However, timely availability of unencumbered land is a threat to the timely completion of road projects. The management hopes that the NHAI and other Governmental agencies will take proactive steps to reduce this threat.

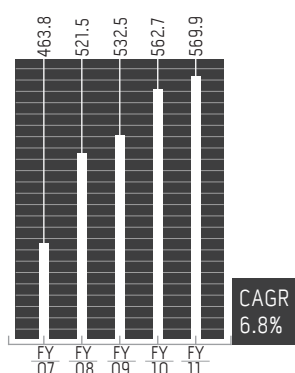
**Seaports**

India has a 7,517 km long coastline with a total of 13 major and 187 minor ports spread across nine maritime states. It has one of the largest merchant shipping fleets and is ranked 16th amongst maritime countries. In terms of volume, it carries about 95% of India's overseas cargo and, in terms of value, it carries about 75% of the overseas cargo [Source: Indian Brand Equity Foundation (IBEF)]. Cargo ships that sail between East Asia and America,

Europe and Africa mostly pass through Indian territorial waters.

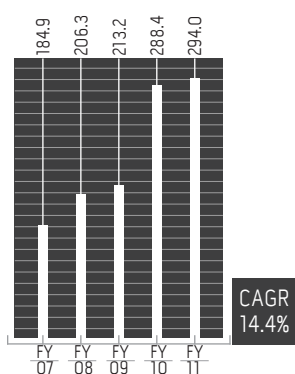
During 2011, major ports handled 569.9 MT of cargo traffic, whereas non-major ports handled 294 MT of cargo traffic. It is expected to grow by 12.3% CAGR through FY 2011 - 14.

(million tonnes)

**Exhibit 3 : Cargo traffic at major ports**

Source: Ministry of shipping, Indian Ports Association, Aranca Research

(million tonnes)

**Exhibit 4 : Cargo traffic at non-major ports**

Source: Ministry of shipping, Indian Ports Association, Aranca Research

Cargo handling is projected to grow at 7.7% p.a. till 2013-14 with minor ports expected to grow at a faster rate of 8.5% compared to 7.4% for the major ports [Source: Investment Commission.] The Ministry of Shipping has set a target of awarding projects to create 244 MT of additional capacity at ports in 2012-13 to accommodate increasing traffic. This will be spread across 42 projects at an estimated cost

of ₹ 14,500 Crores. This investment includes obtaining approval for establishment of two new major ports – one in Andhra Pradesh and the other in West Bengal. [Source: IBEF]

### Private sector participation

The port sector has strong growth potential. State Governments have played a huge role in encouraging domestic and foreign private players to enter the sector by providing a favourable investment climate and additional standard operating procedures. The private sector is also encouraged to participate in port logistics services, in addition to the development of ports and terminals.

### Maritime Agenda 2010-20

The Shipping Ministry developed the Maritime Agenda 2010-20 in order to identify priority areas for Government intervention and act as a road map to guide the Ministry in its future endeavours.

The traffic at major ports is likely to grow to 1,214 Million Tonnes (MT) by 2019-20 at a CAGR of 8.03% over 10 years starting from 2010, whereas traffic at non-major ports is expected to rise to 1,269 MT during the same period at a CAGR of 15.96%. The aggregate

traffic at Indian Ports is expected to grow to 2,484.41 MT by 2019-20 at a combined CAGR of 11.32% for the 10-year period.

The capacities at major ports are estimated to be increased to 1,459.53 MT by 2020, from the existing capacity of 616.73 MT as of 2010. As far as the non-major ports are concerned, it is likely to be increased to 1,660.02 MT from the current capacity of 346.31 MT in 2010. The proposed investments for the 10-year period from 2010 to 2020 are expected to reach ₹ 2.77 Lakh Crores, ₹ 1.09 Lakh Crores for major ports and ₹ 1.68 Lakh Crores for non-major ports.

### The Company's perspective on the outlook and opportunities on ports

The management perceives ports as another vital ingredient in the economic future of the country. The management sees a great opportunity for the Company in the port sector in the proposed Maritime Agenda 2010-20. The Company will study the opportunities from the point of view of coverable hinterland and will look at establishing strategic relationships with key stakeholders / cargo owners. It will also examine related and complimenting business opportunities in other sectors before taking its decision to bid for the project.



Vizag Seaport Private Ltd

## Power

India is the fifth largest producer and consumer of electricity in the world after US, China, Japan and Russia. Electricity production in India (excluding captive generation) stood at 877 billion units (bu) in 2011-12. Growing population, increasing penetration and per-capita usage has further provided the impetus, in addition to the expansion in industrial activity, to boost electricity consumption.

The Eleventh FYP had an initial proposal to add 78,700 MW comprising 19.9% of hydro, 75.8% of thermal and 4.3% from nuclear. The target was revised to 62,374 MW during the Mid Term Appraisal (MTA) of the Eleventh FYP. The revised contributions are coming in the form of 50,757 MW from thermal, 8,237 MW from hydro and 3,380 MW from nuclear. As of January 15, 2012, a capacity addition of only 46,669.7 MW was achieved. During the remaining period, of the FYP, another 7,645 MW of capacities are expected to be added. The total capacity addition, therefore during

the Eleventh FYP would be about 50,000 to 52,000 MW, which is much lower than the initial target proposed. (Source: GoI, Economic Review)

### Government impetus on the sector

In order to eliminate power deficit, the Government has taken various initiatives to increase public and private sector investments across the sector for increased power generation capacity.

The Electricity Act was enacted in 2003 which makes it mandatory for the Central Electricity Authority (CEA) to spell out the National Electricity Plan once every five years. It also included carrying out revisions in accordance with the National Electricity Policy.

FDI - As per the Department of Industrial Policy and Promotion (DIPP), India has received USD 7,399 million worth of FDI in the Indian power sector between April 2000 and May 2012. This has also given a major boost to the sector. [Source: IBEF]

### The Company's Perspective On The Outlook And Opportunities In Power (Generation And Transmission)

The management views the power sector, especially the generation and transmission of power, as a focus area for the Company going forward. With impending policy reform and increasing tariffs, power generation projects would certainly attract a lot of interest in the long term. Hydro and renewable energy are also important components in the long term but in the short and medium terms are even more critical in absence of clarity on coal and gas supplies. With impending growth in generation, an equal investment would certainly be required in the transmission sector. There are massive opportunities at Central and State Level for transmission projects. Further, more and more states are opening up to the idea of giving transmission on PPP basis.



Indira Container Terminal Private Limited-Artistic View



## Operational overview

The Company is an infrastructure developer focusing mainly on projects under the public-private-partnership (PPP) regime. The PPP regime requires incorporation of special purpose vehicles (SPVs) to implement the projects awarded to the Company. Accordingly, the Company has twenty three special purpose vehicles under its umbrella in the roads (including bridges), seaports, power and special economic zone sectors.

Apart from this, the Company also carries out operations and maintenance of the five road projects in operation developed by AEL, REL, MNEL, KBICL and GICL; detailed hereunder.

The following section is an overview on the operations of the projects under various SPVs.

## OPERATIONAL PROJECTS

### 1. Rajahmundry Expressway Limited (REL)

REL is the SPV created for the project of widening and strengthening of a 53 km stretch between Rajahmundry and Dharmavaram in Andhra Pradesh on NH 5, connecting Chennai and Kolkata.

The project achieved COD on September 20, 2004, 70 days ahead of schedule. The project has a 17.5-year concession period including a construction period of thirty months. The project has been capitalised at ₹ 25,642 Lakhs.

As of March 31, 2012, REL has received 14 annuities from NHAI (each semi-annual annuity amounting to ₹ 2961.9 Lakhs). Till date, 100% lane availability has been achieved by REL as demonstrated by receipt of full annuity from NHAI without any deduction.

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

(₹ in Lakhs)

	Year ended 31.03.2012	Year ended 31.03.2011
Total revenue	6,744.23	6,898.82
Profit after tax	(2728.90)*	1,705.38
Equity share capital	2,900.00	2,900.00
Reserve and surplus	3,067.30	8,408.30

\* REL incurred a loss during 2011-12 as hitherto, periodic maintenance cost including resurfacing expenditure required to be undertaken by the REL under its BOT contract at specified intervals was capitalised to the project asset. During the period, in line with industry practice, the SPV has recognised a provision for such expenditure on a systematic basis over the period for which such obligations are to be carried out. The un-amortised expenditure of the periodic maintenance undertaken in prior years aggregating ₹ 379,809,990 as at March 31, 2011 has been expensed in the statement of profit and loss of 2011-12.

### 2. Andhra Expressway Limited (AEL)

AEL is the SPV created for the project of widening and strengthening of the 47 km stretch between Dharmavaram and Tuni in Andhra Pradesh on NH 5, connecting Chennai and Kolkata. The project has

achieved COD on October 30, 2004, 30 days ahead of schedule. The project has a 17.5 year concession period, including a construction period of thirty months. The project has been capitalised at ₹ 24,807 Lakhs.

As of March 31, 2012, AEL has received 14 annuities from NHAI (each semi-annual annuity amounting to ₹ 2791.2 Lakhs). Till date, 100% lane availability has been achieved by AEL as demonstrated by its receipt of full annuity from NHAI without any deduction.

Financial performance highlights of AEL during the last two fiscals are as under:

(₹ in Lakhs)

	Year ended 31.03.2012	Year ended 31.03.2011
Total revenue	6,028.11	6,150.63
Profit after tax	(2,874.21)*	1,312.76
Equity share capital	2,900.00	2,900.00
Reserve and surplus	2,390.53	7,876.85

\* AEL incurred a loss during 2011-12 as hitherto, periodic maintenance cost including resurfacing expenditure required to be undertaken by the AEL under its BOT contract at specified intervals was capitalised to the project asset. During the period, in line with industry practice, the SPV has recognised a provision for such expenditure on a systematic basis over the period for which such obligations are to be carried out. The un-amortised expenditure of the periodic maintenance undertaken in prior years aggregating ₹ 365,595,220 as at March 31, 2011 has been expensed in the statement of profit and loss of 2011-12.

### 3. Cochin Bridge Infrastructure Company Limited (CBICL)

CBICL is an SPV promoted for developing the New Mattancherry Bridge, in Cochin, Kerala on BOT (Toll) basis. The 750 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 for nearly 12 years now.

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 around 8,700 passenger car units. The project had

been capitalised at ₹ 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 and 9 months. CBICL is also entitled to receive a fixed annual annuity payment of ₹ 154 Lakhs from GOK.

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

(₹ in Lakhs)

	Year ended 31.03.2012	Year ended 31.03.2011
Total revenue	520.93	558.06
Profit after tax	(108.47)	44.32
Equity share capital	640.00	640.00
Reserve and surplus	427.19	535.66



Cochin Bridge

### 4. Mumbai Nasik Expressway Limited (MNEL)

MNEL is the SPV created for widening, strengthening and operating the 99.5 km Vadape-Gonde section of NH-3 on BOT basis. The concession period for the project is 20 years, including construction period of three years. The project has been capitalised at ₹ 81,100 Lakhs.

Mumbai Nasik Expressway connects one of the most important gateways - Mumbai to Northern, Central and Eastern part of

India. At the time when the BOT project was awarded - it was the largest BOT road project in India.

The Engineering, Procurement & Construction (EPC) contract of the project was awarded to Gammon India Limited (GIL). The Operation and Maintenance Contract of the project is with Gammon Infrastructure Projects Limited. MNEL commenced partial operation on May 2010 and tolling on entire stretch started on September 2011.

Financial performance highlights of MNEL during the last two fiscals are as under:

(₹ in Lakhs)

	Year ended 31.03.2012	Year ended 31.03.2011
Total revenue	11,513.35	6,126.70
Profit after tax	615.92	309.10
Equity share capital	5,200.00	5,200.00
Reserve and surplus	5,889.07	5,193.25

## 5. Vizag Seaport Private Limited (VSPL)

VSPL is the SPV formed to develop, construct, operate and manage two multi-purpose berths in the northern arm of the inner 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 9 MMTPA.

The commercial operations begun in July 2004 and the Company has handled 5.55 MT of cargo in the financial year ending March 2012. But for the ban on the export of iron ore in the state of Karnataka, which affected its operations

during the financial year, VSPL would have announced better results during the year. The concession period is 30 years, including the construction period. As of March 31, 2012, the project has been capitalised at ₹ 31,834.6 Lakhs.

The Company holds 73.76% stake in VSPL since FY09.

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

(₹ in Lakhs)

	Year ended 31.03.2012	Year ended 31.03.2011
Total revenue	12,446.67	12,540.39
Profit after tax	850.49	1,603.81
Equity share capital	8,719.12	8,719.12
Reserve and surplus	(342.38)	(1,192.88)

## 6. Kosi Bridge Infrastructure Company Limited (KBICL)

KBICL is the SPV incorporated for design, construction, development, finance, operation and maintenance of a 1.8 km long four-lane bridge across river Kosi with 8.2 km of access roads and 21.2 km of bunds for flood protection on NH 57 in the Supaul district of Bihar on BOT (Annuity) basis.

The concession period is 20 years, ending in April 2027, including a construction period of three years. KBICL will receive an annuity payment of ₹ 3,190 Lakhs from

NHAI, semi-annually, during the entire operations period.

The original scheduled project completion date was April 4, 2010. However the project got delayed due to reasons beyond the control of the Company. The Independent Consultant appointed by NHAI has determined an extension of time of 725 days. On February 8, 2012, the project was inaugurated and opened for Commercial Operation. KBICL has received the Provisional Completion Certificate for the project from NHAI with effect from February 8, 2012.

Financial performance of KBICL is as under:

(₹ in Lakhs)

	Year ended 31.03.2012
Total revenue	9,906.44
Profit after tax	(263.88)
Equity share capital	4,830.00
Reserve and surplus	(313.22)



Vizag Seaport Private Limited

## PROJECTS UNDER ACTIVE DEVELOPMENT

### 1. Gorakhpur Infrastructure Company Limited (GICL)

GICL is the SPV incorporated for design, construction, finance and maintenance of a 32.27 km long four-lane bypass to Gorakhpur town on NH 28 in the State of Uttar Pradesh on BOT (Annuity) basis.

The concession period is 20 years, ending in April, 2027, including a construction period of 30 months. GICL will receive an annuity payment of ₹ 4,860 Lakhs from NHAI, semi-annually, during the entire operations period. The COD of the project was expected to be in October 2009. However, the completion of construction work was delayed due to NHAI's failure to fulfill its obligation of enabling access to the project site by clearing encumbrances. The revised total project cost is estimated to be ₹ 75,300 Lakhs against the estimated cost of ₹ 68,601 Lakhs at the start of construction. The EPC contract for the project was awarded to Gammon India Limited.

The project has been refinanced in FY 2012. At present, the project has been formally inaugurated on March 31, 2012. However, the completion certificate is expected shortly.

### 2. Rajahmundry Godavari Bridge Limited (RGBL)

RGBL is the SPV incorporated for design, construction, operation and maintenance of a 4.15 km long four-lane bridge, which will connect Kovvur and Rajahmundry in Andhra Pradesh across the Godavari River, with a 10.34 km of approach roads. The concession period for the project is 25 years, including a construction period of three years. The total project cost is estimated to be ₹ 86,110 Lakhs. Scheduled Project Completion date of the Project was May 25, 2012, which was extended upto December 15, 2012 by APRDC on account of non-fulfillment of obligations of APRDC.

Financial closure for the project has been achieved and presently the project is under its implementation phase with a total capitalisation of ₹ 68,555 Lakhs as of March 31, 2012.

The EPC contract for the project was awarded to Gammon India Limited. The responsibilities of tolling (Tolling Services) and maintenance (Maintenance Services) of the project shall remain with your Company. The Tolling Services and the Maintenance Services for the Project shall commence from the date of COD until the expiry of the entire concession period. Construction activity is in full swing at the project site.

### 3. Patna Highway Projects Limited (PHPL)

PHPL is the SPV incorporated for design, construction, finance and maintenance of a 63.17 km long four-lane dual carriageway on NH 77, which includes new bypass of 16.87 km connecting NH 28 in the State of Bihar on BOT (Annuity) basis. Your Company has equity stake of 100% in PHPL.

The concession period is 15 years, ending in February 2023, including a construction period of 30 months. PHPL will receive an annuity payment of ₹ 9,460 Lakhs from NHAI, semi-annually, in the entire operations period. The total project cost is estimated to be ₹ 94,005 Lakhs.

Financial closure for the project has been achieved and presently the project is under its implementation phase with a total capitalisation of ₹ 47,266 Lakhs as of March 31, 2012.

The EPC contract for the project has been awarded to Gammon India Limited (GIL). The responsibilities of maintenance (Maintenance Services) of the project have vested with your Company. The Maintenance Services shall commence from the COD until the expiry of the entire concession period.

### 4. Indira Container Terminal Private Limited (ICTPL)

ICTPL (Licensee) and The Board of Trustees of the Port of Mumbai (Licensor) entered into License Agreement dated December 3, 2007 (License Agreement) for the construction of offshore container berths and development of container terminal (OCT) on BOT basis in Mumbai Harbour and Operation of Ballard Pier Station Container Terminal (BPS).



Gorakhpur Bypass



Vizag Seaport Private Limited

The License was granted for the following:

- a) BPS Project for a period of five years commencing from the date of award of License; or two years from the commissioning of the OCT Project, whichever is earlier; and
- b) OCT Project for a period of 30 years commencing from the Date of Award of License during which the Licensee is authorised to implement the Project in accordance with the provisions of the License Agreement.

The OCT Project consists of an offshore jetty of 700 m with alongside committed

**BWIOTPL is the SPV promoted 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 MMTPA at an estimated project cost of ₹ 59,100 Lakhs.**

draft of 14.5 m by the Mumbai Port Trust in phase I and an exclusive option to extend it by another 350 m in Phase II. Total back up area envisaged for Phase I are around 38 hectares and an additional 7 hectares for Phase II. Minimum Guaranteed Throughput is 640,000 TEUs in the 10th year of operations.

The construction was scheduled to be completed in three years, with the commercial operations scheduled on December 3, 2010. There has been delay in the handover of Project Assets by the Mumbai Port Trust and it has granted extension for the project completion and date of commissioning of Offshore Container Terminal to the extent of delay.

The EPC contract along with Electrical and Firefighting Contract for the project has been awarded to Gammon India Limited. Equipment package for 6 Ship to Shore Cranes and 20 Rubber Tyred Gantry Cranes have been awarded to Shanghai Zhenhua Heavy Industries Co. Ltd. (ZPMC).

The total envisaged project cost is ₹ 1,500 Crores with estimated COD of September 2013. The revenue share payable by ICTPL to MbPT is 35.064% of gross revenue for the year.

The financial closure for the project was achieved in November 2008. The total capitalisation of the project is ₹ 42,860 Lakhs as of March 31, 2012.

## 5. Blue Water Iron Ore Terminal Private Limited (BWIOTPL)

BWIOTPL is the SPV promoted 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 MMTPA at an estimated project cost of ₹ 59,100 Lakhs.

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

The management is of the view that the project is not viable on the current financial terms and is in touch with PPT on the issue.

## 6. Pravara Renewable Energy Limited (PREL)

PREL is the SPV responsible 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, Tal. Rahata, Dist. Ahmednagar in 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 25 years after commercial operation date.

The co-generation facility will be designed as a multi-fuel power plant fired mainly by bagasse backed by other biomass such as cane trash. The co-generation facility will use entire bagasse and biogas generated by the Karkhana and will supply the required process steam and power to support the sugar manufacturing operations of the Karkhana. The surplus power generated from the cogeneration power project, after meeting the requirement of the Karkhana, will be sold to third parties in Maharashtra State at market rates or at regulatory commission approved rates.

The project has received all important clearances, including the environmental clearance from Ministry of Environment and Forest (MoEF) and construction at the site has commenced.

### 7. Sikkim Hydro Power Ventures Limited (SHPVL)

SHPVL, is the SPV incorporated for developing 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 Rimbi river, a tributary of river Rangit. Concession period for the project is 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 15 years from COD and at 15% of the net energy generated thereafter. Apart from

**The Rangit II Hydroelectric Power Project in Sikkim involves the development of a 66 MW run-of-the-river Hydroelectric Power Project on Rimbi river, a tributary of river Rangit. Concession period for the project is 35 years from the Commercial Operations Date (COD).**

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 project has received all major clearances and approvals including environmental clearance from MoEF,

the construction at the project site has commenced.

### 8. Youngthang Power Ventures Limited (YPVL)

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

Presently, the activities related to preparation of Detailed Project Report are being carried out.

### 9. Tidong Hydro Power Limited (THPL)

THPL, a SPV, has signed an agreement with GoHP for developing a 60 MW, Tidong – II hydro-electric project in Himachal Pradesh. Currently, the pre-feasibility report for the project is under preparation.



Pravara Cogeneration

## OTHER PROJECTS IN PRE-DEVELOPMENT PHASE

The following other projects are also under development by the Company.

### 1. SEZ Adityapur Limited (SEZAL)

SEZAL was incorporated to implement the project of development of an SEZ for the units involved in manufacture of automobile and auto components at Adityapur, in Jharkhand in eastern India. The state government is expected to lease out the land to the SPV measuring approximately 90 acres for a period of 90 years. Adityapur Industrial Area Development Authority is the nodal agency for the project, which is awaiting forest clearance before handing over of the project land to SEZAL. Your Company owns 38% equity stake in SEZAL.

### 2. 250 MW Thermal Power Project

This project, located in Chandrapur District of Maharashtra is currently under the predevelopment stage, wherein the necessary land required for the project has already been purchased and currently various statutory clearances and approvals are being obtained.

### 3. Patna Buxar Highways Limited (PBHL)

PBHL is the SPV incorporated for design, construction, finance and maintenance of a 125.44 km long four-lane dual carriageway on NH 30 & NH 84, which includes construction of new bypasses of Patna, Ara and Shahpura / Rani Sagar and realignment of certain stretches. The Project Road is located in the State of Bihar and is to be developed on BOT (Toll) basis.

**SEZAL was incorporated to implement the project of development of an SEZ for the units involved in manufacture of automobile and auto components at Adityapur, in Jharkhand in eastern India.**



Sikkim Hydro

The Concession Period is 20 years including a construction period of 30 months. PBHL will be entitled to collect toll in the entire operation period in lieu of its investment for development of the Project Highway. The total project cost is estimated to be ₹ 150,700 Lakhs. The Company will get a grant of ₹ 31,600 Lakhs from NHAI during construction of project.

Entire Debt has been tied up and financing Documents has been executed for the same.

The EPC contract for the project is under finalisation.

### 4. Vijayawada Gundugolanu Road Project Private Limited (VGRPPL)

VGRPPL is the SPV incorporated for design, construction, finance and maintenance of Six- Laning of Vijayawada-Gundugolanu Section of NH 5 from km 1076.48 to km 1022.48 including 6-lane Hanuman Junction bypass (length 6.72 km) and 4-lane Vijayawada bypass (length 47.88 km) [Total Length: 103.59 km] in Andhra Pradesh under NHDP Phase V to be executed in BOT (Toll) mode on DBFOT basis. Your Company will hold

a minimum of 51% equity in VGRPPL. Simplex Infrastructures Limited has been allowed by NHAI to hold upto 49% equity in VGRPPL. The Concession Agreement was signed on March 21, 2012.

The Concession Period is 30 years from Appointed Date which is expected to start from September/October 2012, including a construction period of 2.5 years. VGRPPL will start the toll collection from Appointed Date and it has to pay a premium of ₹ 5,757 Lakhs annually to NHAI from Appointed date until the end of the Concession Period with an annual increase of 5% per annum. The total project cost is estimated at ₹ 208,700 Lakhs

Entire debt for the project has been tied up and financing documents has been executed for the same.

The EPC contract for the project has been awarded to Simplex Construction Limited and your Company. The responsibilities of maintenance of the project during construction period have been covered in EPC contractor scope. The responsibilities of maintenance after the construction period will be with VGRPPL.



## Mumbai Nasik Expressway Limited

### 5. Bimitrapur Barkote Highway Private Limited (BBHPL)

BBHPL is the SPV incorporated for Rehabilitation and Up-gradation of Bimitrapur to Barkote Section of NH 23 on Design, Build, Finance Operate and Transfer on BOT (Toll) Basis. The project road is located in the State of Odisha.

The Concession Period is 23 years, including a construction period of 2.5 years. BBHPL will be entitled to collect toll from the date of completion of the project in lieu of its investment for development of the Project Highway. The total project cost is estimated to be ₹ 100,709 Lakhs. Your Company will get a grant of ₹ 31,100 Lakhs from NHAI during the construction of the project.

Financial closure for the project is under process. The EPC contract for the project is under finalisation.

### 6. Yamunanagar Panchkula Highway Private Limited (YPHPL)

YPHPL is the SPV incorporated for design, construction, finance and maintenance of a 104.77 km long four-lane dual carriageway on NH 73, which includes construction of new bypasses of Yamunanagar, Saha,

Sahazadpur, Dangri and Barwala and realignment of certain stretches. The project is located in the State of Haryana and is to be developed on BOT (Toll) basis.

The Concession Period is 22 years, including a construction period of 2.5 years. YPHPL will be entitled to collect toll in the entire operation period from the date of completion of the Project in lieu of its investment for development of the Project Highway. The Total Project Cost is estimated to be ₹ 137,600 Lakhs.

Financial closure for the project is under process. YPHPL has been awarded the project at a grant of ₹ 27,900.18 Lakhs.

The terms of EPC contract for the project has been finalised.

### 7. Sidhi Singrauli Road Project Limited (SSRPL)

SSRPL is the SPV incorporated for design, construction, finance and maintenance of a 102.6 km long four-lane dual carriageway on NH 75E, which includes construction of new bypasses of Kauchwahi, Behri, Karthua, Bargawa and Gorbi and realignment of certain stretches. The project is located in Madhya Pradesh and is to be developed on BOT (Toll) basis.

The Concession Period is 30 years, including a construction period of 2 years SSRPL will be entitled to collect toll in the entire operation period in lieu of its investment for development of the Project Highway. The total project cost estimated to be ₹ 109,663 Lakhs.

Financial closure for the project is under process.

The EPC contract for the project is under finalisation.

### 8. Maa Durga Expressway Private Limited (MDEPL)

MDEPL is the SPV incorporated for design, construction, finance and maintenance of four laning of Mahulia to Bahragora Section on NH 33 (Km. 277.50 to Km. 333.500) and Bahragora to Kharagpur on NH 6 (Km. 199.500 to Km. 129.600) in Jharkhand / West Bengal under NHDP Phase III through PPP on DBFOT (Toll) Basis. The Company was incorporated by Simplex Infrastructures Limited which will hold an equity stake of 51% in MDEPL. Your Company will take upto 49% equity in MDEPL. The Concession Agreement was signed on February 29, 2012





Andhra Expressway

The concession period is 30 years from the Appointed Date which is expected to start by August/September 2012, including a construction period of 2.5 years. NHAI will pay the grant of ₹ 12,596 Lakhs to MDEPL. The total project cost is estimated to be ₹ 115,800 Lakhs.

Financial closure for the project is in progress.

The EPC contract for the project has been awarded to Simplex Construction Limited. The responsibilities of maintenance of the project during construction shall be in the scope of EPC contractor and thereafter MDEPL shall maintain the Project Highway.

#### Risk Management

GIPL is in a complex business of infrastructure development. PPP projects generally are capital intensive and have long gestation periods between 3 to 5 years coupled with longer ownership periods of 15 to 35 years. With presence in various infrastructure segments, your company is exposed to various sector specific and generic risks. Your Company understands the risk environment encompassing its business and has an

enterprise risk management framework in place for identification, assessment, mitigation and monitoring of various risks. These risks are classified broadly into three major categories which are given below with some illustrations to indicate / describe the risks.

(i) **Operational Risks:** Risks arising out of inefficiencies, internal failures or collusion from regular operations like:

1. Project Opportunity Risk through erroneous omission and inadequate or inappropriate assessment of a project opportunity available for development
2. Bidding Risk on account of inadequate or erroneous assumptions made while arriving at the Financial Bid Variable
3. Financing Risk on account of not achieving a financial closure or achieving a financial closure at a cost higher than assumptions

**With presence in various infrastructure segments, your company is exposed to various sector specific and generic risks. Your Company understands the Risk environment encompassing its business and has an enterprise risk management framework in place.**

4. Ownership & Maintenance Risk on account of several risks faced during the operations and maintenance phase of a project

#### Mitigation Efforts

A careful selection and a thorough evaluation of the projects will minimise chances of getting into 'Non Bankable – Non Profitable' projects. Your company follows a robust 'Two Tier' approach of Project Feasibility (Technical Review) and Project Financial Viability (Financial Review). Further, the company follows a risk specific bid / project risk assessment framework to identify key risks associated with various opportunities and projects along with their mitigation planning and continuous monitoring.

Further it has 'Zero' tolerance in any defaults in 'Debt' and 'Principle' servicing on ongoing projects. This in turn has built Lender's confidence for funding forthcoming projects at competitive rates. As a result, your company has managed to attain financial closures even during difficult times for the industry and the economy.

Your Company also follows standard operating procedures at sector, function and department levels to ensure business process productivity, responsibility and accountability at various levels. The standard operating procedures are further strengthened and supported by adequate checks and balances including risk based internal audit, documentation management systems and delegation of financial and non-financial powers on an integrated basis. This ensures that culture of proactive risk management is imbibed at all levels of organisation with required support system in place.

Your Company is constantly strengthening its internal checks and controls to identify

and reduce / mitigate operational risks. It is also enhancing its system of reviews & reporting to ensure that risks are spotted early and steps are taken to control losses, if any.

**(ii) External Risks:** Risks arising out of changes in the external environment like:

1. Regulatory Risk on account of changes in the Regulatory Framework
2. Interest Risk on account of volatility experienced in the Interest Rates in Capital Markets on the outstanding project debts
3. Competition Risk on account of strategies applied by existing and new entrants in the infrastructure development business
4. Political Risk on account of lack of stable governance and frequent changes to the Development Plans and projects with a corresponding change in the Government.
5. Natural Calamities (Act of God), civil disturbance etc.

#### Mitigation Efforts

Your Company proactively identifies each significant 'change' and adapting to it with foresight. Your Company has a keen understanding of the regulatory environment enveloping its business. It continues to build strategies not only to sustain but thrive owing to its 'Early Warning Systems' and meticulous processes. Your Company understands its competition and keeps an update of its contemporaries to stay a notch above them. Your Company has a robust and focused strategy for client, partner, vendor and contract management to avoid various possible external risks. Though your Company cannot avoid a natural calamity, it is adequately geared up with appropriate insurance covers and its Disaster Management and Recovery Plans to minimise losses and restore normalcy within a short time.

**(iii) Strategic Risks:** Risks arising out of strategic decisions taken by the Company like:

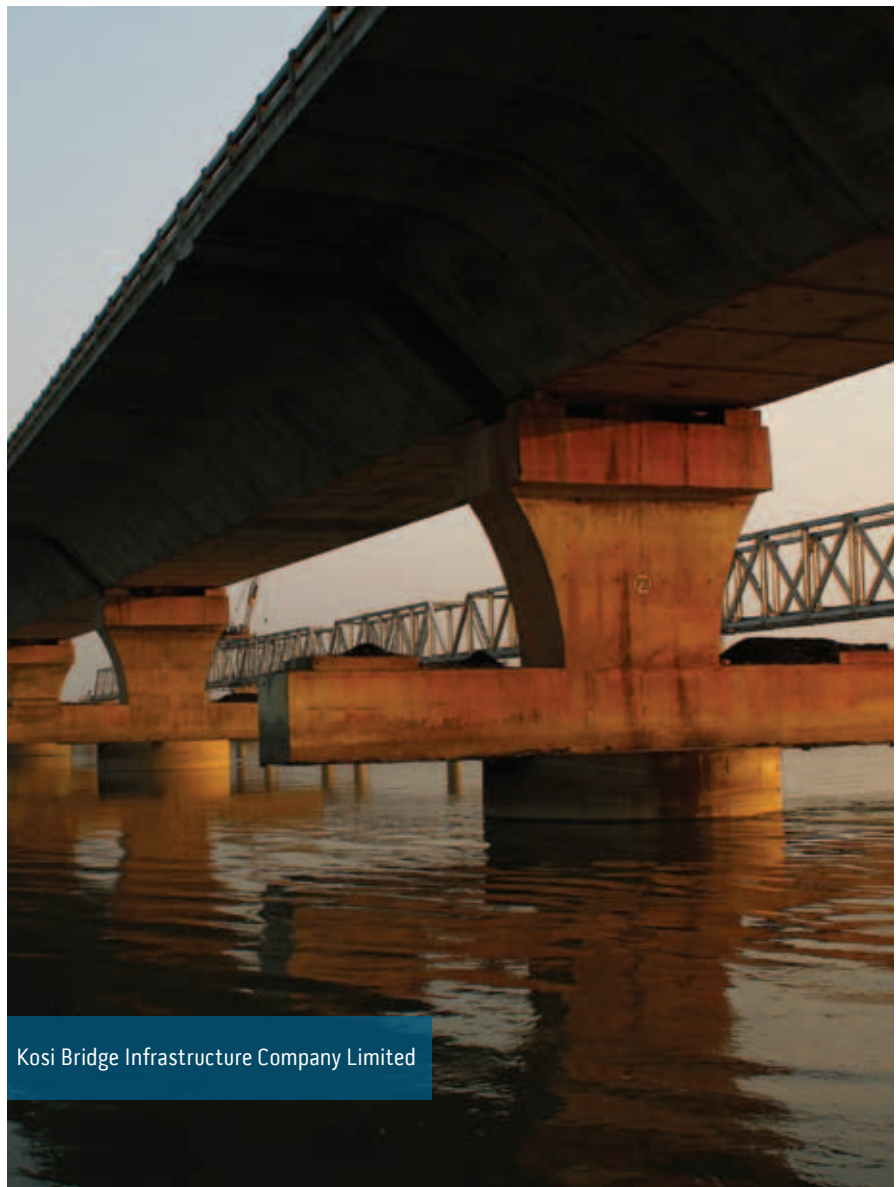
1. Market Risk (Sector, Geography) inadequate assessment of a sector, geography
2. Secondary Acquisition Risk on account of inappropriate acquisitions made in alignment with the Growth Plans of the Company
3. Ventures and Alliances (Partnering) Risk on account of inappropriate selection of a joint ventures, offshore agents etc.
4. Capital risk on account of improper allocation or utilisation of capital etc.

#### Mitigation Efforts

Before attempting a secondary acquisition

All decision making within the organisation, whatever the level of importance and significance, involves the explicit consideration of risks and the application of risk management to some appropriate degree.

or entering in to a new geographical market, infrastructure sector, your Company mandates a thorough research and analysis. These result in an in depth understanding of the business potential and the prevailing socio-political, regulatory and economic set up. These go through several rigorous layers of



discussions, reviews, sensitivity analysis etc. before decisions are taken for implementation.

The Risk Management Team reviews systems, processes and projects on a regular basis and provides an independent view to the management. Further, the Audit Committee provides a separate internal audit report on processes and SPVs to the Management. Thus, the Board, Management and SPVs are regularly updated on key risks and mitigation measures. All decision making within the organisation, whatever the level of importance and significance, involves the explicit consideration of risks and the application of risk management to some appropriate degree. Further, Policies approved from time to time by the Board of Directors / Committees of the Board form the governing framework for each type of risk. The business activities are undertaken within this policy framework.

The Management is in constant pursuit of evolving the Risk Management framework for preparing your Company to take on the challenges to be confronted at the 'Next Level' of Growth.

#### Internal control systems

The Company's internal control system is commensurate to the nature and size of its business. It is adequate to safeguard and protect from loss, unauthorised use or disposition of its assets. All transactions are properly authorised, 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 operations from time to time. The Company has also created an in-house internal audit team to strengthen the internal control systems. The audit reports are reviewed by

the management and the Audit Committee of the Board periodically.

#### Cautionary statements

Statements in this Management Discussion and Analysis may be deemed to 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 realised 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.

## List of Abbreviations used

BOT – Build Operate Transfer and/or its variants

CAGR – Compounded Annual Growth Rate

COD – Commercial Operations Date

EPC – Engineering, Procurement & Construction

FY – Financial Year

FYP – Five Year Plan

GDP – Gross Domestic Product

GIL – Gammon India Ltd.

GIPL – Gammon Infrastructure Projects Ltd.

Gol – Government of India

GW – Giga Watt

MMPA – Million Metric Tonnes Per Annum

MoEF – Ministry of Environment and Forests

MW – Mega Watt

NH – National Highways

NHAI – National Highways Authority of India

PPP – Public Private Partnership

SPV – Special Purpose Vehicle

TEU – Twenty Foot Equivalent Unit



## Directors' Report

The Company has a basket of fourteen projects in the Road Sector, three in the Port Sector and five in the Energy Sector, which are at various stages of being constructed, operated and managed through various SPVs.

To  
The Shareholders of  
**Gammon Infrastructure Projects Limited**

Your Directors have pleasure in submitting their eleventh Annual Report together with the Audited Accounts of the Company, for the period April 1, 2011 to March 31, 2012 (the "Period").

#### FINANCIAL HIGHLIGHTS

For a true assessment of your Company's strength, you are requested 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:

(₹ in Lakhs)

Particulars	March 31, 2012	March 31, 2011
Income	42,937.53	34,589.89
Earnings before interest, tax, depreciation and amortisation	22,277.32	21,301.43
Financial costs	15,565.94	10,090.46
Depreciation and amortisation	7,789.92	8,587.93
Tax expenses	1,152.56	462.51
Minority interest & share of profit of associates	310.71	429.41
Net profit	(2,541.81)	1,716.86

As per Standalone Accounts: (₹ in Lakhs)

Particulars	March 31, 2012	March 31, 2011
Income	1,112.79	9,115.83
Earnings before interest, tax, depreciation and amortisation	6,440.29	5,776.00
Financial costs	2,226.51	985.10
Depreciation and amortisation	199.71	198.40
Tax expenses	720.06	1,019.48
Net profit	3,294.01	3,573.02

### DIVIDEND

In view of the net loss at the consolidated level and the unfavorable market conditions for raising long term financial resources to meet the investment needs of the Company in the existing and newer projects, the Directors have decided not to recommend any dividend for the Period.

### COMPANY'S BUSINESS

Your Company is an infrastructure developer on public-private participation basis ("PPP Basis"). The business of infrastructure development on PPP Basis generally entails setting up special purpose vehicles ("SPVs") which would construct the infrastructure projects being privatized by the Government or Government / Semi-Government agencies ("Authority") and operate and manage the same during the concession/license period and finally at the end of such period transfer the project to the Authority as a running project.

The Company has a basket of fourteen projects in the Road Sector, three in the Port Sector and five in the Energy Sector, which are at various stages of being constructed, operated and managed through various SPVs.

#### The SPVs in the Road Sector are:

##### (a) Toll based projects:

- (1) Cochin Bridge Infrastructure Company Ltd., the SPV which constructed and been operating the New Mattancherry Bridge connecting Fort Kochi with Willingdon Island in the Cochin Port Trust Area in the State of Kerala since September, 2001.
- (2) Mumbai Nasik Expressway Ltd., which four laned and been operating the Vadape to Gonde stretch of

National Highway 3 connecting Mumbai and Nashik in the State of Maharashtra since May, 2011.

- (3) Rajahmundry Godavari Bridge Ltd., which is constructing a four lane bridge across the Godavari River linking Rajahmundry to Kovvur in the State of Andhra Pradesh. Construction activity is in full swing at the project site.
- (4) Patna Buxar Highways Ltd., which is four laning the Patna to Buxar stretch of National Highway 30 in the State of Bihar. The debt portion of the project cost has already been underwritten.

**Cochin Bridge Infrastructure Company Ltd., the SPV which constructed and been operating the New Mattancherry Bridge connecting Fort Kochi with Willingdon Island in the Cochin Port Trust Area in the State of Kerala since September, 2001.**

- (5) Vijayawada Gundugolanu Road Project Pvt. Ltd., which is six laning (except for the four lane greenfield Vijayawada Bypass) the Vijayawada to Gundugolanu stretch of National Highway 5 in the State of Andhra Pradesh. The debt portion of the project cost has already been underwritten. The Company has received the approval of National Highways Authority of India ("NHAI") for divesting upto 49% equity in this SPV to Simplex Infrastructures Ltd.

- (6) Yamunanagar Panchkula Highway Pvt. Ltd., which is four laning the Uttar Pradesh/Haryana border to Panchkula stretch of National Highway 73 in the State of Haryana.
- (7) Birmitrapur Barkote Highway Pvt. Ltd., which is undertaking the rehabilitation and upgradation of the Birmitrapur to Barkote section of National Highway 23 in the State of Orissa.
- (8) Sidhi Singrauli Road Project Ltd., which is four laning the Sidhi to Singrauli section of the National Highway 75E in the State of Madhya Pradesh.
- (9) Maa Durga Expressways Pvt. Ltd., which is four laning the Mahulia to Kharagpur section of the National Highway 6 in the States of Jharkhand & West Bengal. NHAI has approved 49% equity participation of the Company in this SPV promoted by Simplex Infrastructures Ltd.

##### (b) Annuity based projects:

- (1) Rajahmundry Expressway Ltd., which four laned and been operating the Rajahmundry to Dharmavaram stretch of National Highway 5 in the State of Andhra Pradesh since September, 2004.
- (2) Andhra Expressway Ltd., which four laned and been operating the Dharmavaram to Tuni stretch of National Highway 5 in the State of Andhra Pradesh since October, 2004.
- (3) Kosi Bridge Infrastructure Company Ltd., which has constructed a four lane bridge across the Kosi River on National Highway 57 in the State of Bihar, which received the provisional completion certificate in February, 2012. The project has been in operation since then.
- (4) Gorakhpur Infrastructure Company Ltd., which has constructed a four lane bypass to Gorakhpur Town on National Highway 28 in the State of Uttar Pradesh. The project is expected to receive the provisional completion certificate in the near future.

- (5) Patna Highway Projects Ltd., which is four laning the Patna to Muzafarpur stretch of the National Highway 77 and constructing a bypass to the Muzafarpur town in the State of Bihar. Construction is in full swing at the project site.

Further, the Company and GRIL have submitted pre-qualification applications for 52 projects across various sectors, which have an estimated aggregate project cost of over rupees sixty eight thousand crores.

#### The three SPVs in the Port Sector are:

- (1) Vizag Seaport Pvt. Ltd., which constructed two multipurpose berths in the inner harbor of the Visakhapatnam Port, capable of handling upto 9 MMTPA, of which the first berth became operational in July, 2004 and the second in September, 2005.
- (2) Indira Container Terminal Pvt. Ltd, which is constructing two offshore container berths at the Mumbai harbor. Construction is in full swing at the project site.
- (3) Blue Water Iron Ore Terminal Pvt. Ltd., which signed a Concession Agreement with the Paradip Port Trust (PPT) for developing a deep draught iron ore berth at Paradip Port. Your Company is a minority partner in the project. The project has suffered inordinate delay on account of late receipt of the requisite forest clearance from the concerned Government department. Your Directors' feel that the project is not viable on the current financial terms and is in touch with PPT on the issue.

#### The five SPVs in the Energy Sector are:

- (1) Sikkim Hydro Power Ventures Ltd., which has started construction activities for the 66 MW hydro electric project in West Sikkim on the river Rimbhikhola, a tributary of river Rangit.
- (2) Pravara Renewable Energy Ltd., which has started construction activities for a 30 MW cogeneration power project at Pravaranagar in

Ahmednagar District of Maharashtra.

- (3) Youngthang Power Ventures Ltd., which is currently in the process of preparing the 'detailed project report' for a 261 MW power project on the river Spiti in the State of Himachal Pradesh.
- (4) Tidong Hydro Power Ltd., which has signed an agreement with the State Government of Himachal Pradesh for setting up a 60 MW hydro electric project on the Tidong River (tributary of Satluj) in the Kinnaur district of Himachal Pradesh.
- (5) Aparna Infraenergy India Pvt. Ltd. which is in the process of completing the preliminary requirements for setting up a 250 MW thermal power project in Chandrapur district of Maharashtra.

The Board has, however, decided not to pursue the projects to set up seven biomass power projects in Haryana and Punjab with an aggregate capacity to generate 66MW power.

#### OTHER SECTORS

##### Special Economic Zones

##### The SPVs are:

- (1) SEZ Adityapur Ltd., which has entered into an agreement with Adityapur Industrial Area Development Authority for developing an auto-component SEZ over 90 acres of land at Adityapur in the State of Jharkhand. The project has been unduly delayed for want of forest clearance. Your Company is a minority partner in the project.
- (2) The Company has, through its subsidiaries and associates, also signed agreements for purchase of 801.76 acres of land at Tada in the State of Andhra Pradesh to set up a multi-purpose 'special economic zone'.

#### OTHER BUSINESS

In addition to undertaking infrastructure development through SPVs, the Company also undertakes operation & maintenance of the five road projects developed by Andhra Expressway Ltd., Rajahmundry Expressway Ltd. Mumbai Nasik Expressway Ltd., Kosi Bridge Infrastructure Company Ltd. and Gorakhpur Infrastructure Company Ltd.

#### WHAT LIES AHEAD

In view of the difficult investment and credit market conditions, the Company's focus in the immediate future will be on achieving financial closure of the remaining four road projects, the co-generation project in Maharashtra and the hydro-electric project in Sikkim.

The Company and its 100% subsidiary Gammon Road Infrastructure Ltd. ("GRIL"), have been shortlisted to bid for 30 projects across sectors such as roads, ports, power including



Cochin Bridge

transmission and urban infra collectively having an estimated project cost of over rupees One Lakh crores.

Further, the Company and GRIL have submitted pre-qualification applications for 52 projects across various sectors, which have an estimated aggregate project cost of over rupees sixty eight thousand crores.

#### EQUITY CAPITAL

The paid up capital of the Company has increased from ₹ 1,465,582,824 to ₹ 1,465,629,736 during the Period on account of allotment of 23,456 equity shares of the Company to an employee who exercised the right to apply for shares attached to the stock options.

The Company has received the final observation letter of the Securities and Exchange Board of India for its intended rights issue of shares to raise about ₹ 200 crores and shall await a suitable investment climate for coming out with the issue.

#### EMPLOYEE STOCK OPTION SCHEME

Details of the 'employee stock options' already issued by the Company, required to be stated in this Report as per SEBI Guidelines is annexed to this Report as Annexure 1.

Conservation of energy, technology absorption, foreign exchange earnings and outgo.

The requirements of Section 217 (1) (e) of the Companies Act, 1956, read with Rule 2(A) & 2(B) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

The Company did not earn any foreign exchange during the Period. The Company expended foreign exchange equivalent to just over ₹ 9.35 lakhs during the Period.

#### SUBSIDIARIES

During the Period, the Company incorporated two SPVs, Patna Buxar Highways Ltd. and Vijayawada Gundugolanu Road Project Pvt. Ltd. for implementing two road projects as outlined hereinabove as hundred percent subsidiaries. The Company also registered the partnership firm Aparna Infraenergy India as a limited liability company under chapter ix of the Companies Act, 1956 in the name of Aparna Infraenergy India Pvt. Ltd.

Further, during the Period, the name of Chitoor Infrastructure Projects Pvt. Ltd. (formerly Satyavedu Infra Company Pvt. Ltd.) was changed to Earthlink Infrastructure Projects Pvt. Ltd. and the name of Tada Infrastructure Projects Pvt. Ltd. (formerly Tada SEZ Pvt. Ltd.) was changed to Segue Infrastructure Projects Pvt. Ltd. Haryana Biomass Power Ltd. has become a subsidiary of the Company consequent to the buy-out of the erstwhile partner.

There are no other changes in the subsidiaries of the Company. A statement u/s 212 of the Companies Act, 1956 relating to the subsidiaries is attached to the Balance Sheet of the Company. The Company has not attached the audited accounts of the

subsidiaries to the Audited Accounts of the Company. 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 as and when required by them. 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 is annexed to this Report as Annexure 2.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- 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. 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. 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. 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, Mr. Naresh Chandra and Mr. Sushil Chandra Tripathi are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Ms. Homai A. Daruwalla, joined the Board on November 11, 2011 as an additional director and is due for appointment as a director liable to retire by rotation at the ensuing Annual General Meeting.

#### BOARD COMMITTEES

The Board has presently the following committees to assist it 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) Project Committee to, inter-alia, advice the Company on the business opportunities that arise from time to time; and
- (vi) Rights Issue Committee to oversee the rights issue of shares of the Company.

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 Annual Accounts.

#### 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 as Annexure 3.

#### 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 auditors, M/s. Natvarlal Vepari & Co. and M/s. S. R. Batliboi & Co. retire at the 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-appointments, if made, will be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

The Board recommends their reappointment.

### **AUDITORS' REPORT**

Regarding the Auditors' observation in their report pursuant to the Companies (Auditor's

Report) Order (CARO), 2003 that short term funds have been used for long term investments, the Board states that short term funds have been used for meeting equity commitments in the SPVs in line with the progress of the concerned projects as laid down in the concerned concession agreements and term loan agreements and is only an interim measure pending raising of long term resources by way of long term loans, sale of equity stake in one or more of the projects and the proposed right issue of shares for which final observations of SEBI was received recently.

The other observations of the Auditors are self-explanatory or have been clarified and explained in the relevant Notes forming part of the Annual Accounts and do not need further clarifications.

### **ACKNOWLEDGEMENTS**

The Board wishes to place on record their appreciation of the support received by the Company from its shareholders and employees. The Directors also wish to acknowledge the co-operation and assistance received by the Company 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

**Himanshu Parikh**

Vice Chairman

**K.K. Mohanty**

Managing Director

Place : Mumbai

Date : August 10, 2012

## Annexure 1

### EMPLOYEES STOCK OPTIONS (OPTIONS)

#### (A) ESOP Scheme 2007 :

Financial Year	2011-12			2010-11		
	July 1, 2007	October 1, 2007	October 1, 2008	July 1, 2007	October 1, 2007	October 1, 2008
Grant Date						
Options granted / subsisting	420,250	25,000	270,000	1,260,000	25,000	270,000
Pricing Formula	Fixed Price	Fixed Price	Market Price as on grant date	Fixed Price	Fixed Price	Market Price as on grant date
Options vested during the year	161,000	10,000	90,000	294,750	10,000	90,000
Options exercised during the year	-	-	-	689,750	-	-
Total number of Equity Shares arising as a result of exercise of Options	-	-	-	3,448,750*	N.A.	N.A.
Options lapsed /forfeited during the year	114,500	25,000	90,000	150,000	-	-
Variation of terms of Options	None	None	None	None	None	None
Money realized by exercise of Options	NA	NA	NA	55,180,000	NA	NA
Total number of options in force	305,750	-	180,000	420,250	25,000	270,000
Weighted average exercise price (₹)	*16/-	*16/-	*12.79/-	*16/-	*16/-	*12.79/-

\* following sub-division of face value of shares from ₹ 10/- to ₹ 2/-

#### (B) ESOP Scheme 2008:

Financial Year	2011-12			2010-11		
	October 1, 2008	December 5, 2008	May 8, 2009	October 1, 2008	December 5, 2008	May 8, 2009
Grant Date						
Options granted / subsisting	126,668	-	125,000	305,000	-	210,000
Pricing Formula	Market Price as on grant date	Face Value	Fixed Price	Market Price as on grant date	Face Value	Fixed Price
Options vested during the year	76,668	-	38,333	101,666	-	48,666
Options exercised during the year	-	-	4,692	153,332	-	17,000
Total number of Equity Shares arising as a result of exercise of Options	-	-	23,460*	766,660*	-	85,000*
Options lapsed /forfeited during the year	33,334	-	20,308	25,000	-	68,000
Variation of terms of Options	None	-	None	None	None	None
Money realized by exercise of Options	-	-	300,002.24	9,805,581.40	NA	1,087,150
Total number of options in force	93,334	-	100,000	126,668	-	125,000
Weighted average exercise price (₹)	*12.79/-	*10/-	*12.79/-	*12.79/-	*10/-	*12.79/-

\* following sub-division of face value of shares from ₹ 10/- to ₹ 2/-

## (C) WEIGHTED AVERAGE FAIR VALUE OF 1,640,000 PRE-IPO OPTIONS\*:

On 352,250 Options with Exercise Period of 01.07.08 to 30.06.10	₹ 41.54
On 421,750 Options with Exercise Period of 01.07.09 to 30.06.11	₹ 48.68
On 5,000 Options with Exercise Period of 01.07.09 to 30.06.11	₹ 67.12
On 410,250 Options with Exercise Period of 01.07.10 to 30.06.12	₹ 54.59
On 10,000 Options with Exercise Period of 01.07.10 to 30.06.12	₹ 73.58
On 430,750 Options with Exercise Period of 01.07.11 to 30.06.13	₹ 59.62
On 10,000 Options with Exercise Period of 01.07.11 to 30.06.13	₹ 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 1,615,000 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 1,615,000 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.	-

\*each Option entitles the holder to apply for 5 equity shares of the Company following the sub-division of the face value of the shares from ₹ 10/- to ₹ 2/-.

## (D) WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED POST IPO (₹)

Scheme	Under ESOPs Scheme, 2007	Under ESOPs Scheme, 2008 (October, 08 grant)	Under ESOPs Scheme, 2008 (December, 05 grant)	Under ESOPs Scheme, 2008 (May, 09 grant)
Number of Options*	270,000	490,000	500,000	210,000
Weighted average fair value of Options granted during the year (₹)	40.46	40.46	39.40	36.12
Option pricing model used and underlying assumptions	Black Scholes Option Pricing Model	Black Scholes Option Pricing Model	Black Scholes Option Pricing Model	Black Scholes Option Pricing Model
Equity Share Price (₹)	74.30	74.30	47.90	70.85
Exercise Price (₹)	63.95	63.95	10.00	63.95
Expected Volatility	0.5169	0.5169	0.6533	0.7508
Weighted average on unexpired life of Options (in years)	2.51	2.51	1.68	0.76
Expected dividend	Nil	Nil	Nil	Nil
Risk Free Interest Rate	8.61%	8.61%	6.81%	5.03%
Basis of determination of volatility	Average of GIPL (from date of listing) and four previous years of IVRCL and Nagarjuna Construction Company)	Average of GIPL (from date of listing) and four previous years of IVRCL and Nagarjuna Construction Company)	Average of GIPL (from date of listing) and two previous years of IVRCL and Nagarjuna Construction Company)	Average of GIPL (from date of listing) and two previous years of GVK and GMR)

\*each Option entitles the holder to apply for 5 equity shares of the Company following the sub-division of the face value of the shares from ₹ 10/- to ₹ 2/-.

**(E) EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED TO SENIOR MANAGERIAL PERSONNEL / EXCEEDING 5% OF OPTIONS GRANTED DURING THE YEAR.**

Scheme	Under ESOPs Scheme, 2007 (pre-IPO grant)	Under ESOPs Scheme, 2007 (October, 08 grant)	Under ESOPs Scheme, 2008 (October, 08 grant)	Under ESOPs Scheme, 2008 (December, 05 grant)	Under ESOPs Scheme, 2008 (May, 09 grant)
Employee-wise details of Options granted post-IPO to Directors and senior managerial personnel.	<p>*Mr. Parvez Umrigar - 600,000 (36.59% of Options issued in the year);</p> <p>Mr. Parag Parikh – 240,000 (14.63% of Options issued in the year);</p> <p>Mr. Kshitiz Bhasker – 150,000 (9.15% of Options issued in the year);</p> <p>Mr. G.Sathis Chandran – 70,000 (4.27% of Options issued in the year).</p>	<p>Mr. Parag Parikh – 120,000 (6.28% of Options issued in the year);</p> <p>Mr. Kshitiz Bhasker – 120,000 (6.28% of Options issued in the year).</p>	<p>Mr. G. Sathis Chandran – 100,000 (5.24% of Options issued in the year).</p>	<p>*Mr. Parvez Umrigar – 500,000 (26.18% of Options issued in the year).</p>	<p>Mr. Kalpesh Pathak – 75,000 (35.71% of Options issued in the year);</p> <p>*Ms. Aanchal Chaturvedi – 25,000 (11.90% of Options issued in the year);</p> <p>Mr. Kavin Mirchandni – 25,000 (11.90% of Options issued in the year).</p>

No other employee has been granted Options exceeding 5% or more of the Options granted during the year under any of the Schemes. Further, no employee has been granted Options exceeding 1% of issued capital of the Company (at the time of grant) under any of the Schemes.

\*No longer in the service of the Company.

**(F) DILUTED EARNINGS PER SHARE (AT THE FACE VALUE OF ₹ 2/-)**

Financial Year	2011-12	2010-11
Diluted earnings per share pursuant to issue of Equity Shares on exercise of option calculated in accordance with Accounting Standard (AS – 20)	0.45	0.49

**(G) DETAILS OF IMPACT ON EARNINGS PER SHARE IF THE COMPANY HAD FOLLOWED FAIR VALUE METHOD OF VALUATION FOR OPTIONS GRANTED.**

	March 31, 2012	March 31, 2011
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	₹ 7,818,187	₹ 10,013,965
	Net profit would come down from ₹ 3,294 lakhs to ₹ 3,216 lakhs. EPS would come down from 0.45 to 0.44.	Net profit would come down from ₹ 3,573 lakhs to ₹ 3,473 lakhs. EPS would come down from 0.49 to 0.48.

## Annexure 2

### STATEMENT OF PARTICULARS U/S 217 (2A) OF THE COMPANIES ACT, 1956

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2012

Sr. No.	Name of Employee	Age (Years/ Months)	Designation/ Nature of Duties	Gross Remuneration* (in ₹)	Qualification & Experience (Years/ Months)	Date of Employment	Last Employment Held
1	Mr. Parag Parikh	35/ 6	Executive Director & CFO	10,544,500	PGMBA (Fin), M.Com, B.Com. 12/5	14-Oct-99	--
2	Mr. Kshitiz R Bhasker	36/ 7	Head – Business Development	7,703,610	MBA (Fin) , B.E. (Civil). 12/6	1-Sep-04	Self Employed
3	Mr. Kishor Kumar Mohanty	54/ 9	Managing Director	23,364,075	MBA, B. Tech 33	24-Mar-11	SREI Infrastructure Finance Ltd.
4	Mr. Rajeevkumar Malhotra	59/ 7	Executive Director	7,367,520	Research Scholar (IIT Mumbai), M.Tech (Civil) , B.E. (Civil) 33	1-Apr-11	Gammon India Limited
5	Mr. Vishwanath Seshadri	50/ 6	Chief Risk Officer	7,683,400	ICWA, CA, B.Com 28	1-Apr-11	Consultant on Banking (Self Employed)
6	Mr. Shrikant Santhanam	45/ 6	Vice President - Finance	4,013,723	Master in Management, MMS (Finance), B.E. (Mech.) 10/6	2-Sep-11	GMR Infra
7	Mr. Kaushik Chaudhuri	44/ 5	Chief Internal Auditor	1,337,214	C.A, ICWA, B.Com 21/2	12-Jan-12	SREI Infrastructure Finance Ltd.

\*Does not include employers' contribution to provident fund and personal accident premium and unclaimed leave travel allowance.

#### Notes:

Nature of employment of the Managing Director is contractual.

None of the above employees is a relative of any Director of the Company.

No employee of the Company, other than Mr. Abhijit Rajan, the Chairman and Managing Director (who is not drawing any remuneration from the Company) holds 2% or more of the equity shares of the Company.

## Annexure 3

### CERTIFICATE FROM THE PRACTICING 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, 2012 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.

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.

(sd)

**Veeraraghavan. N**

Practising Company Secretary

C.P.No. 4334

Place : Mumbai

Date : August 10, 2012



# Report On Corporate Governance



## 1.0 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

### Introduction

Corporate governance is all about managing the organization in consonance with established principles and practices of corporate behavior. At the ground level, it would mean whether the organization is complying with the stipulations laid down in the Companies Act, 1956 and the listing agreement with stock exchanges and whether timely and accurate disclosures are being made to the various stakeholders. This report is meant to assure our stakeholders that we are indeed a compliant organization and that they could repose their trust and confidence in us.

The Company's philosophy on Corporate Governance is built on non-tolerance to non-compliance and full and timely disclosure of price sensitive information and deviations from past practices. In pursuance of this philosophy the Company has, during the period under report, created an in-house risk management team and an in-house internal audit team to supplement internal audit by external auditors and statutory audit by Auditors.

## 2.0 BOARD OF DIRECTORS

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

The Board of Directors consists of eleven Directors of which seven are Non-Executive and four are Executive Directors. The Chairman is an Executive Director; apart from him there are three Executive Directors one being the Managing Director and remaining being Whole-Time Directors. Out of the seven Non-Executive Directors six are Independent Directors. The Board structure is in compliance with Clause 49 of the Listing Agreement.

The four Executive Directors of the Company are Mr. Abhijit Rajan – Chairman & Managing Director, Mr. Kishor Kumar Mohanty – Managing Director, Mr. Rajeevkumar Malhotra - Whole Time Director and Mr. Parag Parikh - Whole Time Director.

The policy of the Board is to have an appropriate mix of executive and independent directors to maintain independence of the Board and to separate governance from management. Care has also been taken to ensure that the Board is broad based with various skill sets. The Board structure is in compliance with Clause 49 of the Listing Agreement.

During the financial year ended March 31, 2012 the Board met four times on May 19, 2011, August 11, 2011, November 11, 2011 and February 10, 2012.

The composition of the Board of Directors as at March 31, 2012 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 four Board Meetings held during the year the Director attended	Attendance at Last AGM	No. of Directorships in other public companies\$	No. of Committee Positions held in public companies including the Company*.	
				Chairman	Memberships including chairmanships
Mr. Abhijit Rajan Chairman & Managing Director	4	Yes	3	-	-
Mr. Himanshu Parikh Vice Chairman	3	Yes	4	1	3
Mr. Kishor Kumar Mohanty Managing Director	4	Yes	3	-	1
Mr. Rajeevkumar Malhotra Whole Time Director	4	Yes	8	-	6
Mr. Parag Parikh Whole Time Director	4	Yes	10	5	6
Mr. C. C. Dayal Independent Director	4	Yes	9	2	8
Mr. Sanjay Sachdev Independent Director	1	Yes	-	-	1
Mr. Naresh Chandra Independent Director	4	No	11	1	10
Mr. S. C. Tripathi Independent Director	4	No	8	-	7
Mr. Kunal Shroff Independent Director	3	Yes	2	-	1
Mr. Parvez Umrigar** Non Executive Director	2	-	-	-	-
Mr. Homai A. Daruwalla # Independent Director	2	-	3	1	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.

\*\* Resigned w.e.f. August 12, 2011, hence details relating to memberships / chairmanships of the Board and Committees of other public companies not given.

# Appointed as an Additional Director on November 11, 2011.

## 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 January 23, 2012. He does not draw any remuneration from the Company.

Mr. Kishor Kumar Mohanty was appointed as the Managing Director of the Company for a period of three years with effect from April 12, 2011. Mr. Mohanty's remuneration package for 2011-12 (from 12.04.2011) is as follows:

	(In ₹)
Salary	22,158,786
Benefits	2,807,804
Total	24,966,590

Mr. Rajeevkumar Malhotra was appointed as the 'Director in whole time Employment' of the Company for a period of three years with effect from April 1, 2011. Mr. Malhotra's remuneration package for 2011-12 is as follows:

	(In ₹)
Salary	6,812,520
Benefits	1,488,212
Total	8,300,732
Variable Performance Pay for 2011-12, at the discretion of the Board (not declared)	Up to ₹ 40 lakhs



Mr. Parag Parikh was appointed as the 'Director in whole time Employment' of the Company for a period of three years with effect from August 25, 2011. Mr. Parikh earned the following remuneration for the period under review (from 25.08.2011):

	(In ₹)
Salary	4,357,945
Benefits	812,564
Incentive for 2010-11	1,000,000
Payment in relation to period prior to 25.08.2011	1,655,656
Total	7,826,165
Variable Performance Pay for 2011-12, at the discretion of the Board (not declared)	Up to ₹ 19.20 lakhs
Employee Stock Options (subsisting options granted prior to appointment on the Board)	48,000 options giving a right to apply for 2,40,000 equity shares of ₹ 2 each at the price of ₹ 16 per share.

### Non Executive Directors

The Company pays to the Non-Executive Independent Directors commission on the basis of their commitment towards attending the meetings of the Board and devoting time and attention to the affairs of the Company. The commission paid to the Non-Executive Independent Directors of the Company is within the limits set under Section 309 of the Companies Act, 1956 and the limits approved by the shareholders. Apart from commission, the Non-Executive Directors are also paid sitting fees of ₹ 20,000/- (Rupees Twenty Thousand Only) per meeting, for attending the meeting(s) of the Board of Directors and the Audit Committee. The details of commission/sitting fees paid for the period under report are as under:

Name	Sitting Fees (₹)	Commission (₹)
Mr. Naresh Chandra	160,000	300,000
Mr. Sanjay Sachdev	60,000	300,000
Mr. C. C. Dayal	160,000	300,000
Mr. S. C. Tripathi	160,000	300,000
Mr. Himanshu Parikh#	60,000	-
Mr. Kunal Shroff	60,000	300,000
Mr. Parvez Umrigar#	-	-
Ms. Homai A. Daruwalla*	40,000	150,000

# resigned from Audit Committee w.e.f. May 19, 2011

\* appointed w.e.f. November 11, 2011.

There were no other pecuniary relationships or transactions between the Non- executive Directors and the Company.

### Shareholdings of Directors

The Shareholdings of the Directors as on March 31, 2012 are as under:

Name	No. of Equity Shares held
Mr. Abhijit Rajan	28,444,445
Mr. Himanshu Parikh	3,705,530
Mr. Parag Parikh	245,000
Mr. Kishor Kumar Mohanty	75,500
Mr. R.K. Malhotra	90,000
Mr. C.C. Dayal	25,000
Ms. Homai A. Daruwalla	525

**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](http://www.gammoninfra.com)).

All Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct, which has been taken on record by the Board. A certificate signed by the Chairman & Managing Director is annexed to this report.

**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.

**3.0 AUDIT COMMITTEE****The members of the Audit Committee are:**

Mr. C.C. Dayal (Chairman),  
Mr. Kishor Kumar Mohanty  
Mr. Sanjay Sachdev  
Mr. Naresh Chandra and  
Mr. Sushil Chandra Tripathi

During the period under report, the Audit Committee conducted its business at four meetings held on May 19, 2011; August 11, 2011; November 11, 2011; and February 10, 2012 and also by a resolution passed by circulation dated December 2, 2011. Attendance of the Audit Committee members at such meetings is as follows:

Name	No. of Meetings attended by the current members during the year
Mr. C. C. Dayal	4
Mr. Kishor Kumar Mohanty	3
Mr. Sanjay Sachdev	2
Mr. Naresh Chandra	4
Mr. Sushil C. Tripathi	4

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).

#### 4.0 SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The members of the Shareholders'/ Investors' Grievance Committee are:

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 year company has not received any complaints. The status of complaints is periodically reported to the Committee and Board of Directors in their meetings.

The Committee has not met during the period under review.

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

#### 5.0 REMUNERATION COMMITTEE

The Remuneration Committee comprises of three non-executive Directors viz. Mr. C.C. Dayal (Chairman), Mr. S. C. Tripathi and Mr. Sanjay Sachdev. The Committee has been constituted to oversee the appointment and terms of remuneration of Executive Directors.

During the period under report, the Committee conducted its business by way of two meetings held on May 25, 2011 and August 11, 2011 and also by resolution by circulation dated August 25, 2011.

#### 6.0 COMPENSATION COMMITTEE

The Compensation Committee comprises Mr. C.C. Dayal (Chairman), Mr. Sanjay Sachdev and Mr. Kishor Kumar Mohanty. The Committee has been constituted to administer the 'Employee Stock Options Scheme' and related issues.

During the period under report, the Committee conducted its business by a circular resolution dated July 27, 2011.

#### 7.0 PROJECT COMMITTEE

The Project Committee comprises of Mr. Abhijit Rajan, Mr. Himanshu Parikh and Mr. Kishor Kumar Mohanty. The Committee has been 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 report, the Committee conducted its business by fourteen meetings held on April 11, 2011, May 12, 2011, June 13, 2011, June 29, 2011, July 7, 2011, August 11, 2011, August 26, 2011, September 26, 2011, October 12, 2011, October 28, 2011, November 11, 2011, November 25, 2011, January 2, 2012 and February 10, 2012 and by resolutions by circulation dated May 25, 2011, May 27, 2011, June 2, 2011, June 7, 2011, June 10, 2011, March 13, 2012, March 28, 2012 and March 29, 2012.

#### 8.0 RIGHTS ISSUE COMMITTEE

The Rights Issue Committee comprises of Mr. Abhijit Rajan, Mr. Himanshu Parikh and Mr. Kishor Kumar Mohanty. The Committee has been constituted to oversee the rights issue of the Company.

During the period under report, the Committee conducted its business by six meetings held on September 26, 2011, September 28, 2011, September 29, 2011, September 30, 2011, December 22, 2011 and January 11, 2012.

## 9.0 GENERAL BODY MEETING

### 9.1 Location, Date and Time of the Annual General Meetings (“AGM”) held during the last 3 years

AGM	Year	Date	Time	Venue
8th	April 1, 2008 to March 31, 2009	September 23, 2009	3.00 p.m.	Kohinoor Hall, 3rd Floor, Opp. Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai 400025
9th	April 1, 2009 to March 31, 2010	September 27, 2010	3.00 p.m.	Kohinoor Hall, 3rd Floor, Opp. Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai 400025
10th	April 1, 2010 to March 31, 2011	September 26, 2011	11.00 a.m.	Ravindra Natya Mandir, Ground Floor, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai 400025

### 9.2 Special Resolutions passed in the previous three Annual General Meetings:

AGM	Venue
8th	(a) resolution u/s 269 for re-appointment of Mr. Abhijit Rajan as Chairman & Managing Director of the Company.
9th	(a) raising of additional long term funds through further issuance of securities to qualified institutional buyers. (b) raising of additional long term funds through further issuance of securities. (c) appointment of Mr. Himanshu Parikh as Executive Vice Chairman of the company
10th	(a) appointment of Mr. Rajeevkumar Malhotra as a Director in Whole Time Employment of the Company. (b) appointment of Mr. Kishor Kumar Mohanty as a Managing Director of the Company. (c) appointment of Mr. Parag Parikh as a Director in Whole Time Employment of the Company.

### 9.3 Approval by Members through Postal Ballot

The following resolution was passed by Postal Ballot on December 26, 2011:

Special Resolution: Approval of the members obtained under section 372A of the Companies Act, 1956 for making investments, giving loans/ guarantees/ securities etc to various bodies corporate. The details of voting pattern were as under:

Total Postal Ballots Received	Invalid Ballots	Valid Ballots	Voted FOR		Voted AGAINST	
			No. of Ballots	No. of Shares	No. of Ballots	No. of Shares
1431	74	1357	1228	606,169,221	129	118,144

The votes cast FOR the resolution was three times more than the votes cast AGAINST the resolution.

The above resolution was passed by requisite majority.

Mr. N. Veeraraghavan, a practicing Company Secretary, was appointed as the Scrutinizer for conducting the Postal Ballot process.

## 10.0 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.

## 11.0 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.

## 12.0 GENERAL SHAREHOLDER INFORMATION

### 12.1 Annual General Meeting

Day and Date	Tuesday, September 25, 2012
Time	11 a.m.
Venue	Ravindra Natya Mandir Prabhadevi Mumbai 400025.

### 12.2 Financial Calendar

First quarterly results	:	on August 10, 2012
Second quarterly results	:	on or before November 14, 2012
Third quarterly results	:	on or before February 14, 2013
Fourth quarterly results	:	on or before May 15, 2013
Financial Year 2012-13 (audited)	:	on or before May 30, 2013

### 12.3 Date of Book Closure

The Company will close its share transfer books on the date of the Annual General Meeting, namely September 25, 2012.

### 12.4 Dividend Payment Date

The Company has not declared any dividend for the year.

### 12.5 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: INE181G01025 (Fully Paid)

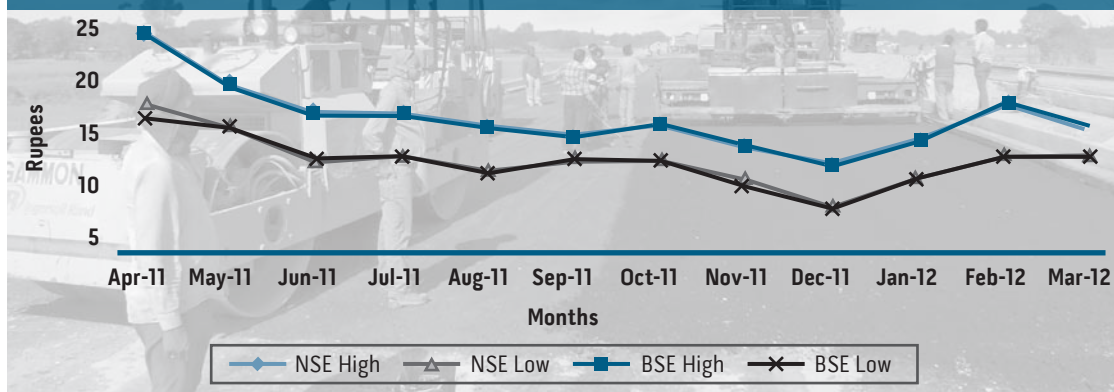
### 12.6 Listing fees for the year 2012-13

The Annual listing fees have been paid to both the Stock Exchanges.

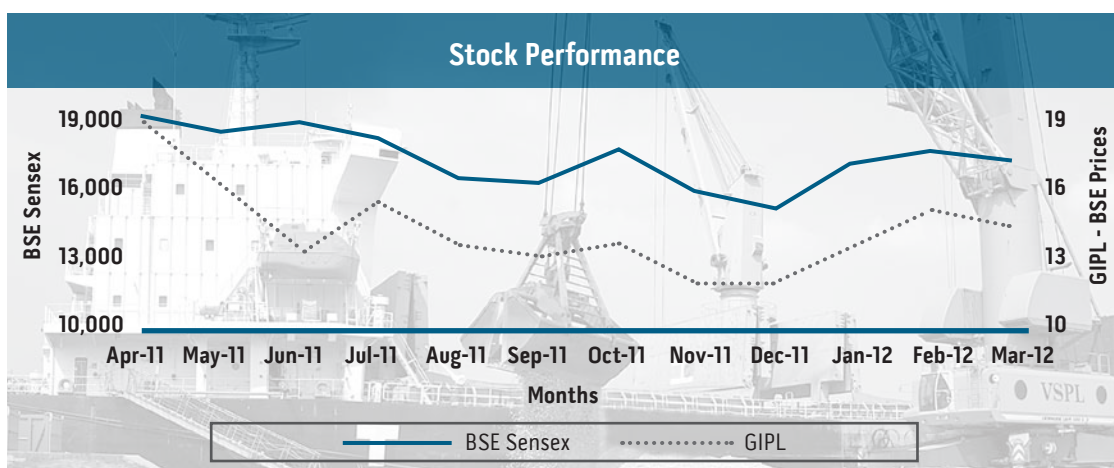
### 12.7 Stock market price data for the year 2011-2012:

Month	National Stock Exchange of India Limited		Bombay Stock Exchange Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April'11	23.85	18.00	23.90	16.80
May'11	19.50	15.75	19.50	16.00
June'11	17.20	13.25	17.10	13.30
July'11	16.95	13.60	17.00	13.64
August'11	16.00	12.35	16.00	12.15
September'11	15.35	13.05	15.30	13.30
October'11	16.30	13.20	16.20	13.21
November'11	14.40	11.50	14.50	11.00
December'11	13.05	9.30	13.00	9.21
January'12	14.95	11.75	14.80	11.70
February'12	18.15	13.50	18.05	13.56
March'12	15.90	13.60	15.95	13.50

## GIPL Comparative High Low price on NSE &amp; BSE



## 12.8 Share Price Performance in comparison to BSE Sensex



## 12.9 Registrar and Share Transfer Agents

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

## 12.10 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.

## 12.11 Distribution of Shareholding as on June 30, 2012

No. of Equity Shares	Shareholders		No. of Shares	% of Total
	Number	% to Total		
1- 500	26,238	64.9809	5,667,668	0.7777
501 – 1000	6,811	16.8681	5,450,275	0.7479
1001 – 2000	3,575	8.8538	5,359,577	0.7354
2001 – 3000	2,180	5.3990	5,453,865	0.7484
3001 – 4000	320	0.7925	1,166,231	0.1600
4001 – 5000	389	0.9634	1,880,725	0.2581
5001 – 10000	463	1.1467	3,557,600	0.4882
10001 and above	402	0.9956	700,227,677	96.0843
Total	40,378	100.00	728,763,618	100.00

**12.12 Shareholding Pattern as on June 30, 2012**

Category	Number of Shares Held	% of capital
<b>A) PROMOTER'S HOLDING</b>		
<b>1. Indian</b>		
Individual/HUF	Nil	Nil
Central/State Government	Nil	Nil
Bodies Corporate	528,000,000	72.45
Financial Institutions/Banks	Nil	Nil
Any Other		
Promoter Group	22,400,000	3.08
<b>2. Foreign Promoters</b>		
Individual	Nil	Nil
Bodies Corporate	Nil	Nil
Institutions	Nil	Nil
Any Other	Nil	Nil
<b>SUB – TOTAL (A) (1+2)</b>	<b>550,400,000</b>	<b>75.53</b>
<b>(B) PUBLIC SHAREHOLDING</b>		
<b>1. Institutions</b>		
Mutual Funds and UTI	24,904,422	3.42
Banks/ Financial Institutions	6,931,640	0.95
Insurance Companies (Central / State Government Institutions / Non – Government Institutions)	Nil	Nil
FII's	56,854,622	7.80
Venture Capital Funds	231,720	0.03
<b>SUB – TOTAL (B)(1)</b>	<b>88,922,404</b>	<b>12.20</b>
<b>2. Non Institutions</b>		
Bodies Corporate	14,089,941	1.93
Individuals		
(i) Individual Shareholders holding nominal share capital up to ₹ 1 Lakh	30,489,432	4.18
(ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	7,668,466	1.05
Any other		
(i) NRIs / OCBs	2,447,921	0.34
(ii) Directors & Relatives	32,585,475	4.47
(iii) Clearing Member	751,122	0.10
(iv) Office Bearers	1,405,907	0.19
(v) Trusts	2,950	0.00
<b>SUB – TOTAL (B) (2)</b>	<b>89,441,214</b>	<b>12.27</b>
Shares held by Custodians and against which Depository Receipts have been received	-	-
<b>GRAND TOTAL</b>	<b>728,763,618</b>	<b>100</b>

**12.13 Dematerialization of Shares**

The break- up of Company's shares in physical / dematerialized form as on June 30, 2012 are as under:

Particulars	No. of Equity Shares	% to Share Capital
Electronic	728,762,808	99.99999
Physical	810	0.00011
Total	728,763,618	100

The free float of the Company's as on June 30, 2012 is 24.47%

**12.14 Details of unclaimed shares as on financial year ended March 31, 2012 issued pursuant to the Initial Public Offer (IPO) are as follows (Pursuant to clause 5A of the Listing Agreement):**

Sr. No	Particulars	Cases	No. of Shares
1	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year i.e. 01.04.2011	23	22,400
2	Number of shareholders who approached for transfer of shares from unclaimed suspense account during 01.04.2011 to 31.03.2012	-	-
3	Number of shareholders to whom shares were transferred from Unclaimed suspense account during 01.04.2011 to 31.03.2012	-	-
4	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year i.e. 01.04.2011 to 31.03.2012	23	22,400

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

None

**12.16 Plant Location**

None

**12.17 Address for Correspondence**

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

Mr. G. Sathis Chandran  
 Company Secretary & Compliance Officer  
 Gammon Infrastructure Projects Ltd.  
 Gammon House,  
 Veer Savarkar Marg,  
 Prabhadevi, Mumbai – 400 025.  
 Telephone : 022 – 61114000 email: compliances@gammoninfra.com

Mumbai  
 August 10, 2012



## 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 of 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 March 31, 2012.

Sd/-  
Abhijit Rajan  
Chairman & Managing Director

Mumbai: August 10, 2012

# CONSOLIDATED

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## 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, 2012, and also the Consolidated Statement of Profit and Loss 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 ₹ 14,974,138,891 as at March 31, 2012, total income of ₹ 1,324,397,073 and cash flows of ₹ 1,850,800,719 for the year then ended;
  - b. certain joint venture companies whose financial statements reflect total assets of ₹ 75,092,367 as at March 31, 2012, the total income of ₹ 2,023,416 and cash flows amounting to ₹ -1,869,942 for the year then ended, the Company's share of such assets, total income and cash flows being ₹ 23,298,151, ₹ 627,259 and ₹ -583,572 respectively and
  - c. Certain associates whose financial statements reflect a total profit of ₹ 9,199,619 for the year ended March 31, 2012, the Company's share in the profits of such associates being ₹ 2,662,280.

The above mentioned 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 the financial statements of joint ventures and associates referred to in point 3 (b) and (c) above, which are based on unaudited financial statements certified by the respective managements of the said joint ventures whose financial statements reflect total assets of ₹ 75,092,367 as at March 31, 2012, total income of ₹ 2,023,416 and cash flows of ₹ (1,869,942) for the year then ended, the Company's share of such assets, total income and cash flows being ₹ 23,298,151, ₹ 627,259 and ₹ (583,572) respectively and the said associates whose financial statements reflect a total profit of ₹ 9,199,619 for the year ended March 31, 2012, the Company's share in the profits of such associates being ₹ 2,662,280.

In respect of the other subsidiaries and joint ventures, 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 (as amended).
5. 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, 2012;
  - b. in the case of the consolidated Statement of Profit and Loss, of the loss 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.**

Firm Registration Number : 106971W

Chartered Accountants

For **S.R. Batliboi & Co.**

Firm Registration Number : 301003E

Chartered Accountants

**N Jayendran**

Partner

M.No. 40441

Mumbai, Dated : May 9, 2012

per **Hemal Shah**

Partner

M.No. 42650

Mumbai, Dated : May 9, 2012

## Consolidated Balance Sheet as at March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	1,465,629,736	1,465,582,824
Reserves and surplus	5	5,984,247,424	5,448,327,900
		<b>7,449,877,160</b>	<b>6,913,910,724</b>
<b>Minority interest</b>	6	<b>1,219,772,941</b>	<b>836,765,506</b>
<b>Non-current liabilities</b>			
Long-term borrowings	7	30,388,521,028	23,778,295,414
Deferred tax liabilities (net)	8	25,644,794	26,638,707
Trade payables, non-current		-	-
Other long-term liabilities	9	8,850,000	8,850,000
Long-term provisions	10	299,201,125	27,457,257
		<b>30,722,216,947</b>	<b>23,841,241,378</b>
<b>Current liabilities</b>			
Short-term borrowings	11	1,936,200,000	946,220,927
Trade payables, current	12	112,339,462	117,353,740
Other current liabilities	12	6,240,012,715	4,633,307,414
Short-term provisions	10	129,170,460	50,575,888
		<b>8,417,722,637</b>	<b>5,747,457,969</b>
<b>TOTAL</b>		<b>47,809,589,685</b>	<b>37,339,375,577</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets :			
Tangible assets (net)	13	1,237,112,205	1,537,967,664
Intangible assets (net)	14	18,566,351,086	11,449,699,811
Capital work in progress	15	63,569,606	53,184,318
Intangible assets under development	16	21,565,246,782	18,930,257,152
Goodwill on consolidation	17	486,385,178	516,385,178
Deferred tax asset		-	-
Non-current investments	18	6,430,926	11,621,004
Long-term loans and advances	19	2,298,114,194	2,276,512,995
Non-current trade receivables	20	-	-
Other non-current assets	21	13,867,381	7,956,383
		<b>44,237,077,358</b>	<b>34,783,584,505</b>
<b>Current assets</b>			
Current investments	22	-	30,000,000
Inventories	23	35,071,346	77,705,757
Trade receivables	20	335,533,159	305,319,127
Cash and cash equivalents	24	2,511,956,495	1,491,658,581
Short-term loans and advances	19	150,871,030	137,512,116
Other current assets	21	539,080,297	513,595,491
		<b>3,572,512,327</b>	<b>2,555,791,072</b>
<b>TOTAL</b>		<b>47,809,589,685</b>	<b>37,339,375,577</b>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

**N. Jayendran**  
Partner  
Membership No : 40441

**For S.R. Batliboi & Co.**  
Firm Registration No.: 301003E  
Chartered Accountants

**per Hemal Shah**  
Partner  
Membership No: 42650

**Abhijit Rajan**  
Chairman and  
Managing Director

**Parag Parikh**  
Whole-time Director  
& CFO

**Sanjay Sachdev**  
Director

**Homai A. Daruwalla**  
Director

**G. Sathis Chandran**  
Company Secretary

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

**Himanshu Parikh**  
Vice Chairman

**R. K. Malhotra**  
Whole-time Director

**Naresh Chandra**  
Director

**Kishor Kumar Mohanty**  
Managing Director

**C. C. Dayal**  
Director

**S. C. Tripathi**  
Director

Place : Mumbai  
Date : May 9, 2012

Place : Mumbai  
Date : May 9, 2012

## Consolidated Statement of Profit and Loss for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

		As at March 31, 2012	As at March 31, 2011
<b>INCOME</b>			
Revenue from operations:			
Revenue from projects	25	3,991,709,878	3,165,842,279
Other operating revenue	26	237,674,950	192,805,744
Other income	27	64,368,399	100,341,142
<b>TOTAL INCOME</b>	(A)	<b>4,293,753,227</b>	<b>3,458,989,165</b>
<b>EXPENSES</b>			
Project expenses	28	1,374,391,539	938,518,655
Employee benefits expense	29	256,755,816	182,320,198
Other expenses	30	337,825,559	228,575,126
Exceptional items	31	97,048,057	-
<b>TOTAL EXPENSES</b>	(B)	<b>2,066,020,971</b>	<b>1,349,413,979</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	(A - B)	<b>2,227,732,256</b>	<b>2,109,575,186</b>
Finance costs	32	1,556,593,974	999,571,159
Depreciation/amortisation	33	778,992,304	849,133,098
Share of (profit) from investment in associates		(2,662,280)	(5,511,190)
<b>Profit/(Loss) before tax</b>		<b>(105,191,742)</b>	<b>266,382,119</b>
Less : Tax expenses :			
Current tax		133,389,441	183,560,528
Deferred tax (charge) / credit		(993,913)	112,749
MAT credit entitlement		(17,140,000)	(137,667,481)
Short/(excess) provision of tax relating to earlier years		-	238,053
Net current tax expense		115,255,528	46,243,849
<b>Profit/(Loss) after tax</b>		<b>(220,447,270)</b>	<b>220,138,270</b>
Less : Profit after tax attributable to minority interest		33,733,875	48,452,098
<b>Profit attributable to group shareholders</b>		<b>(254,181,145)</b>	<b>171,686,172</b>
<b>Earnings per share ('EPS')</b>	37		
Basic		(0.35)	0.24
Diluted		(0.35)	0.24
Nominal value of equity share		2.00	2.00
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

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

**For S.R. Batliboi & Co.**  
 Firm Registration No.: 301003E  
 Chartered Accountants

**N. Jayendran**  
 Partner  
 Membership No : 40441

**per Hemal Shah**  
 Partner  
 Membership No: 42650

**Abhijit Rajan**  
 Chairman and  
 Managing Director

**Himanshu Parikh**  
 Vice Chairman

**Kishor Kumar Mohanty**  
 Managing Director

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 Whole-time Director  
 & CFO

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 Whole-time Director

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 Director

**Naresh Chandra**  
 Director

**S. C. Tripathi**  
 Director

**Homai A. Daruwalla**  
 Director

**G. Sathis Chandran**  
 Company Secretary

Place : Mumbai  
 Date : May 9, 2012

Place : Mumbai  
 Date : May 9, 2012

## Consolidated Cash Flow Statement for the period ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Profit before tax		(105,191,742)		266,382,119
Adjustments for :				
Employees stock options		(57,642)		(226,898)
Cash alternative settlement for ESOP scheme		3,537,253		11,436,424
Depreciation and amortisation		778,992,304		849,133,098
Gratuity and leave encashment		7,142,309		4,366,356
Dividend income		(23,870,027)		(36,727,994)
Interest (net)		1,531,386,093		964,121,131
(Profit)/Loss on sale of investments		(7,826,973)		(12,148,354)
Share of (profit) from investment in associates		(2,662,280)		(5,511,190)
Loss on sale of assets		3,376,070		1,898,849
Assets written off		10,104,861		30,356,310
Provision for periodic maintenance expenses		282,103,000		-
Provision for loans and advances/other assets		15,457,915		21,310,640
Provision for diminution in value of investment		21,987,235		-
Exceptional items		97,048,057		-
Preliminary and share issue expenses written off		22,157,363		9,659,752
		2,738,875,538		1,837,668,124
<b>Operating profit before working capital changes</b>		<b>2,633,683,796</b>		<b>2,104,050,243</b>
Adjustments for :				
Trade and other receivables		(164,673,206)		27,972,447
Trade payables and working capital finance		249,415,630		116,708,437
Inventories		42,634,411		(8,865,465)
		127,376,835		135,815,419
<b>Cash generated from the operations</b>		<b>2,761,060,631</b>		<b>2,239,865,662</b>
Direct taxes paid		(171,703,881)		(233,524,146)
<b>Net cash from operating activities</b>		<b>2,589,356,750</b>		<b>2,006,341,516</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>				
Capital purchases after adjusting capital creditors		(9,822,775,344)		(8,394,796,554)
Proceeds on sale of fixed assets		186,000		2,359,327
Purchase of investments :				
- Mutual funds		(5,239,927,251)		(7,114,938,599)
Sale of investments :				
- Mutual funds		5,263,797,278		7,176,451,505
- Market investments		37,826,973		12,148,354
Intercorporate deposits given:				
- Granted during the year		(25,100,000)		(185,800,000)
- Repayments received during the year		15,000,000		156,849,000
Advances from/(to) joint venture companies		77,044,541		(41,066,595)
Advances received from related parties		-		150,000,000
Advance paid to partnership firm		-		(400,000,000)
Amount received from minority shareholders		(370,030,000)		-
Disposal /(acquisition) of stake in joint venture companies		865,131		-
Interest received		33,549,967		3,138,330
Dividend received		-		20,880
<b>Net cash used in investment activities</b>		<b>(10,029,562,705)</b>		<b>(8,635,634,352)</b>

## Consolidated Cash Flow Statement for the period ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from equity share capital	300,002		66,072,757	
Capital grant received	876,990,000		164,280,000	
Proceeds from borrowings	17,525,056,594		8,844,193,546	
Repayment of loans	(8,795,480,794)		(1,701,686,632)	
Disposal of equity stake to minority share holder	349,273,560		504,730,305	
Interest paid	(1,473,478,130)		(956,368,206)	
Preliminary and share issue expenses	(22,157,363)		(9,698,752)	
<b>Net Cash From Financing Activities</b>	<b>8,460,503,869</b>		<b>6,911,523,018</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,020,297,914</b>		<b>282,230,182</b>	
Cash and cash equivalents, end of the year	2,511,956,495		1,491,658,581	
Cash and cash equivalents, beginning of the year	1,491,658,581		1,209,428,399	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,020,297,914</b>		<b>282,230,182</b>	
<b>Components Of Cash And Cash Equivalents :</b>				
Cash and cheques on hand	6,606,119		3,601,925	
Funds in transit	587,800		28,104,528	
With banks :				
On current accounts	2,313,985,938		1,371,189,410	
On deposit accounts	190,776,638		88,762,718	
Cash and cash equivalents, end of the year	<b>2,511,956,495</b>		<b>1,491,658,581</b>	
Summary of significant accounting policies	2.1			

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

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

**For S.R. Batliboi & Co.**  
Firm Registration No.: 301003E  
Chartered Accountants

**N. Jayendran**  
Partner  
Membership No : 40441

**per Hemal Shah**  
Partner  
Membership No: 42650

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**C. C. Dayal**  
Director

**Sanjay Sachdev**  
Director

**Naresh Chandra**  
Director

**S. C. Tripathi**  
Director

**Homai A. Daruwalla**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 9, 2012

Place : Mumbai  
Date : May 9, 2012

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 1 BACKGROUND

Gammon Infrastructure Projects Limited a listed company and its subsidiaries, joint ventures and associates, are engaged in the development of various infrastructure projects under the Public Private Partnership ('PPP') model in sectors like transportation, energy and urban infrastructure through several special purpose vehicles ("SPVs"). Each project is governed by a separate concession agreement ('the Contract') signed between the client ('grantor') and the SPV. Majority of the projects secured are from the Government, (Central or State) or an organisation or body floated by the Government.

### 2 ACCOUNTING POLICIES

#### a. Basis of preparation

The Consolidated 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 consolidated 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, except for the changes in the accounting policies explained below in note 2.1(a).

#### b. Principles of consolidation

##### i) Holding company and subsidiaries :

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'). 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, intra-group transactions and unrealised profits or losses as per Accounting Standard - 21 ('AS-21') "Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006.

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 Group 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.

##### ii) Interest in joint venture companies :

The Group's interest in the 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.

##### iii) Investments in associate companies :

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 statement of profit and loss reflects the Group's share of the results of operations of the associates.

The excess of the Group'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 Group'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.

#### c. Revised schedule VI

Till the year ended March 31, 2011, the Company was preparing the financial statements as per the pre-revised Schedule VI to the Companies Act, 1956. During the year ended March 31, 2012, the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. the Company has reclassified the published previous year figures to conform to the norms of the Revised Schedule VI. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for the change in accounting policies explained below.



## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 2.1 Summary of other significant accounting policies

#### a. Change in the accounting policy

##### i) Periodic maintenance :

Until March 31, 2011, expenditure incurred by the SPVs of the Group on periodic maintenance were capitalised on completion of the said activity and amortised over the earlier of the period over which the next periodic maintenance was due or the period until the end of the concession.

With effect from March 31, 2012, periodic maintenance costs including resurfacing expenditure required to be undertaken by the SPVs as per the Contract are recognised as a provision on a systematic basis over the period for which such obligations are to be carried out (refer note 31).

##### ii) Developer fees :

Developer fees incurred by the Group are considered as exchanged with the grantor against toll collection / annuity rights from the Contracts signed with the grantor and the revenue is considered as realised by the Group and not eliminated on consolidation under AS-21 Consolidated Financial Statements (refer note 31).

##### iii) Inventory :

The Group has changed the method of valuation of inventory from First in First Out ('FIFO') to the Weighted Average Method of valuing the inventory.

#### b. 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

Revenue is recognised to the extent, that it is probable that the economics benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

##### i) Infrastructure development business :

Toll revenue from operations of tollable roads is recognised on usage and recovery of the usage charge thereon.

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

##### ii) 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.

##### iii) Construction contract revenues :

Revenue from construction contracts is recognised 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.

Construction contracts are progressively evaluated at the end of each accounting period. On contracts under execution which have reasonably progressed, profit is recognised by evaluation of the percentage of work completed at the end of the accounting period, whereas, foreseeable losses are fully provided for in the respective accounting period.

##### iv) Interest income :

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

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### v) Dividend income :

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date.

### d. Tangible fixed assets

Tangible fixed assets are stated at cost net of accumulated depreciation and accumulated 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. The costs comprises of the purchase price, borrowings costs if capitalisation criteria are met and directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the cost of the tangible fixed asset. Any subsequent expenses related to a tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other day to day repairs and maintenance expenditure and the cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Depreciation on tangible 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 the rates based on the estimated useful lives of the fixed assets, whichever is higher. Depreciation on tangible fixed assets purchased / installed during the year/ period is calculated on a pro-rata basis from the date of such purchase / installation.

	Rates (SLM)
Permanent buildings	1.33%
Temporary buildings	33.33%
Computers	16.21%
Earth moving machinery	11.31%
Electrical equipments	4.75%
Furniture and fixtures	6.33%
Motor vehicles	9.50%
Office equipments	4.75%
Plant and machinery	4.75%

Gains or losses arising from derecognition of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

### e. Intangible assets and Intangible assets under development

Intangible assets are stated at cost of construction less accumulated amortised amount and accumulated impairment losses, if any. Costs include direct costs of construction of the project and costs incidental and related to the construction activity. Costs incidental to the construction activity, including financing costs on borrowings attributable to construction of the project road, have been capitalised to the project road till the date of completion of construction. Such assets include self constructed assets under the BOT (Annuity) scheme, concession rights in respect of tollable roads, etc.

Intangible assets comprising project road, project port and project bridge are amortised on a straight line basis, from the date they are put to use, over the balance period of the Contract. The amortisation period and the amortisation method are reviewed at each financial year end. Concession rights are amortised on the pro-rata basis of actual tollable traffic volume for the period over the total projected tollable traffic volume over the toll periods granted for the project. The projections for the total traffic volume are based on the report of independent professionals for this purpose. The volume of the traffic is reviewed on periodic intervals for its consistency and appropriateness. If the right to collect toll being amortised is revised on account of the material change in the projected traffic volume arising out of the periodic review, the amortisation would be revised accordingly.

Intangible assets also 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 Group for a period of 14 years. The rights are therefore amortised over the period of 14 years. The license fees intangible asset being rights of O&M are amortised over the period of the subsistence of its rights commencing from the date the project becomes operational.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible asset under development is stated at cost of development less accumulated impairment losses, if any. Costs include direct costs of development of the project road and costs incidental and related to the development activity. Costs incidental to the development activity, including financing costs on borrowings attributable to development of the project road, are capitalised to the project road till the date of completion of development.

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### f. Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group comprises of companies which are each engaged in developing a project facility. On creating these facilities the said companies establish a right to charge the users of the project development facility. The project development costs are recovered by these companies from the users of the project facilities through toll or are compensated by the grantor through annuities. For testing the impairment of the project facility developed, these companies conduct impairment tests based on detailed discounted cash flows annually. The period of the cash flow are from the date, the project was awarded to the date, the project has to be handed over to the grantor.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation.

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

### g. 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.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements 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.

On disposal of an investment, the difference between the carrying amount and the net disposal proceeds is charged to the statement of profit and loss.

### h. Inventories

Stores and consumables are valued at lower of cost and net realisable value using the weighted average method. Net realisable value is the estimated selling price less estimated cost necessary to make the sale.

### i. Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

### j. Provision for taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

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 and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities related to the taxes on income levied by same governing taxation laws and to the same taxable entity. 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 Group 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.

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

In the situations where any company within the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the said company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the said company restricts recognition of 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. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

### k. 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 the Group'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.

### l. Preliminary and share issue expenses

Preliminary and share issue expenses (net of taxes) incurred are charged to the security premium account, if available, or to the statement of profit and loss.

### m. 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 recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

### n. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted number of equity shares are adjusted for events such as bonus issue, bonus element in the rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without corresponding change in resources.

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

### o. Employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme. The contributions are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

The Group operates only one defined benefit plan for its employees i.e. gratuity liability. The costs of providing this benefit are determined on the basis of actuarial valuation at the each year end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses of the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains and losses of the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss and are not deferred.

### p. Employee share based payments ('ESOP')

The Group 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.

### q. Grants received

The Group on receipt of grant, received as equity support from grantors, accounts the same under Shareholders Funds under Reserves and Surplus, in accordance with the terms of the concession granted to the Group.

The grant related to operations not forming part of equity support is credited to the statement of the Profit and Loss on a pro-rata basis in the year when the same is due and receivable and when the related costs are incurred.

### r. Deferred payment liability

The deferred payment liability represents the cash payout (Negative grant) payable to the grantor as per the terms of the Contract at the end of the concession period. The said deferred payment liability does not carry any interest thereon.

### s. Minority interest

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

### t. Segment reporting

#### Identification of segments :

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

### u. Provisions

A provision is recognised when the Group 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 of the amount of obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

### v. Cash and bank balances

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

### w. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle an obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

### x. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present Earnings Before Interest, Tax and Depreciation / Amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/(loss) from continuing operations. In the measurement, the Group does not include depreciation and amortisation expense, finance costs and tax expense.

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

3 The consolidated financial statements comprise the financial statements of GAMMON INFRASTRUCTURE PROJECTS LIMITED ('GIPL') (the holding company), its subsidiary companies, joint ventures and associates consolidated on the basis of the relevant accounting standards as discussed in note 2b.

### a. Subsidiaries:

The following subsidiary companies (incorporated in India) have been consolidated in these financial statement as per AS-21 as on March 31, 2012.

Particulars	Voting power and beneficial interest as at March 31, 2012	Voting power and beneficial interest as at March 31, 2011
Andhra Expressway Limited ('AEL')	100.00%	100.00%
Aparna Infraenergy India Private Limited ('AIPL') [refer note 3(a)(iii)]	100.00%	-
Cochin Bridge Infrastructure Company Limited ('CBICL')	97.66%	97.66%
Chitoor Infrastructure Company Private Limited ('CICPL')	100.00%	100.00%
Dohan Renewable Energy Private Limited ('DREPL')	100.00%	100.00%
Earthlink Infrastructure Projects Private Limited ('EIPPL')	100.00%	100.00%
Gammon Logistics Limited ('GLL')	100.00%	100.00%
Gammon Projects Developers Limited ('GPD')	100.00%	100.00%
Gammon Renewable Energy Infrastructure Limited ('GREIL')	100.00%	100.00%
Gammon Road Infrastructure Limited ('GRIL')	100.00%	100.00%
Gammon Seaport Infrastructure Limited ('GSIL')	100.00%	100.00%
Ghaggar Renewable Energy Private Limited ('GREPL')	100.00%	100.00%
Gorakhpur Infrastructure Company Limited ('GICL')	96.53%	96.53%
Haryana Biomass Power Limited ('HBPL')	100.00%	-
Indori Renewable Energy Private Limited ('IREPL')	100.00%	100.00%
Jaguar Projects Developers Limited ('JPD')	100.00%	100.00%
Kasavati Renewable Energy Private Limited ('KREPL')	100.00%	100.00%
Kosi Bridge Infrastructure Company Limited ('KBICL')	100.00%	100.00%
Lilac Infraprojects Developers Limited ('LIDL')	100.00%	100.00%
Markanda Renewable Energy Private Limited ('MREPL')	100.00%	100.00%
Marine Project Services Limited ('MPSL')	100.00%	100.00%
Mumbai Nasik Expressway Limited ('MNEL')	79.99%	79.99%
Patna Buxar Highways Limited ('PBHL')	100.00%	-
Pataliputra Highways Limited ('PHL')	100.00%	100.00%
Patna Highway Projects Limited ('PHPL')	100.00%	100.00%
Pravara Renewable Energy Limited ('PREL')	100.00%	100.00%
Ras Cities and Townships Private Limited ('RCTPL')	100.00%	100.00%
Rajahmundry Expressway Limited ('REL')	100.00%	100.00%
Rajahmundry Godavari Bridge Limited ('RGBL')	51.00%	51.00%
Satluj Renewable Energy Private Limited ('SREPL')	100.00%	100.00%
Sikkim Hydro Power Ventures Limited ('SHPVL')	100.00%	100.00%
Segue Infrastructure Projects Private Limited ('SIPPL')	100.00%	100.00%
Sirsa Renewable Energy Private Limited ('Sirsa REPL')	100.00%	100.00%
Tada Infrastructure Development Company Limited ('TIDCL')	100.00%	100.00%
Tangri Renewable Energy Private Limited ('TREPL')	100.00%	100.00%
Tidong Hydro Power Limited ('THPL')	51.00%	51.00%
Vijaywada Gundugolanu Road Project Private Limited ('VGRPPPL')	100.00%	-
Vizag Seaport Private Limited ('VSPL')	73.76%	73.76%
Yamuna Renewable Energy Private Limited ('YREPL')	100.00%	100.00%
Youngthang Power Ventures Limited ('YPVL')	100.00%	100.00%

As part of its overall business plans, the Group has been acquiring beneficial interest and voting rights. This along with the Group's legal shareholdings has resulted in the Group having control over 51% in various SPVs as listed above. The details of the amounts paid and resultant beneficial interest and voting rights are tabulated hereunder :

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2012			As at March 31, 2011		
	Equity shares Nos.	Value Rupees	Holding %	Equity shares Nos.	Value Rupees	Holding %
AEL	7,540,050	126,651,866	26.00%	7,540,050	126,651,866	26.00%
CICPL	10,000	100,000	100.00%	10,000	100,000	100.00%
EIPPL	10,000	100,000	100.00%	10,000	100,000	100.00%
GICL	14,947,238	149,472,380	27.53%	14,947,238	149,472,380	27.53%
KBICL	12,562,831	125,628,310	26.01%	12,562,831	125,628,310	26.01%
REL	7,540,050	119,575,780	26.00%	7,540,050	119,575,780	26.00%
SIPPL	10,000	100,000	100.00%	10,000	100,000	100.00%
THPL	25,500	255,000	51.00%	25,500	255,000	51.00%

- i) During the current year, the names of the two subsidiaries Tada Sez Private Limited and Satyavedu Infra Company Private Limited were changed to Tada Infrastructure Projects Private Limited and Chitoor Infrastructure Projects Private Limited. Subsequently, the said changed names of the two companies were rechanged to Segue Infrastructure Projects Private Limited and Earthlink Infrastructure Projects Private Limited. Further, during the year two new subsidiaries Patna Buxar Highways Limited ('PBHL') and Vijaywada Gundugolanu Road Project Private Limited ('VGRPPL') were incorporated as a subsidiary of the Group.
- ii) During the current year, MNEL in addition to the provisional certificates received in the year 2010-11 for 64 Kms, received provisional completion certificate for a further chainage of 30.77 Kms for the purposes of tolling vide certificate dated May 31, 2011. Pursuant to this 96.64 Kms stretch of road was opened for toll collection on August 29, 2011 after adherence to the requirements of the concession agreement and the cost attributable to it was capitalised as 'Toll Concession Rights' on that date. MNEL has commenced operations of Phase 2 of the toll road project from Vadape to Gonde in the state of Maharashtra, from August 29, 2011. However, as the two Road Over Bridges (ROB), totaling 1.87 Km length, were incomplete MNEL was allowed to toll the users of the road for only 94.77 Kms. On completion of the said ROB's on December 28, 2011, MNEL was allowed to levy toll for the entire length of 96.64 Kms as per letter dated January 18, 2012.
- iii) During the current year, Aparna Infraenergy India, a partnership firm, in which a subsidiary of the Group was a majority partner, was converted into a Company, under Part IX of the Companies Act, 1956 and consequently became a subsidiary of the Group.
- iv) The Group divested its entire stake in Punjab Biomass Power Limited, in favour of its joint venture partner. At the same time it acquired from the same joint venture partner, their entire stake in HBPL (comprising six biomass projects in the state of Haryana and one in the state of Punjab). Hence, PBPL ceased to be a Group company and HBPL became a subsidiary of the Group. Subsequent to the acquisition all the biomass projects awarded to HBPL were withdrawn by the client, and ₹ 13,158,572 (Previous year : ₹ Nil) incurred on the projects of HBPL, capitalised earlier, have now been charged to the statement profit and loss.
- v) Effect of acquisition of subsidiaries during the year on financial statements.

Details	As at March 31, 2012	As at March 31, 2011
Subsidiary	HBPL	-
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Dues against expenses to related parties	5,233,651	-
Other liabilities	4,137	-
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible asset under development	3,914,215	-
Long-term loans and advances	1,440,000	-
Current assets	-	-
Cash and cash equivalents	98,704	-
<b>INCOME</b>		
<b>Expenditure</b>		
Other expenses	828	-
<b>Profit/(loss) before tax</b>	<b>(828)</b>	-
Current tax	-	-
<b>Profit/(loss) after tax</b>	<b>(828)</b>	-

In respect of the above acquisition, the total purchase consideration was ₹ 14,350,000 fully paid.

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### b. Joint venture entities :

The following jointly controlled entities have been considered applying AS-27 on the basis of audited accounts (except stated other wise) for the year ended March 31, 2012.

#### i) Details of joint ventures entered into by the Group :

Particulars	% of Interest as at March 31, 2012	% of Interest as at March 31, 2011
<b>JOINT VENTURE COMPANIES</b>		
Blue Water Iron Ore Terminal Private Limited ('BWOTPL')	31.00%	37.30%
Haryana Biomass Power Limited ('HBPL')	-	50.00%
Indira Container Terminal Private Limited ('ICTPL')	50.00%	50.00%
Punjab Biomass Power Limited ('PBPL')	-	50.00%
SEZ Adityapur Limited ('SEZAL')	38.00%	38.00%

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

Particulars	As at March 31, 2012	As at March 31, 2011
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets :		
Tangible assets (net)	43,197,045	384,091,108
Intangible assets (net)	125,000,000	125,000,000
Capital work in progress	44,588,156	-
Intangible assets under development	1,673,191,783	920,600,604
Long-term loans and advances	75,443,507	160,805,236
<b>Current assets</b>		
Inventories	597,957	25,496,861
Trade receivables	753,427	1,026,689
Cash and bank equivalents	10,383,854	11,134,907
Short-term loans and advances	17,265,005	26,540,074
<b>Total Assets</b>	<b>1,990,420,734</b>	<b>1,654,695,479</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	1,487,979,019	876,169,441
Long-term provisions	780,786	145,014
<b>Current Liabilities</b>		
Short-term borrowings	-	10,020,927
Trade payables, current	816,925	4,572,034
Other current liabilities	147,844,844	145,909,809
Short-term provisions	221,684	1,706,965
<b>Total Liabilities</b>	<b>1,637,643,258</b>	<b>1,038,524,190</b>
<b>RESERVES AND SURPLUS</b>		
Securities premium	-	15,000,000
Deficit in the statement of profit and loss :		
Opening balance	(131,224,080)	(71,563,125)
During the current year	(139,317,773)	(61,291,536)
Total Reserves and surplus	(270,541,853)	(117,854,661)
<b>Total reserves, surplus and liabilities</b>	<b>1,367,101,405</b>	<b>920,669,529</b>
<b>INCOME</b>		
Revenue from projects	28,923,096	41,718,694
Other income	1,602,724	316,889
<b>Total income</b>	<b>30,525,820</b>	<b>42,035,583</b>



## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>EXPENSES</b>		
Project expenses	69,198,515	50,765,193
Employee benefit expenses	13,379,930	15,248,265
Other expenses	6,257,437	10,111,667
Exceptional items	-	-
Finance cost	70,221,007	11,597,180
Depreciation and amortisation	10,592,881	15,604,814
<b>Total expenses</b>	<b>169,649,770</b>	<b>103,327,119</b>
<b>Profit before tax</b>	<b>(139,123,950)</b>	<b>(61,291,536)</b>
Provision for tax	193,823	-
<b>Profit after tax</b>	<b>(139,317,773)</b>	<b>(61,291,536)</b>
<b>Capital commitments</b>	<b>714,741,238</b>	<b>1,121,418,804</b>

The above figures pertaining to the joint venture companies are based on the audited accounts of ICTPL and un-audited management accounts of BWIOTPL and SEZAL for the year ended March 31, 2012. All the joint venture companies were incorporated in India.

### c. Associates :

The following associates have 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”.

Particulars	% of Interest as at March 31, 2012	% of Interest as at March 31, 2011
ATSL Infrastructure Projects Limited ('AIPL')	30.90%	30.90%
Eversun Sparkle Maritime Services Private Limited ('ESMSPL')	48.94%	48.94%
Modern Tollroads Limited ('MTL')	48.90%	48.90%

The above figures pertaining to the Associate Companies are based on the un-audited management accounts for the year ended March 31, 2012.

## 4 SHARE CAPITAL

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Authorised equity share capital :</b>		
1,000,000,000 (Previous year : 1,000,000,000) equity shares of ₹ 2 each	2,000,000,000	2,000,000,000
<b>Total authorised equity share capital</b>	<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>Issued and subscribed equity share capital :</b>		
729,573,868 (Previous year : 729,550,412) equity shares of ₹ 2 each	1,459,147,736	1,459,100,824
<b>Total issued and subscribed equity share capital</b>	<b>1,459,147,736</b>	<b>1,459,100,824</b>
<b>Paid-up equity shares :</b>		
728,763,618 (Previous year : 728,740,162) equity shares of ₹ 2 each fully paid-up	1,457,527,236	1,457,480,324
<b>Total paid-up equity shares</b>	<b>1,457,527,236</b>	<b>1,457,480,324</b>
<b>Forfeiture of equity shares :</b>		
Money received in respect of 162,050 (Previous year :162,050) equity shares forfeited of ₹ 10 each	8,102,500	8,102,500
<b>Total money received of forfeited equity shares</b>	<b>8,102,500</b>	<b>8,102,500</b>
<b>Total net paid-up equity share capital</b>	<b>1,465,629,736</b>	<b>1,465,582,824</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### a. Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2012		As at March 31, 2011	
	Numbers	Rupees	Numbers	Rupees
Equity shares of ₹ 2 each fully paid-up				
Outstanding at the beginning of the year	728,740,162	1,457,480,324	724,439,750	1,448,879,500
Issued during the year on exercise of Employee Stock Options ('ESOP')	23,456	46,912	4,300,412	8,600,824
<b>Outstanding at the end of the year</b>	<b>728,763,618</b>	<b>1,457,527,236</b>	<b>728,740,162</b>	<b>1,457,480,324</b>

### b. Shares held by the holding company and /or their subsidiaries / associates

Out of the equity shares issued, shares held by the holding company and /or their subsidiaries / associates is summarised under :

Registered shareholders	As at March 31, 2012		As at March 31, 2011	
	Numbers	Rupees	Numbers	Rupees
Equity shares of ₹ 2 each fully paid-up				
Gammon India Limited ('GIL')	528,000,000	1,056,000,000	528,000,000	1,056,000,000
Gactel Turnkey Projects Limited ('GTPL'), subsidiary of the holding company	22,400,000	44,800,000	22,400,000	44,800,000
<b>TOTAL</b>	<b>550,400,000</b>	<b>1,100,800,000</b>	<b>550,400,000</b>	<b>1,100,800,000</b>

### c. Details of registered shareholders holding more than 5% shares

Registered shareholders holding more than 5% shares	As at March 31, 2012		As at March 31, 2011	
	Numbers	% of holding	Numbers	% of holding
Equity shares of ₹ 2 each fully paid-up				
GIL	528,000,000	72.45%	528,000,000	72.45%
<b>TOTAL</b>	<b>528,000,000</b>	<b>72.45%</b>	<b>528,000,000</b>	<b>72.45%</b>

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownership of the shares.

### d. Terms / rights attached to equity shares

the Company has only one class of shares referred to as equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the equity share holders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### e. Shares reserved under options to be given

3,395,420 (Previous year : 4,834,590) equity shares of ₹ 2 each of the Company has been reserved for issue as ESOPs [note 5(c)].

## 5 RESERVES AND SURPLUS

Particulars	As at March 31, 2012	As at March 31, 2011
<b>CAPITAL RESERVE :</b>		
<b>Capital grant :</b>		
Balance, beginning of the year	496,660,000	332,380,000
Add : Capital grant received during the year	876,990,000	164,280,000
<b>Balance, end of the year</b> (A)	<b>1,373,650,000</b>	<b>496,660,000</b>
<b>SECURITIES PREMIUM ACCOUNT :</b>		
Balance, beginning of the year	3,523,177,883	3,440,969,045
Add : On issue of shares on exercise of employee stock options	1,265,241	82,247,838
Less : Security premium on divestment of joint venture company	15,000,000	-
Less : Share issue expenses during the year	-	39,000
<b>Balance, end of the year</b> (B)	<b>3,509,443,124</b>	<b>3,523,177,883</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>EMPLOYEE STOCK OPTIONS :</b>		
Employee stock options outstanding	9,676,544	50,221,500
Less : Employee stock options exercised	176,790	29,968,800
Less : Forfeiture of employee stock options offered	753,005	10,576,156
	<b>8,746,749</b>	<b>9,676,544</b>
Add : Short accounting of ESOPs' in prior years	273,000	-
Less : Transfer to general reserve	2,395,500	-
Less : Deferred employee compensation outstanding	46,247	468,610
<b>Balance, end of the year</b>	<b>6,578,002</b>	<b>9,207,934</b>
	(C)	
<b>OTHER RESERVES :</b>		
<b>General Reserve :</b>		
Balance, beginning of the year	220,300,000	18,200,000
Add: Amounts transferred from surplus balance in the statement of profit and loss	90,552,576	202,100,000
Add: Amounts transferred from employee stock options	2,395,500	-
<b>Balance, end of the year</b>	<b>313,248,076</b>	<b>220,300,000</b>
	(D)	
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance, beginning of the year	1,198,982,083	1,287,194,361
Add : Profit /(Loss) for the year	(254,181,145)	171,686,172
Less : Appropriations		
Tax on equity dividend	72,920,140	57,798,450
Transfers to general reserve	90,552,576	202,100,000
<b>Balance, end of the year</b>	<b>781,328,222</b>	<b>1,198,982,083</b>
	(E)	
<b>TOTAL RESERVES AND SURPLUS</b>	<b>5,984,247,424</b>	<b>5,448,327,900</b>
	(A+B+C+D+E)	

**a. Capital grant :**

Capital grant includes grant received by two SPVs of the Group, from NHAI and the Government of Andhra Pradesh in the nature of equity support of the grantor.

**b. General reserve :**

General reserve is created in accordance with the requirements of the Companies (Transfer of Profits to Reserves) Rules, 1975.

**c. Employees stock options ('ESOP') :**

The Company has instituted an ESOP Scheme "GIPL ESOP 2007" scheme during the FY 2007-08 approved by its shareholders vide their resolution dated May 4, 2007, as per which the Board of Directors of the Company, granted 1,640,000 equity-settled 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 ₹ 10 each (post sub-division of equity shares subscribed to five equity shares of ₹ 2 each) of the Company at an exercise price of ₹ 80 per share. During the year 2008-09, the Compensation Committee of the Board of the Directors of the Company at its meeting held on October 1, 2008, further granted 920,000 equity-settled options to eligible employees of the Company at the market price of ₹ 63.95 per equity share of ₹ 10 each, prevailing on September 30, 2008 upon expiry of the respective vesting period which ranges from one to three years. During the current year, Nil (Previous year : 689,750) options were exercised while 229,500 (Previous year : 150,000) options were forfeited / lapsed. Out of the options granted, 485,750 (Previous year : 715,250) are outstanding at the end of the year.

During the FY 2008-09, the Compensation Committee of the Board of the Directors of the Company at its meeting held on October 1, 2008, instituted a new ESOP Scheme "GIPL ESOP 2008" scheme as per which the Company has further granted 490,000 equity-settled options to its eligible employees of the Company at the market price of ₹ 63.95 per equity share of ₹ 10 each, (post sub-division of equity shares subscribed to five equity shares of ₹ 2 each) prevailing on September 30, 2008 upon expiry of the respective vesting period which ranges from one to three years. During the current year, Nil (Previous year : 153,332) options were exercised while 33,334 (Previous year : 25,000) options were forfeited / lapsed. Out of the options granted, 93,334 (Previous year : 126,668) are outstanding at the end of the year.

Further, during the FY 2009-10, the Compensation Committee of the Board of the Directors of the Company, at its meeting held on May 8, 2009 further granted 210,000 equity-settled options to eligible employees of the Company, at the market price of ₹ 72.10 per equity share of ₹ 10 each (post sub-division of equity shares subscribed to five equity shares of ₹ 2 each), prevailing on that date upon expiry of the vesting period of three years. During the current year, 20,308 (Previous year : 68,000) options were forfeited / lapsed while 4,692 (Previous year : 17,000) options were exercised by the employees. Out of the options granted, 100,000 (Previous year : 125,000) are outstanding at the end of the year.

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

The details of the grants under the aforesaid ESOPs Schemes are summarised hereunder :

### ESOP scheme 2007

Particulars	2011-2012			2010-2011		
	July 1, 2007 July 1, 2008	Oct. 1, 2007 Oct. 1, 2008	Oct. 1, 2008 Oct. 1, 2009	July 1, 2007 July 1, 2008	Oct. 1, 2007 Oct. 1, 2008	Oct. 1, 2008 Oct. 1, 2009
Date on which options were granted						
Vesting from						
Fair value of shares as on grant date (₹)	99.00	124.00	63.95	99.00	124.00	63.95
Market value of shares as on grant date (₹)	N.A.	N.A.	63.95	N.A.	N.A.	63.95
Exercise price of options granted (₹)	80.00	80.00	63.95	80.00	80.00	63.95
Outstanding options at the beginning of the year (Nos)	<b>420,250</b>	<b>25,000</b>	<b>270,000</b>	<b>1,260,000</b>	<b>25,000</b>	<b>270,000</b>
Options granted during the year (Nos)	-	-	-	-	-	-
Options lapsed during the year (Nos)	114,500	5,000	90,000	-	-	-
Options forfeited during the year (Nos)	-	20,000	-	150,000	-	-
Options exercised during the year (Nos)	-	-	-	689,750	-	-
Outstanding granted options at the end of the year (Nos)	<b>305,750</b>	-	<b>180,000</b>	<b>420,250</b>	<b>25,000</b>	<b>270,000</b>

### ESOP scheme 2008

Particulars	2011-2012		2010-2011	
	Oct. 1, 2008 Oct. 1, 2009	May 8, 2009 Oct. 1, 2010	Oct. 1, 2008 Oct. 1, 2009	May 8, 2009 Oct. 1, 2010
Date on which options were granted				
Vesting from				
Market value of shares as on grant date (₹)	63.95	72.10	63.95	72.10
Exercise price of options granted (₹)	63.95	63.95	63.95	63.95
Outstanding options at the beginning of the year (Nos)	<b>126,668</b>	<b>125,000</b>	<b>305,000</b>	<b>210,000</b>
Options granted during the year (Nos)	-	-	-	-
Options lapsed during the year (Nos)	16,667	-	-	-
Options forfeited during the year (Nos)	16,667	20,308	25,000	68,000
Options exercised during the year (Nos)	-	4,692	153,332	17,000
Outstanding granted options at the end of the year (Nos)	<b>93,334</b>	<b>100,000</b>	<b>126,668</b>	<b>125,000</b>

### Other disclosures

Particulars	ESOP Scheme 2007	ESOP Scheme 2008	ESOP Scheme 2008
Options (Numbers)	270,000	490,000	210,000
Weighted average fair value of options granted	40.46	40.46	36.12
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	70.85
Exercise price	63.95	63.95	63.95
Expected volatility	0.5169	0.5169	0.7508
Weighted average on unexpired life of the options (in years)	2.51	2.51	0.76
Expected dividend	Nil	Nil	Nil
Risk free interest rate	8.61%	8.61%	5.03%
<b>Basis of determination of volatility</b>	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 4 previous yrs average of IVRCL and Nagarjuna

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 6 MINORITY INTEREST

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Balance, beginning of the year	836,765,506	282,863,413
Add :Minority interest in equity :		
Increase in minority's share in equity capital of subsidiaries in the current year	349,273,560	515,526,440
Short accounting of minority interest in previous years	-	719,690
	<b>349,273,560</b>	<b>516,246,130</b>
Add : Minority interest in profits/(losses) of subsidiaries :		
Minority interest in profits/(losses) of subsidiaries for the current year	33,733,875	48,452,098
	<b>33,733,875</b>	<b>48,452,098</b>
Less : Profit/(Loss) on sale of equity shares of subsidiary companies to minority share holder	-	10,796,135
	-	10,796,135
<b>Balance, end of the year</b>	<b>1,219,772,941</b>	<b>836,765,506</b>

### 7 LONG-TERM BORROWINGS

Particulars	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>I Term loans</b> (Secured) [refer below for details of security]				
Indian rupee loans from banks	20,892,611,616	22,357,880,708	3,033,136,860	1,546,565,746
From financial institutions	7,908,754,412	220,414,706	124,235,293	1,281,435,294
From others	250,000,000	-	800,000,000	-
	<b>29,051,366,028</b>	<b>22,578,295,414</b>	<b>3,957,372,153</b>	<b>2,828,001,040</b>
<b>II 10.3% unsecured intercorporate loan</b>				
From a minority shareholder	137,155,000	-	-	-
	<b>137,155,000</b>	-	-	-
<b>III Deferred payment liability, unsecured</b>				
Negative grant payable to NHAI	1,200,000,000	1,200,000,000	-	-
	<b>1,200,000,000</b>	<b>1,200,000,000</b>	-	-
<b>The above amount includes :</b>				
Secured borrowings	29,051,366,028	22,578,295,414	3,957,372,153	2,828,001,040
Unsecured borrowings	1,337,155,000	1,200,000,000	-	-
Amount disclosed under the head 'Other Current Liabilities' (note 12)	-	-	(3,957,372,153)	(2,828,001,040)
<b>TOTAL</b>	<b>30,388,521,028</b>	<b>23,778,295,414</b>	<b>-</b>	<b>-</b>

- The above term loans from banks and financial institutions are primarily taken by various project executing entities of the Group for the execution of the projects. These loans are secured by :
  - a first mortgage and charge on all the movable properties, immovable properties, tangible assets, intangible assets and all bank accounts (including escrow bank accounts) save and except the project assets of each individual borrowing company in the Group.
- Loans from others are secured by first charge on proceeds/ receivables to be received from the National Highways Authority of India (NHAI) towards annuities to be received for the period between the Scheduled Commercial Operation Date and the actual Commercial Operations Date (COD). The loan is repayable in two annual installments commencing from March 1, 2013.
- On March 30, 2012, one of the SPV of the Group has obtained a new term loan from a financial institution for which charge was yet to be created as at March 31, 2012. No charge has been created as on the date of the balance sheet.
- Pledge of shares :**  
The equity shares held by the Company and / or GIL in a subsidiary and /or joint venture company of the Group are pledged with respective lenders or consortium of lenders for the individual secured loan availed by the said subsidiary and / or joint venture company from their respective lenders or consortium of lenders.

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Face value of equity shares Rupees	Number of equity shares pledged	
		March 31, 2012 Nos.	March 31, 2011 Nos.
AEL	10	13,171,442	12,919,897
CBICL	10	1,664,019	1,664,019
GICL	10	37,279,629	9,593,233
KBICL	10	20,767,040	12,558,000
MNEL	10	16,120,000	16,120,000
PHL	100	7,350	-
PHPL	10	750,000	750,000
REL	10	14,744,579	14,744,579
RGBL	10	89,573,750	54,116,100
VSPL	10	61,515,633	20,589,729
ICTPL*	10	20,000,000	-
<b>TOTAL</b>		<b>275,593,442</b>	<b>143,055,557</b>

\* Unconfirmed by the bank

**e. Interest rates :**

The above mentioned long-term loans carry an interest rate which is at a spread above/below the bank's base rate or bank prime lending rate or G-sec rate or at a negotiated rate. The spread ranges from 50 to 300 bases points. In case of a consortium of lenders the rate applicable is the highest rate charged by any one member of the consortium thereof.

Loans from others, carries interest rate in the range of 11% to 14% p.a.

**f. Schedule of repayments of the term loans :**

	As at March 31, 2012	As at March 31, 2011
Installments payable within one year i.e. upto March 31, 2013	3,957,372,153	1,828,001,040
Installments payable between 2 to 5 years	13,057,894,380	8,661,734,402
Installments payable beyond 5 years	16,130,626,648	13,916,561,012
<b>TOTAL</b>	<b>33,145,893,181</b>	<b>24,406,296,454</b>

**g. Unsecured intercorporate loan :**

- i) The intercorporate loan has been availed by a subsidiary of the Group from its minority shareholder.
- ii) The loan is due for repayment at the end of 36 months from March 31, 2012.

**h. Unsecured, deferred payment liability :**

As per the terms of the concession agreement between MNEL and NHAI, MNEL is required to make a cash payout ('Negative Grant') of ₹ 1,200,000,000 in the last year of the concession period (i.e. March, 2026). The same is capitalised as toll concession rights and capital work in progress on a proportionate basis and is represented as deferred payment liability in the financial statements.

### 8 DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Deferred tax liability</b>		
On account of depreciation/amortisation	31,956,069	34,582,012
<b>Deferred tax asset</b>		
On account of employee benefits	6,311,275	7,943,305
<b>Net deferred tax liability</b>	<b>25,644,794</b>	<b>26,638,707</b>

### 9 OTHER LONG-TERM LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
Margin money deposit	5,000,000	5,000,000
Performance deposit from vendor	3,850,000	3,850,000
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>	<b>8,850,000</b>	<b>8,850,000</b>

Margin money has been received from the joint venture ICTPL against bank guarantee issued from the holding company's limits.

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 10 PROVISIONS

Particulars	Long-term		Short-term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Provision for employee benefits</b>				
Provision for cash compensation scheme	-	16,804,235	19,506,127	-
Provision for gratuity	5,231,157	3,603,567	457,832	893,556
Provision for leave encashment	11,866,968	7,049,455	2,304,075	1,286,867
	<b>17,098,125</b>	<b>27,457,257</b>	<b>22,268,034</b>	<b>2,180,423</b>
<b>Other provisions</b>				
Provision for taxation	-	-	106,902,426	48,395,465
Provision for periodic maintenance	282,103,000	-	-	-
	<b>282,103,000</b>	<b>-</b>	<b>106,902,426</b>	<b>48,395,465</b>
<b>TOTAL PROVISIONS</b>	<b>299,201,125</b>	<b>27,457,257</b>	<b>129,170,460</b>	<b>50,575,888</b>

#### a. Cash compensation scheme :

In earlier years, 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. During the year, a provision of ₹ 2,701,892 (Previous year : ₹ 1,436,424) against cash compensation has been made in accordance with guidance note on accounting of employees share based payments.

#### b. Gratuity :

The revised AS -15 (Employee Benefits) is applicable to the Group.

Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The schemes of all the Group companies except for the one joint venture SPV is unfunded.

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

Particulars	March 31, 2012	March 31, 2011
Current service cost	1,629,104	1,232,782
Interest cost on benefit obligation	403,606	291,933
Expected return on plan asset	(56,635)	(50,210)
Actuarial (gain)/loss	(60,708)	603,024
Past service cost	156,057	153,058
	<b>2,071,424</b>	<b>2,230,587</b>
Less : Gratuity capitalised	151,411	95,072
<b>Net benefit expense</b>	<b>1,920,013</b>	<b>2,135,515</b>

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

Particulars	March 31, 2012	March 31, 2011
<b>Opening defined benefit obligation</b>	<b>4,497,122</b>	<b>3,149,507</b>
Current service cost	1,629,104	1,394,174
Interest cost on benefit obligation	403,605	291,933
Actuarial (gain)/loss	(62,573)	611,681
Past service cost	131,564	376,295
Less : Benefit paid	64,856	1,326,468
<b>Closing defined benefit obligation</b>	<b>6,533,966</b>	<b>4,497,122</b>

The gratuity scheme of a joint venture SPV is funded with an insurance company in the form of a qualifying insurance policy. The details of fair value of the plan assets is as follows :

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	March 31, 2012	March 31, 2011
<b>Fair value of plan assets at the beginning of the year</b>	-	-
Expected return on plan assets	56,635	-
Contributions	103,571	-
Actuarial gain/(loss) on plan assets	(1,716)	-
Prior year value of plan assets	686,487	-
<b>Fair value of plan assets at the end of the year</b>	<b>844,977</b>	-

The actual return on plan assets of the SPVs is presently not available.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Actuarial (gain)/loss	264,881	1,076,164	(134,208)	(60,054)	867,322
Experience adjustment	392,746	745,251	(209,553)	277,528	1,023,255
Changes in actuarial assumptions	(127,865)	328,929	(78,767)	(337,582)	(155,933)

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

Particulars	March 31, 2012	March 31, 2011
Discount rate	8.75%	8.25%
Expected rate of return on planned assets	Not applicable	Not applicable
Attrition rate	2%	2%
Retirement age	60 years	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.

### c. Periodic maintenance :

Hitherto, periodic maintenance cost including resurfacing expenditure required to be undertaken by the operator under its BOT contracts at specified intervals were capitalised to the project asset. From the current year, in line with industry practice, the relevant SPVs have recognised a provision for such expenditure on a systematic basis over the period for which such obligations are to be carried out. During the current year ₹ 282,103,000 (Previous year : ₹ Nil) has been provided towards periodic maintenance activity.

The movement of provisions during the year as required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" notified under the Companies (Accounting Standards) Rules, 2006, (as amended) is as under:

Particulars	Opening balance	Reversed during the year	Utilised during the year	Additions during the year	Closing balance
Cash compensation scheme	16,804,235	835,361	-	3,537,253	19,506,127
	(17,038,466)	(11,670,655)	(-)	(11,436,424)	(16,804,235)
Periodic maintenance	-	-	-	282,103,000	282,103,000
	(-)	(-)	(-)	(-)	(-)

(Previous year's figures in brackets)



## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 11 SHORT-TERM BORROWINGS

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Cash credit from banks (secured)</b>	-	7,958,427
<b>Loans from Banks / Financial Institutions :</b>		
Unsecured loans :		
Short-term loans from banks	1,200,000,000	200,000,000
<b>Intercompany loans received (repayable on demand, unsecured) :</b>		
From related parties :		
12% Inter-company deposit from GIL, the holding company	736,200,000	736,200,000
From others	-	2,062,500
<b>Total short-term borrowings</b>	<b>1,936,200,000</b>	<b>946,220,927</b>
<b>The above amount includes</b>		
Secured borrowings	-	7,958,427
Unsecured borrowings	1,936,200,000	938,262,500

- Cash credit from banks was availed by the Group's joint venture company in which stake was divested during the year.
- Intercompany loans received from others as on March 31, 2012, include amounts received by PBPL ₹ Nil (Previous year : ₹ 2,062,500) from the joint venture partner.

### 12 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Trade payables</b>		
(for details of dues to micro and small enterprises)	112,339,462	117,353,740
	<b>112,339,462</b>	<b>117,353,740</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowings (note 7)	3,957,372,153	2,828,001,040
Interest accrued		
Related parties	80,217,739	36,943,589
Others	66,712,098	26,870,404
Advances received from clients	33,712,180	71,170,028
Dues against capital expenditure		
Related parties	1,162,016,701	661,282,105
Others	31,606,140	28,847,912
Dues to joint venture partners	62,986,015	56,776,133
Dues against expenses to related parties	194,922,619	178,363,176
Amount due to minority shareholders	170,001,000	540,031,000
Duties and taxes payable	106,518,381	95,649,833
Book overdraft	154,390,627	-
Others	219,557,062	109,372,194
	<b>6,240,012,715</b>	<b>4,633,307,414</b>
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>6,352,352,177</b>	<b>4,750,661,154</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

**a. Amounts due to micro and small enterprises as defined under the MSMED Act, 2006 :**

As per the information available with the Group, there are no Micro, Small, and Medium Enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Group owes dues on account of principal or interest.

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

- b.** Dues against capital expenditure includes amount of ₹ 1,162,016,701 (Previous year : ₹ 661,282,105) due to GIL against the project construction works from Group companies.
- c.** Dues to joint venture partners includes share application money received from joint venture partners of BWIOTPL ₹ 62,986,015 (Previous year : ₹ 3,479,251).
- d.** Amount received from minority share holders includes share application money received from minority shareholders of MNEL ₹ Nil (Previous year : ₹ 105,030,000), RCTPL ₹ 170,000,000 (Previous year : ₹ 170,000,000), RGLB ₹ Nil (Previous year : ₹ 265,000,000) and SREPL ₹ 1,000 (Previous year : ₹ 1,000).

**e. Details of dues to related parties :**

Particulars	As at March 31, 2012	As at March 31, 2011
GIL, the holding company	1,257,182,836	699,630,731
BWIOTPL	389,789	-
ICTPL	3,064,434	438,139
Modern Toll Roads Limited, an associate company	26,520,000	26,520,000
Ansaldocaldaie Boilers India Private Limited, a subsidiary of the holding company	150,000,000	150,000,000
	<b>1,437,157,059</b>	<b>876,588,870</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on April 1, 2011	Additions / adjustments on consolidation during the year	Deletions / adjustments on consolidation during the year #	As on March 31, 2012	As on April 1, 2011	Depreciation for the year	Depreciation on deletions during the year #	Adjustments during the year	As on March 31, 2012	As on March 31, 2012
Freehold Land	265,884,338 (23,226,343)	- (242,657,995)	28,236,372 (-)	237,647,966 (265,884,338)	- (-)	- (-)	- (-)	- (-)	- (-)	237,647,966 (265,884,338)
Leasehold Land	147,050,377 (113,560,660)	4,290,332 (33,489,717)	- (-)	151,340,709 (147,050,377)	- (-)	- (-)	- (-)	- (-)	- (-)	151,340,709 (147,050,377)
Buildings	99,726,397 (25,461,191)	2,229,972 (74,265,206)	74,914,106 (-)	27,042,263 (99,726,397)	10,085,171 (5,929,779)	3,553,187 (4,155,391)	801,437 (-)	- (-)	12,836,921 (10,085,170)	14,205,342 (89,641,227)
Plant and Machinery	1,155,535,734 (890,163,850)	50,662,908 (265,554,219)	198,380,079 (169,925)	1,007,818,563 (1,155,548,144)	221,144,530 (168,332,346)	50,468,115 (52,836,509)	7,118,790 (23,854)	- (-)	264,493,855 (221,145,001)	743,324,708 (934,403,143)
Earth Moving Machinery	120,797 (120,797)	- (-)	- (-)	120,797 (120,797)	37,543 (23,881)	13,700 (13,662)	- (-)	- (-)	51,243 (37,543)	69,554 (83,254)
Furniture & Fixtures	12,703,657 (14,234,826)	17,631,471 (1,605,335)	4,493,131 (3,204,399)	25,841,997 (12,635,762)	3,222,424 (2,792,479)	1,898,035 (862,199)	1,406,947 (425,513)	- (-)	3,713,512 (3,229,165)	22,128,485 (9,406,597)
Electrical Equipments	37,736,380 (-)	- (37,736,380)	37,736,380 (-)	- (37,736,380)	638,418 (-)	- (638,418)	638,418 (-)	- (-)	- (638,418)	- (37,097,962)
Office Equipments	10,458,023 (10,331,210)	8,549,942 (2,803,803)	1,043,824 (2,444,081)	17,964,141 (10,690,932)	1,589,859 (1,371,104)	831,462 (574,095)	173,308 (352,356)	- (-)	2,248,013 (1,592,843)	15,716,128 (9,098,089)
Computers	33,067,316 (19,448,893)	8,725,867 (16,349,725)	1,460,774 (2,696,340)	40,332,409 (33,102,278)	10,042,382 (5,791,134)	5,675,393 (5,099,851)	222,098 (843,445)	- (-)	15,495,677 (10,047,540)	24,836,732 (23,054,738)
Motor Vehicles	27,810,101 (20,958,289)	10,173,229 (7,473,336)	1,766,633 (398,999)	36,216,697 (28,032,626)	5,764,920 (3,461,567)	3,214,379 (2,477,648)	605,183 (154,528)	- (-)	8,374,116 (5,784,687)	27,842,581 (22,247,939)
<b>Total tangible assets</b>	<b>1,790,093,120</b>	<b>102,263,721</b>	<b>348,031,299</b>	<b>1,544,325,542</b>	<b>252,525,247</b>	<b>65,654,271</b>	<b>10,966,181</b>	<b>-</b>	<b>307,213,337</b>	<b>1,237,112,205</b>
Previous year	(1,117,506,059)	(681,935,716)	(8,913,744)	(1,790,528,031)	(187,702,290)	(66,657,773)	(1,799,696)	(-)	(252,560,367)	(1,537,967,664)

(Previous year's figures in brackets)

# During the year, the Group divested its entire stake in the joint venture company, PBPL. Due to this disinvestment, the elimination of assets and depreciation thereon of PBPL has been shown under the deletion columns respectively.

Depreciation for the year, includes depreciation capitalised to Intangible asset under development ₹ 648,887 (Previous year : ₹ 2,745,111).

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	GROSS BLOCK			AMORTISATION			NET BLOCK			
	As on April 1, 2011	Additions during the year	Deletions / adjustments during the year on consolidation	As on March 31, 2012	As on April 1, 2011	Amortisation for the year	Amortisation on deletions during the year	Adjustments during the year	As on March 31, 2012	As on March 31, 2012
Project Road (*)	6,031,158,296	-	986,175,984	5,044,982,312	2,397,957,389	333,944,147	240,770,774	-	2,491,130,762	2,553,851,550
	(6,025,982,312)	(5,175,984)	(-)	(6,031,158,296)	(1,857,533,777)	(540,423,612)	(-)	(-)	(2,397,957,389)	(3,633,200,907)
Project Bridge (**)	257,438,683	5,135,461,762	-	5,392,900,445	130,900,170	56,808,434	-	-	187,708,604	5,205,191,841
	(257,438,683)	(-)	(-)	(257,438,683)	(117,131,714)	(13,768,456)	(-)	(-)	(130,900,170)	(126,538,513)
Project Berths (***)	2,240,749,416	-	-	2,240,749,416	465,618,526	86,333,573	-	-	551,952,099	1,688,797,317
	(2,240,749,416)	(-)	(-)	(2,240,749,416)	(379,765,917)	(86,139,137)	(-)	(-)	(465,905,054)	(1,774,844,362)
Toll Concession Rights (****)	5,758,186,986	3,442,483,399	-	9,200,670,385	126,606,329	218,567,767	-	2,188,276	347,362,372	8,853,308,013
	(-)	(5,758,186,987)	(-)	(5,758,186,987)	(-)	(126,606,322)	(-)	(-)	(126,606,322)	(5,631,580,665)
Operations & Maintenance Rights	250,000,000	-	-	250,000,000	91,464,636	18,332,999	-	-	109,797,635	140,202,365
	(250,000,000)	(-)	(-)	(250,000,000)	(73,181,727)	(18,282,909)	(-)	(-)	(91,464,636)	(158,535,364)
License Fees	125,000,000	-	-	125,000,000	-	-	-	-	-	125,000,000
	(125,000,000)	(-)	(-)	(125,000,000)	(-)	(-)	(-)	(-)	(-)	(125,000,000)
<b>TOTAL INTANGIBLE ASSETS</b>	<b>14,662,533,381</b>	<b>8,577,945,161</b>	<b>986,175,984</b>	<b>22,254,302,558</b>	<b>3,212,547,050</b>	<b>713,986,920</b>	<b>240,770,774</b>	<b>2,188,276</b>	<b>3,687,951,472</b>	<b>18,566,351,086</b>
Previous year	(8,899,170,411)	(5,763,362,971)	(-)	(14,662,533,382)	(2,427,613,135)	(785,220,436)	(-)	(-)	(3,212,833,571)	(11,449,699,811)

(Previous year's figures in brackets)

\* Project Roads pertains to the costs incurred by AEL and 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 ('NHAI'). These agreements encompass 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 these companies is valid till November 29, 2019.

\*\* Project Bridge pertains to the costs incurred by CBICL for the construction of road bridge at Cochin as per the concession agreement entered into between the CBICL 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.

\*\*\* 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 encompass 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.

\*\*\*\* Toll Concession Rights pertains to the costs incurred by MNEL for construction of road owned by Government of India as per the concession agreement signed between MNEL mad NHAI. This agreement encompasses the construction, operation and maintenance of a highway on a Build, Operate and Maintenance basis. The construction was completed in two phases in May 2010 and August, 2011. The concession is valid upto the year 2028.

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 15 CAPITAL WORK-IN-PROGRESS

Particulars	As at March 31, 2012	As at March 31, 2011
Expenses incurred on construction, acquisition of self owned asset :		
Borrowing costs	2,875,556	1,901,414
Employee benefit expenses	3,576,140	734,272
Other expenses	58,109,374	50,547,078
Depreciation	83,049	1,554
	<b>64,644,119</b>	<b>53,184,318</b>
Less : Capital work-in-progress written off	1,074,513	-
<b>TOTAL CAPITAL WORK-IN-PROGRESS</b>	<b>63,569,606</b>	<b>53,184,318</b>

### 16 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at March 31, 2012	As at March 31, 2011
Contract expenditure	27,899,613,428	19,729,208,508
Developer fees	995,535,996	172,170,363
Concession fees	22	17
Borrowing costs	5,382,714,774	3,367,771,741
Negative grant	1,200,000,000	1,200,000,000
Employee benefit expenses	56,046,670	28,553,244
Other expenses	380,996,178	298,961,784
Depreciation	792,610	485,975
	<b>35,915,699,678</b>	<b>24,797,151,632</b>
Less :		
Miscellaneous income	4,715,030	10,205,214
	<b>35,910,984,648</b>	<b>24,786,946,418</b>
Less : Capitalised during the year	14,336,176,588	5,856,689,266
Less : Expenses incurred and capitalised under intangible asset under development written off	9,561,278	-
<b>TOTAL INTANGIBLE ASSETS UNDER DEVELOPMENT</b>	<b>21,565,246,782</b>	<b>18,930,257,152</b>

### 17 GOODWILL ON CONSOLIDATION

Particulars	As at March 31, 2012	As at March 31, 2011
Goodwill on consolidation	620,620,850	650,620,849
Less : Capital reserve on consolidation	130,506,197	130,506,196
Net of goodwill over capital reserve	<b>490,114,653</b>	<b>520,114,653</b>
Goodwill amortised upto September 30, 2007	3,729,475	3,729,475
<b>TOTAL GOODWILL ON CONSOLIDATION</b>	<b>486,385,178</b>	<b>516,385,178</b>

Goodwill which was amortised upto September 30, 2007 is now tested for impairment at the end of every reporting period.

### 18 NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2012 Nos	As at March 31, 2011 Nos	As at March 31, 2012	As at March 31, 2011
<b>Trade investments</b>				
Unquoted ordinary equity shares of ₹ 10 each, unless otherwise stated				
<b>Investments in associates</b>				
ESMSPL	2,143,950	2,143,950	13,896,234	11,170,287
MTL	24,470	24,470	203,612	244,700
AIPL	24,450	24,450	183,446	206,017
			14,283,292	11,621,004
Less : Provision for diminution in value of investment			7,852,366	-
<b>TOTAL NON-CURRENT INVESTMENTS</b>			<b>6,430,926</b>	<b>11,621,004</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### a. Carrying amount of investments in associate companies :

Particulars	Original cost of investment (A)	Opening balance of adjusted / accumulated losses (B)	Profit/(Loss) during the year (C)	Carrying amount of investment (A+B+C)	(Goodwill) / Capital reserve on investment (included in the investment amount)
<b>ESMSPL</b>					
2011-12	21,439,500	(10,269,213)	2,725,947	13,896,234	-
2010-11	21,439,500	(15,780,403)	5,511,190	11,170,287	(5,552,678)
<b>MTL</b>					
2011-12	244,700	-	(41,088)	203,612	-
2010-11	244,700	-	-	244,700	-
<b>AIPL</b>					
2011-12	244,500	(38,475)	(22,579)	183,446	-
2010-11	244,500	(38,475)	-	206,025	-
<b>TOTAL 2011-12</b>	<b>21,928,700</b>	<b>(10,307,688)</b>	<b>2,662,280</b>	<b>14,283,292</b>	-
Total 2010-11	21,928,700	(15,818,878)	5,511,190	11,621,012	(5,552,678)

The above figures pertaining to the associate companies are based on the un-audited management accounts for the year ended March 31, 2012.

- b. During the current year, the Group made a provision for Rs 7,852,366 (Previous year : Rs Nil) against the goodwill on acquisition of equity shares and diminution in value of investments of ESMSPL.

### 19 LOANS AND ADVANCES :

Unsecured, considered good unless stated otherwise

Particulars	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Capital advances</b>				
Unsecured, considered good :				
Related parties	871,227,667	915,259,808	-	-
Others	790,776,364	761,249,220	-	-
(A)	<b>1,662,004,031</b>	<b>1,676,509,028</b>	-	-
<b>Deposits</b>				
Unsecured, considered good :				
Security deposits	13,447,607	18,984,105	3,409,354	4,994,068
Other deposits	10,912,426	105,000	242,500	218,925
(B)	<b>24,360,033</b>	<b>19,089,105</b>	<b>3,651,854</b>	<b>5,212,993</b>
<b>Advance recoverable in cash or in kind</b>				
Unsecured, considered good :				
Related parties	1,191,119	-	29,413,771	22,018,100
Others	203,507,375	154,169,828	38,132,352	49,575,172
Unsecured, considered doubtful :				
Others	-	-	2,631,756	2,631,756
	204,698,494	154,169,828	70,177,879	74,225,028
Less : Provision made	-	-	(2,631,756)	(1,891,408)
(C)	<b>204,698,494</b>	<b>154,169,828</b>	<b>67,546,123</b>	<b>72,333,620</b>
<b>Intercompany loans given</b>				
Unsecured, considered good :				
Related parties	5,100,000	70,834,659	-	-
Others	45,000,000	40,000,000	-	-
Unsecured, considered doubtful :				
Others	3,892,000	3,892,000	-	-
	53,992,000	114,726,659	-	-
Provision for doubtful deposits	(3,892,000)	(3,892,000)	-	-
(D)	<b>50,100,000</b>	<b>110,834,659</b>	-	-
<b>Advance income-tax, net of tax provision</b>				
Advance income-tax	179,233,373	155,332,112	-	-
(E)	<b>179,233,373</b>	<b>155,332,112</b>	-	-

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>MAT credit entitlement</b>				
MAT credit available as on date	164,698,463	147,558,463	-	-
(F)	<b>164,698,463</b>	<b>147,558,463</b>	-	-
<b>Advance towards equity commitment</b>				
Related party	12,994,800	12,994,800	-	-
(G)	<b>12,994,800</b>	<b>12,994,800</b>	-	-
<b>Other loans and advances</b>				
Cenvat/VAT/Service tax recoverable	25,000	25,000	14,788,470	27,035,168
Prepaid expenses	-	-	64,884,583	32,930,335
(H)	<b>25,000</b>	<b>25,000</b>	<b>79,673,053</b>	<b>59,965,503</b>
<b>TOTAL LOANS AND ADVANCES (A + B + C + D + E + F + G + H)</b>	<b>2,298,114,194</b>	<b>2,276,512,995</b>	<b>150,871,030</b>	<b>137,512,116</b>

### a. Dues from related parties :

Particulars	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
GIL	852,418,786	915,259,808	27,043,827	15,229,894
Gammon Power Limited, a subsidiary of the holding company	20,000,000	-	-	-
HBPL	-	-	-	4,714,705
BWIOTPL	-	-	-	30,989
ICTPL	5,100,000	-	2,321,673	1,281,361
PBPL	-	70,834,659	-	687,829
AIPL	-	-	-	25,051
MTL	12,994,800	12,994,800	48,271	48,271
	<b>890,513,586</b>	<b>999,089,267</b>	<b>29,413,771</b>	<b>22,018,100</b>

- b. Some of the eligible SPVs' of the Group have availed the tax holiday period under section 80 IA of the Income-tax Act, 1962. As such the eligible SPVs' Group during this period of tax holiday have to pay the Minimum Alternate Tax ('MAT') based on the profits as per their profits in the financial statements during the tax holiday period. The MAT paid by these SPVs during the said tax holiday period is available for adjustment against the normal tax payable by the said SPVs after the tax holiday period. The total amount of MAT credit entitlement to these SPVs is ₹ 164,698,463 (Previous year : ₹ 147,558,463).

## 20 TRADE RECEIVABLES

Particulars	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured, considered good :				
Related party	-	-	8,275,398	8,275,398
Others	-	-	251,624,991	137,912,068
Unsecured, considered doubtful :				
Others	-	-	92,174	24,182,170
	-	-	<b>259,992,563</b>	<b>170,369,636</b>
Less : Provision for doubtful debts	-	-	(92,174)	(24,182,170)
	-	-	<b>259,900,389</b>	<b>146,187,466</b>
<b>Other receivables</b>				
Unsecured, considered good				
Related parties	-	-	61,299,991	57,787,755
Others	-	-	14,332,779	101,343,906
	-	-	<b>75,632,770</b>	<b>159,131,661</b>
<b>TOTAL TRADE RECEIVABLES</b>	<b>-</b>	<b>-</b>	<b>335,533,159</b>	<b>305,319,127</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Details of trade receivables from related party Outstanding for a period exceeding six months from the date they</b>				
are due for payment :				
GIL	-	-	8,275,398	8,275,398
<b>Other receivables :</b>				
GIL	-	-	61,299,991	57,787,755
	-	-	<b>69,575,389</b>	<b>66,063,153</b>

### 21 OTHER ASSETS

Unsecured, considered good unless stated otherwise

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Accrued income	-	-	494,736,704	490,741,407
Balances in escrow bank accounts - IPO proceeds	33,505	593,007	-	-
	<b>33,505</b>	<b>593,007</b>	<b>494,736,704</b>	<b>490,741,407</b>
<b>Interest accrued receivable</b>				
Considered good :				
Related parties	-	-	18,724	6,664,351
Others	13,833,876	7,363,376	44,324,869	16,189,733
Considered doubtful :				
Others	-	-	692,183	692,183
	13,833,876	7,363,376	45,035,776	23,546,267
Less : Provision made	-	-	(692,183)	(692,183)
	<b>13,833,876</b>	<b>7,363,376</b>	<b>44,343,593</b>	<b>22,854,084</b>
<b>TOTAL OTHER ASSETS</b>	<b>13,867,381</b>	<b>7,956,383</b>	<b>539,080,297</b>	<b>513,595,491</b>

- a. Accrued income includes amounts of ₹ 468,579,225 (Previous year : ₹ 378,329,684) receivable from NHAI against the annuities, ₹ 13,258,750 (Previous year : ₹ 100,089,865) towards grant from NHAI and the balance of ₹ 12,898,729 (Previous year : ₹ 12,717,126) from a client. These are unbilled revenues accrued as on March 31, 2012 to the SPVs of the Group.
- b. Balances in escrow bank accounts of ₹ 33,505 (Previous year : ₹ 593,007) of the Initial Public Offer, made by the holding company of the Group, pertains to the refund orders not encashed by the investors. This amount is transferrable to Investors Protection Fund in the year 2015.

### 22 CURRENT INVESTMENTS

Particulars	As at	As at	As at	As at
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Nos	Nos		
<b>Non-trade investments (valued at cost unless stated otherwise)</b>				
Quoted investments fully paid-up secured, redeemable, non-convertible debentures of ₹ 1,000,000 per unit. Deutsche Investments India Private Limited	-	30	-	30,000,000
<b>TOTAL CURRENT INVESTMENTS</b>			-	<b>30,000,000</b>



## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 23 INVENTORIES

(Valued at lower cost and net realisable value)

Particulars	As at March 31, 2012	As at March 31, 2011
Stores and consumables	35,071,346	77,705,757
<b>TOTAL INVENTORIES</b>	<b>35,071,346</b>	<b>77,705,757</b>

From current year, the Group has changed its accounting policy of valuing the inventory, the effect of which is not material. The Group's inventories are primarily for carrying out the operations and maintenance activities.

### 24 CASH AND CASH EQUIVALENTS

Particulars	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Balances with banks :</b>				
On current accounts	-	-	2,308,482,949	1,369,691,151
Debit balance in overdraft account	-	-	5,502,989	1,498,259
Balance in Initial Public Offer of escrow bank account	33,505	593,007	-	-
<b>Other bank balances :</b>				
Deposits with banks	-	-	190,776,638	88,762,718
<b>Others :</b>				
Cash in hand	-	-	6,606,119	3,601,925
Funds in transit	-	-	587,800	28,104,528
	<b>33,505</b>	<b>593,007</b>	<b>2,511,956,495</b>	<b>1,491,658,581</b>
Amount disclosed under other assets [note 21(b)]	(33,505)	(593,007)	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>	<b>2,511,956,495</b>	<b>1,491,658,581</b>

### 25 REVENUE FROM PROJECTS

Particulars	As at March 31, 2012	As at March 31, 2011
Annuity income	1,256,664,809	1,166,020,000
Toll revenue	1,011,026,054	549,869,351
Revenue from port operations	1,249,025,570	1,270,620,424
Revenue from road maintenance	228,755,909	172,266,647
Revenue from power projects	-	1,872,963
Revenue from developer activities	246,237,536	-
Air cargo income	-	5,192,894
<b>TOTAL REVENUE FROM PROJECTS</b>	<b>3,991,709,878</b>	<b>3,165,842,279</b>

### 26 OTHER OPERATING REVENUE

Particulars	As at March 31, 2012	As at March 31, 2011
Interest on early completion bonus	40,257,867	82,600,027
Operating grant received	171,532,565	100,086,185
Others	25,884,518	10,119,532
<b>TOTAL OTHER OPERATING REVENUE</b>	<b>237,674,950</b>	<b>192,805,744</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Interest on early completion bonus for the year ended March 31, 2012 represents interest awarded to the two subsidiaries of the Group in arbitration which was fully realised in the current year. The interest for the current year, includes an interest amount of ₹ 40,162,850, contractually due to these subsidiaries over and above the amount received in arbitration. This amount has been recognised on the basis of Orders received in favour of the subsidiaries from a single and divisional bench of the Delhi High Court during the year. The Delhi High Court orders have been challenged by the NHAI in the Supreme Court of India. Based on legal advice received, the management of these subsidiaries believes the matter will ultimately be decided in their favour.

As per the terms of the concession agreement signed between MNEL, a subsidiary of the Group and NHAI, its client, MNEL, during the operating period, is entitled to receive an operating grant of ₹1,080,000,000. During the current year, MNEL received operating grant of ₹ 245,581,000 (Previous year : ₹ Nil) after recoveries of ₹ 12,779,000.

### 27 OTHER INCOME

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Interest income on :</b>		
Intercompany deposits	7,192,722	7,294,203
Bank deposits	5,358,627	7,880,382
Others	12,656,532	20,275,443
	<b>25,207,881</b>	<b>35,450,028</b>
<b>Dividend income on :</b>		
Current investments	23,870,027	36,727,994
	<b>23,870,027</b>	<b>36,727,994</b>
<b>Miscellaneous income :</b>		
Net gain on sale of current investments	7,826,973	12,148,354
Others	7,463,518	16,014,766
	<b>15,290,491</b>	<b>28,163,120</b>
<b>TOTAL OTHER INCOME</b>	<b>64,368,399</b>	<b>100,341,142</b>

### 28 PROJECT EXPENSES

Particulars	As at March 31, 2012	As at March 31, 2011
Material handling system's maintenance expenses	36,900,000	39,900,000
Port cargo handling expenses	400,058,610	354,254,616
Power and fuel	47,893,814	48,189,370
Repairs and maintenance of project assets, plant and equipments	78,155,152	74,779,385
Royalty on revenue	39,161,063	44,309,420
Sub-contracting expenses	333,700,159	237,167,440
Penalty on shortfall of minimum guarantee throughput	40,225,467	11,360,662
Other project expenses	116,194,274	128,557,762
Periodic maintenance expenses	282,103,000	-
<b>TOTAL PROJECT EXPENSES</b>	<b>1,374,391,539</b>	<b>938,518,655</b>

### 29 EMPLOYEE BENEFITS EXPENSE

Particulars	As at March 31, 2012	As at March 31, 2011
Salaries, wages and bonus	181,364,964	128,602,839
Contributions to provident fund	7,380,824	5,231,741
Directors' remuneration including contributions to provident fund	46,249,330	24,078,124
Staff welfare expenses	11,138,778	8,831,612
Provision for leave encashment	5,222,296	2,230,841
Provision for gratuity	1,920,013	2,135,515
Employees 'ESOP' compensation cost	(57,642)	(226,898)
Cash alternative settlement of ESOP scheme	3,537,253	11,436,424
<b>TOTAL EMPLOYEE BENEFITS EXPENSE</b>	<b>256,755,816</b>	<b>182,320,198</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 30 OTHER EXPENSES

Particulars	As at March 31, 2012	As at March 31, 2011
Professional and consultancy fees	80,296,143	68,443,929
Insurance charges	7,462,478	505,492
Directors' fees and commission	2,300,000	2,184,444
Office rent	14,556,649	4,203,267
Hire of equipments	3,259,142	-
Fuel charges	3,899,383	-
Travelling and motor car expenses	17,600,235	16,780,856
Tender document expenses	25,302,705	20,040,710
Payment to auditors	8,859,047	7,293,036
Preliminary and share issue expenses	22,157,363	9,659,752
Guarantee bond commission	19,602,988	10,722,791
Miscellaneous expenses	46,190,713	35,175,046
Assets written off	10,104,861	30,356,310
Loss on sale of assets	3,376,070	1,898,853
Loss on sale of investments	35,412,632	-
Provision for diminution in value of investments (including goodwill written off)	21,987,235	-
Provision for doubtful debts, advances & bad debts	15,457,915	21,310,640
<b>TOTAL OTHER EXPENSES</b>	<b>337,825,559</b>	<b>228,575,126</b>

### 31 EXCEPTIONAL ITEMS

Particulars	As at March 31, 2012	As at March 31, 2011
Unamortised portion of periodic maintenance written off	745,405,210	-
Depreciation for prior years	1,901,748	-
Prior period expenses capitalised written back	-	-
	<b>747,306,958</b>	-
Less :		
Developer fees eliminated earlier, now reversed	650,258,901	-
	<b>650,258,901</b>	-
<b>TOTAL EXCEPTIONAL ITEMS</b>	<b>97,048,057</b>	-

- The Group undertakes various projects on build-operate-transfer basis as per the service concession agreements with the government authorities. During the current year, the developer fees incurred by the operator on the project with the Group were considered as exchanged with the grantor against toll collection / annuity rights from such agreements and therefore the revenue from such contracts were considered realised by the Group and not eliminated for consolidation under AS-21 Consolidated Financial Statements. The revenue during the current year from such contracts are not eliminated to the extent of ₹ 246,237,536. Further, the Group has reflected the credit of the developer fees of ₹ 650,258,901 upto March 31, 2011 as an exceptional item.
- Hitherto, periodic maintenance cost including resurfacing expenditure required to be undertaken by the operator under its BOT contracts at specified intervals were capitalised to the project asset. During the current year, in line with industry practice of the relevant SPVs have recognised a provision for such expenditure on a systematic basis over the period for which such obligations are to be carried out. Further, these SPVs have debited such un-amortised expenditure of ₹ 745,405,210 as at March 31, 2011 to the statement of profit and loss as an exceptional items
- Exceptional items are therefore the net of the unamortised periodic maintenance expenditure written off, ₹ 745,405,210, depreciation for prior years ₹ 1,901,748 and reversal of elimination of developer fees of ₹ 650,258,901 resulting in a net debit of ₹ 97,048,057.

### 32 FINANCE COSTS

Particulars	As at March 31, 2012	As at March 31, 2011
Interest expense	1,460,215,157	986,967,557
Other finance costs	96,378,817	12,603,602
<b>TOTAL FINANCE COST</b>	<b>1,556,593,974</b>	<b>999,571,159</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 33 DEPRECIATION AND AMORTISATION

Particulars	As at March 31, 2012	As at March 31, 2011
Depreciation on tangible asset	65,005,384	63,912,662
Amortisation of intangible asset	713,986,920	785,220,436
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>778,992,304</b>	<b>849,133,098</b>

34 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 Group has disclosed only such policies and notes from the individual financial statements, which fairly presents the needed disclosures.

### 35 RIGHTS ISSUE

During the period, the holding company GIPL, has filed a draft letter of offer with Securities and Exchange Board of India ("SEBI") for a proposed issue of equity shares for an amount not exceeding ₹ 2,000,000,000 on a rights basis to the existing shareholders of GIPL as on the record date.

### 36 ANNUITY RECEIVABLE BY CBICL

Under the Concession Agreement dated October 27, 1999, executed between CBICL, GIPL the holding company of the Group, Government of Kerala (GOK) and Greater Cochin Development Authority (GCDA) dated January 6, 2001; the entire project has been assigned to CBICL 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 January 24, 2005 and G.O. (M.S) No. 16/2005/PWD dated March 1, 2005 between the Government of Kerala, Greater Cochin Development Authority and CBICL. In terms of the order, the period of concession has been increased by 6 years and CBICL is entitled to yearly annuity receipts which it is accounting as Trade receivables. The annuities have not been collected till date. CBICL has not made any provision against the said receivables. As the annuities has not been received till date, CBICL has initiated arbitration procedures.

### 37 EARNINGS PER SHARE (EPS)

Particulars	As at March 31, 2012	As at March 31, 2011
Profit/(Loss) after tax	(254,181,145)	171,686,172
Outstanding equity shares at the end of the year	728,763,618	728,740,162
Weighted average number of equity shares outstanding during the year - Basic	728,755,992	727,527,130
Weighted average number of equity shares outstanding during the year - Diluted	729,105,907	728,045,403
Earnings Per Share - Basic (₹)	(0.35)	0.24
Earnings Per Share - Diluted (₹)	(0.35)	0.24

Particulars	As at March 31, 2012	As at March 31, 2011
Nominal value of equity shares (₹ per share)	2	2
<b>For Basic EPS :</b>		
Total number of equity shares outstanding at the beginning of the year	728,740,162	724,439,750
Add : Issue of equity shares against options granted to employees	23,456	4,300,412
Total number of equity shares outstanding at the end of year	728,763,618	728,740,162
Weighted average number of equity shares at the end of the year	<b>728,755,992</b>	<b>727,527,130</b>
<b>For Dilutive EPS :</b>		
Weighted average number of shares used in calculating basic EPS	728,755,992	727,527,130
Add : Equity shares for no consideration arising on grant of stock options under ESOP	3,565,448	3,637,418
Less : Equity shares for no consideration arising on grant of stock options under ESOP forfeited / lapsed (included above)	3,215,533	3,119,145
Weighted average number of equity shares used in calculating diluted EPS	<b>729,105,907</b>	<b>728,045,403</b>

GIPL, the holding 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 employees stock based compensation cost been determined in accordance with the fair value approach described in the guidance note, the Group's net profit for the year ended March 31, 2012 as reported would have changed to amounts indicated below:

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Profit after tax as reported</b>	(254,181,145)	171,686,172
Add: Stock based compensation expense included in the reported income	(57,642)	(226,898)
Less: Stock based compensation expenses determined using fair value of options	7,760,545	9,787,067
<b>Net Profit (adjusted)</b>	<b>(261,999,332)</b>	<b>161,672,207</b>
<b>Earnings Per Share :</b>		
Basic earnings per share as reported	(0.35)	0.24
Basic earnings per share (adjusted)	(0.36)	0.22
Diluted earnings per share as reported	(0.35)	0.24
Diluted earnings per share (adjusted)	(0.36)	0.22
<b>Weighted average number of equity shares at the end of the year</b>	<b>728,755,992</b>	<b>727,527,130</b>
<b>Weighted average number of shares considered for diluted earnings per share (adjusted)</b>	<b>729,105,907</b>	<b>728,045,403</b>

### 38 LEASE

One of the SPV's has taken land on lease from Visakhapatnam Port Trust under non-cancellable operating lease agreements and temporary housing from others under cancellable operating lease agreements. Total rental expense under non-cancellable operating leases was ₹ 5,938,636 (Previous year: ₹ 5,916,267) and under cancellable operating leases was ₹ 661,604 (Previous year: ₹ 877,318) which has been disclosed as lease rentals in the statement of profit and loss.

Further, another SPV has also taken an office premises on a non-cancellable operating lease. The monthly lease rents amounts to ₹ 836,000 (Previous year : ₹ 836,000). The disclosures as per Accounting Standard 19 'Leases' notified under the Companies (Accounting Standards) Rules, 2006 are as under:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Minimum lease payments :		
Payable not later than 1 year	18,022,636	19,280,075
Payable later than 1 year and not later than 5 years	57,840,544	76,008,515
Payable later than 5 years	87,099,995	93,038,631
Lease payment recognised in the statement of profit and loss	17,968,105	6,964,117

The lease agreements do not provide for an option to the SPV's to renew the lease period at the end of the non-cancellable period. There are no exceptional / restrictive covenants in the lease agreements.

### 39 RELATED PARTY TRANSACTIONS

a. Names of the related parties and related party relationships

i) **Entities where control exists :**

GIL the holding company

ii) **Joint ventures :**

BWIOTPL

HBPL became a subsidiary from July 28, 2011

ICTPL

SEZAL

iii) **Associates :**

AIPL

ACBIPL subsidiary of the holding company, GIL

ESMSPL

MTL

iv) **Key management personnel :**

Abhijit Rajan

Kishor Kumar Mohanty

Parag Parikh

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### b. Related party transactions

Transactions	Entities where control exists	Associates	Key management personnel	Total
Operations and maintenance income :				
GIL	181,382,669	-	-	181,382,669
	(170,803,405)	(-)	(-)	(170,803,405)
Operations & maintenance expenses :				
GIL	181,382,669	-	-	181,382,669
	(170,803,406)	(-)	(-)	(170,803,406)
Intangible asset development (materials supply) :				
GIL	491,756,326	-	-	491,756,326
	(836,555,668)	(-)	(-)	(836,555,668)
Intangible asset development (contract expenditure) :				
GIL	6,704,333,405	-	-	6,704,333,405
	(5,596,159,010)	(-)	(-)	(5,596,159,010)
Advances given against EPC contracts :				
GIL	254,173,425	-	-	254,173,425
	(1,264,650,314)	(-)	(-)	(1,264,650,314)
Advances recovered against EPC contracts :				
GIL	152,603,934	-	-	152,603,934
	(821,122,962)	(-)	(-)	(821,122,962)
Advance against material supply liquidated :				
GIL	135,000,000	-	-	135,000,000
	(-)	(-)	(-)	(-)
Rent paid :				
GIL	700,000	-	-	700,000
	(1,200,000)	(-)	(-)	(1,200,000)
Insurance claims received :				
GIL	-	-	-	-
	(12,986,049)	(-)	(-)	(12,986,049)
Insurance claims transferred :				
GIL	712,654	-	-	712,654
	(-)	(-)	(-)	(-)
Contribution received from minority shareholders :				
GIL	-	-	-	-
	(73,503,150)	(-)	(-)	(73,503,150)
Refund of minority contribution / conversion of minority contribution into equity :				
GIL	-	-	-	-
	(203,503,150)	(-)	(-)	(203,503,150)
Managerial remuneration :				
Mr. Kishor Kumar Mohanty	-	-	22,173,328	22,173,328
	(-)	(-)	(-)	(-)
Mr. Parag Parikh	-	-	6,708,482	6,708,482
	(-)	(-)	(-)	(-)
Mr. Himanshu Parikh	-	-	-	-
	(-)	(-)	(11,343,479)	(11,343,479)
Mr. R.K. Malhotra	-	-	11,367,520	11,367,520
	(-)	(-)	(-)	(-)
Mr. Parvez Umrigar	-	-	-	-
	(-)	(-)	(6,734,645)	(6,734,645)

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Transactions	Entities where control exists	Associates	Key management personnel	Total
Gross value of stock options vested :				
Mr. Parvez Umrigar	-	-	-	-
	(-)	(-)	(47,520,000)	(47,520,000)
Finance provided for expenses and on account payments :				
GIL	1,026,119	-	-	1,026,119
	(25,450,230)	(-)	(-)	(25,450,230)
Amount liquidated towards the above finance :				
GIL	836,284	-	-	836,284
	(19,472,322)	(-)	(-)	(19,472,322)
Finance received (including loans and equity contribution in cash or in kind) :				
GIL	-	-	-	-
	(736,200,000)	(-)	(-)	(736,200,000)
Mr. Parvez Umrigar	-	-	-	-
	(-)	(-)	(38,400,000)	(38,400,000)
Finance received for expenses & on account payments :				
GIL	275,894	-	-	275,894
	(2,337,933)	(-)	(-)	(2,337,933)
Amount liquidated towards the above finance :				
GIL	2,042,237	-	-	2,042,237
	(2,337,100)	(-)	(-)	(2,337,100)
Interest paid during the year :				
GIL	88,344,000	-	-	88,344,000
	(40,561,611)	(-)	(-)	(40,561,611)
Deposit towards purchase of beneficial interest of equity shares :				
GIL	-	-	-	-
	(53,503,150)	(-)	(-)	(53,503,150)
Advance received for purchase of land :				
ACBIPL	-	-	-	-
	(-)	(150,000,000)	(-)	(150,000,000)
Retention money recovered :				
GIL	152,392,455	-	-	152,392,455
	(329,883,844)	(-)	(-)	(329,883,844)
Retention money refunded :				
GIL	155,905,258	-	-	155,905,258
	(326,371,041)	(-)	(-)	(326,371,041)
Outstanding balances payable :				
GIL	1,654,998,546	-	-	1,654,998,546
	(685,628,426)	(-)	(-)	(685,628,426)
ACBIPL	-	150,000,000	-	150,000,000
	(-)	(150,000,000)	(-)	(150,000,000)

(Previous year's figures in brackets)

## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 40 CONTINGENT LIABILITIES

Group's share in contingent liability not provided for in the books of accounts.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Claims against Company not acknowledged as debt	308,162,328	247,282,545
Counter guarantees given to banks	2,257,271,800	2,433,276,800
<b>TOTAL</b>	<b>2,565,434,128</b>	<b>2,680,559,345</b>

- a. The contingent liability, detailed hereinabove includes the Group's share of contingent liability in the joint venture companies amounting to ₹ Nil (Previous year : ₹ 23,953,692).
- b. Claims against the SPVs of a Group not acknowledged as debt includes
  - i) As per the intimation received u/s section 143(1) of the Income Tax Act, 1961 for the assessment year 2007-08, from the Income-tax department, ₹ 7,334,466 is payable by a subsidiary of the Group. However, the assessing officer has not given credit for the TDS certificates amounting to ₹ 18,121,978 while assessing the tax payable. The original copies of the said TDS certificates were submitted to the assessing officer on February 4, 2010 for which acknowledgement from the department has been received. The management of the subsidiary is of the view that the said order will be rectified after accounting the TDS certificates, hence the liability of ₹ 7,334,466 has not been provided for in their books of accounts.
  - ii) An amount of ₹ 177,699,900 claimed by the collector and district registrar, Rajahmundry, pursuant to and Order dated March 15, 2005, as deficit stamp duty payable on the concession agreement entered into between a subsidiary of the Group and NHAI, classifying the concession agreement as a 'lease' under Article 31(d) of the Indian Stamp Act. The subsidiary 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 of the subsidiary believes that there is no contravention of the Indian Stamp Act.
  - iii) A winding up petition against a subsidiary of the Group, has been filed by a creditor for recovery of ₹ 14,140,343. The subsidiary is disputing the said amount and has recognised ₹ 1,685,168 payable as there are claims and counter claims by both parties. Pending the final outcome of such proceeding, the claim from the creditor is disclosed as a contingent liability. The management of the said is of the view that the same would be settled and does not expect any additional liabilities towards the same.
  - iv) Under the License Agreement (LA), Mumbai Port Trust ('MbPt'), is entitled to recover electricity charges from a joint venture SPV, against the existing Ballard Pier Station ('BPS') terminal. The rate to be charged by MbPT is the rate charged by the electric power supplier plus 7.5% overhead charges. MbPT is charging fixed demand charges, due to which the per unit of electricity is not matching with the with the rate. Since the SPV has also agreed for payment of fixed contract demand charges, the total liability for electricity expenses are provided in its financial statements in the current year. A provision of Rs approximately ₹ 2,500,000 has been made towards differential electricity expenses in the books of the SPV.
  - v) The penalty for non-achievement of Minimum Guaranteed Throughput ('MGT') of approximately of ₹ 46,000,000 payable to the MbPT as per the License Agreement has not been provided for by a joint venture SPV in their financial statements because under an arrangement, the said SPV is eligible to be indemnified by one of the shareholders in respect of liability upto March 31, 2010. Under the revised arrangement dated December 23, 2011, the amount of MGT penalty is to be borne by the said SPV. Hence, during the current year the liability for MGT has been provided in the said SPV's books.
  - vi) The projects of a biomass SPV in the state of Haryana, has been terminated during the year. Due to this, the said SPV has written off all the capitalised expenses incurred till date. The SPV is taking steps to recover all its dues while the management is exploring other business opportunities. Pending this, the accounts of the SPV are not prepared on a Going Concern Basis. In the opinion of the management, current assets, loans & advances have a realisable value, atleast equal to its value stated in the balance sheet after considering the provision made. There are no contingent liabilities as at March 31, 2012 and March 31, 2011.

### 41 COMMITMENTS

#### a. Capital commitments

The total capital commitment as on March 31, 2012 is ₹ 9,018,442,874 (Previous year : ₹ 16,370,605,061). The capital commitments are in respect of projects where the concession agreements have been signed and does not include projects where only Letters of Intent are held.



## Notes to the Consolidated financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### b. Export obligations

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Under EPCG Scheme	228,966,912	208,953,728
<b>TOTAL</b>	<b>228,966,912</b>	<b>208,953,728</b>

### c. Other commitments

- i) In terms of the individual Contracts signed by SPVs they are required to carry major periodic maintenance of the roads they are operating as a part of commitment against receipt of Tolling Rights and / or Annuities. The said SPVs have made provisions towards the same in their respective financial statements.
- ii) One of the SPV's engaged in generating power from a bagasse power plant has committed to purchase bagasse when the power plant becomes operational. The total commitment to purchase the bagasse, upto March 31, 2012, is ₹ 60,000,000 (Previous year : ₹ 60,000,000).

## 42 SEGMENT REPORTING

The Group's operations constitutes a single business segment namely "Infrastructure Development" as per Accounting Standard (AS) - 17 "Segment Reporting". Further the Group's operations are within single geographical segment which is India.

### 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.

## 43 REMUNERATION TO AUDITORS

Remuneration to auditors of the subsidiaries and joint ventures not audited by any of the joint auditors of the Company is grouped with professional fees.

## 44 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

One SPV of the Group has the following unhedged exposure in foreign currency as at March 31, 2012.

Particulars	Currency	Foreign Currency	Indian Rupees
Buyers credit	EURO	1,491,450	101,241,073

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

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

**For S.R. Batliboi & Co.**  
Firm Registration No.: 301003E  
Chartered Accountants

**Abhijit Rajan**  
Chairman and  
Managing Director

**Himanshu Parikh**  
Vice Chairman

**Kishor Kumar Mohanty**  
Managing Director

**N. Jayendran**  
Partner  
Membership No : 40441

**per Hemal Shah**  
Partner  
Membership No: 42650

**Parag Parikh**  
Whole-time Director  
& CFO

**R. K. Malhotra**  
Whole-time Director

**C. C. Dayal**  
Director

**Sanjay Sachdev**  
Director

**Naresh Chandra**  
Director

**S. C. Tripathi**  
Director

**Homai A. Daruwalla**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 9, 2012

Place : Mumbai  
Date : May 9, 2012

# STANDALONE

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## AUDITORS' REPORT

To

The members of

**Gammon Infrastructure Projects Limited**

1. We have audited the attached Balance Sheet of Gammon Infrastructure Projects Limited ("the Company") as at March 31, 2012 and the related Statement of Profit and loss 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. 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 purposes of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - iii) The Balance Sheet, Statement of Profit and loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Statement of Profit and loss 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, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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 said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - (b) in the case of Statement of Profit and loss of the profit for the year ended on that date; and
    - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Natvarlal Vepari & Co.**

Firm Registration Number : 106971W

Chartered Accountants

For **S.R. Batliboi & Co.**

Firm Registration Number : 301003E

Chartered Accountants

**N Jayendran**

Partner

M.No. 40441

Mumbai, Dated : May 9, 2012

per **Hemal Shah**

Partner

M.No. 42650

Mumbai, Dated : May 9, 2012

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

Re: Gammon Infrastructure Projects Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part 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) The Company has granted loans to 9 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 2,610,468,770/-, and the year-end balance of loans granted to such parties was ₹ 2,597,468,770/-.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of the loans granted, repayment of the principal amount and interest is as stipulated.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has taken loan from three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 1,228,670,000/- and the year-end balance of loans taken from such parties was ₹ 1,064,945,291/-.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (g) The loans taken are re-payable on demand. As informed to us, the lenders have not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the Company. The payment of interest is as stipulated.
- (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. The activities of the Company do not involve sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess were outstanding, at the year end, 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.

## ANNEXURE TO THE AUDITORS' REPORT

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding dues in respect of debenture holders during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before 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) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (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 companies from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (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 funds amounting to ₹ 1,789,170,597/- raised on short term basis in the form of unsecured loans have been used for long-term investments.*
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) We have verified that the end use of money raised by public issue is as disclosed in Note 28 to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per 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.**  
Firm Registration Number : 106971W  
Chartered Accountants

For **S.R. Batliboi & Co.**  
Firm Registration Number : 301003E  
Chartered Accountants

**N Jayendran**  
Partner  
M.No. 40441  
Mumbai, Dated : May 9, 2012

per **Hemal Shah**  
Partner  
M.No. 42650  
Mumbai, Dated : May 9, 2012

## Balance Sheet as at March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	1,465,629,736	1,465,582,824
Reserves and surplus	4	4,693,833,345	4,363,401,069
		<b>6,159,463,081</b>	<b>5,828,983,893</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	-	-
Deferred tax liability, net	6	24,983,662	25,977,575
Trade payables		-	-
Other long-term liabilities	10	10,000,000	10,000,000
Long-term provisions	7	9,962,077	23,379,510
		<b>44,945,739</b>	<b>59,357,085</b>
<b>Current Liabilities</b>			
Short-term borrowings	8	1,764,945,291	736,200,000
Trade payables	9	26,226,221	15,777,165
Other current liabilities	10	139,300,833	1,083,662,418
Short-term provisions	7	125,468,067	47,969,468
		<b>2,055,940,412</b>	<b>1,883,609,051</b>
<b>TOTAL</b>		<b>8,260,349,232</b>	<b>7,771,950,029</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed assets			
Tangible assets	11	11,143,013	12,651,486
Intangible assets	12	140,202,365	158,535,364
Capital work-in-progress		-	-
Intangible assets under development		-	-
Non-current investments	13	4,770,171,763	4,365,924,143
Long-term loans and advances	14	3,072,062,275	2,698,995,193
Trade receivables		-	-
Other non-current assets		-	-
		<b>7,993,579,416</b>	<b>7,236,106,186</b>
<b>Current assets</b>			
Current investments		-	-
Inventories	16	1,790,791	2,799,382
Trade receivables	17	166,339,974	201,270,353
Cash and cash equivalents	18	39,004,490	268,961,831
Short term loans and advances	14	31,831,648	41,965,364
Other current assets	15	27,802,913	20,846,913
		<b>266,769,816</b>	<b>535,843,843</b>
<b>TOTAL</b>		<b>8,260,349,232</b>	<b>7,771,950,029</b>
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

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

**For Natvarlal Vepari and Co.**  
Firm Registration No.: 106971W  
Chartered Accountants

**For S.R. Batliboi & Co.**  
Firm Registration No.: 301003E  
Chartered Accountants

**Abhijit Rajan**  
Chairman and  
Managing Director

**Himanshu Parikh**  
Vice Chairman

**Kishor Kumar Mohanty**  
Managing Director

**N. Jayendran**  
Partner  
Membership No : 40441

**per Hemal Shah**  
Partner  
Membership No: 42650

**Parag Parikh**  
Whole-time Director  
& CFO

**R. K. Malhotra**  
Whole-time Director

**C. C. Dayal**  
Director

**Sanjay Sachdev**  
Director

**Naresh Chandra**  
Director

**S. C. Tripathi**  
Director

**Homai A. Daruwalla**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 9, 2012

Place : Mumbai  
Date : May 9, 2012

## Statement of Profit and Loss for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	Year Ended March 31, 2012	Year Ended March 31, 2011
<b>INCOME</b>			
Revenue from operations			
Revenue	19	580,390,205	512,040,941
Other operating income	20	449,500,000	348,000,000
		<b>1,029,890,205</b>	<b>860,040,941</b>
Other income	21	82,900,721	51,541,860
<b>TOTAL INCOME (I)</b>		<b>1,112,790,926</b>	<b>911,582,801</b>
<b>EXPENDITURE</b>			
Sub-contract expenses	22	31,553,385	25,239,128
Employee benefit expenses	23	171,711,651	102,606,108
Other expenses	24	265,496,425	206,137,128
<b>TOTAL EXPENDITURE (II)</b>		<b>468,761,461</b>	<b>333,982,364</b>
<b>Earnings before interest, tax, depreciation and amortisation (I) - (II)</b>		<b>644,029,465</b>	<b>577,600,437</b>
Depreciation and amortisation expenses	11 & 12	19,970,934	19,839,777
Finance costs	25	222,650,977	98,510,113
<b>PROFIT BEFORE TAX</b>		<b>401,407,554</b>	<b>459,250,547</b>
<b>Tax expenses</b>			
Current tax		73,000,000	102,000,000
Deferred tax		(993,913)	(51,838)
<b>Total tax expenses</b>		<b>72,006,087</b>	<b>101,948,162</b>
<b>PROFIT FOR THE YEAR FROM OPERATIONS</b>		<b>329,401,467</b>	<b>357,302,385</b>
<b>Earnings per equity share [nominal value of share ₹ 2/- (March 31, 2011: ₹ 2/-) ]</b>	26		
Basic		0.45	0.49
Diluted		0.45	0.49
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

**For Natvarlal Vepari and Co.**  
 Firm Registration No.: 106971W  
 Chartered Accountants

**N. Jayendran**  
 Partner  
 Membership No : 40441

**For S.R. Batliboi & Co.**  
 Firm Registration No.: 301003E  
 Chartered Accountants

**per Hemal Shah**  
 Partner  
 Membership No: 42650

**Abhijit Rajan**  
 Chairman and  
 Managing Director

**Parag Parikh**  
 Whole-time Director  
 & CFO

**Sanjay Sachdev**  
 Director

**Homai A. Daruwalla**  
 Director

**G. Sathis Chandran**  
 Company Secretary

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

**Himanshu Parikh**  
 Vice Chairman

**R. K. Malhotra**  
 Whole-time Director

**Naresh Chandra**  
 Director

**Kishor Kumar Mohanty**  
 Managing Director

**C. C. Dayal**  
 Director

**S. C. Tripathi**  
 Director

Place : Mumbai  
 Date : May 9, 2012

Place : Mumbai  
 Date : May 9, 2012

## Cash Flow Statement for the period ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

	Year ended March 31, 2012	Year ended March 31, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>NET PROFIT BEFORE TAX</b>	401,407,554	459,257,644
<b>Adjustments for:</b>		
Depreciation & amortisation	19,970,934	19,839,777
Dividend income	(1,262,374)	(1,808,309)
(Profit) / loss on sale of investments	54,550,000	(1,352,219)
Interest expense	221,135,144	95,382,018
Interest income	(68,619,151)	(38,982,045)
Employee stock options	(57,642)	(226,898)
Cash alternative settlement for ESOP scheme	3,537,253	11,436,424
Write back of provision towards advances given	(13,000,000)	-
Sundry balances written off	1,491,447	1,177,337
Provisions against current assets, loans & advances	12,279,061	73,180,081
Provision for gratuity and leave encashment	4,654,625	3,160,585
Loss on sale of assets	3,157,468	62,471
Provision for diminution in the value of investment	27,900,000	25,500,000
	265,736,765	187,369,222
<b>Operating profit before working capital changes</b>	<b>667,144,319</b>	<b>646,626,866</b>
<b>Movement in working capital:</b>		
(Increase) / Decrease in trade and other receivables	38,469,117	(87,075,624)
(Increase) / Decrease in inventories	1,008,591	1,140,840
Increase / (Decrease) in trade payables and other liabilities	21,164,674	4,491,861
	60,642,382	(81,442,923)
<b>Cash generated from the operations</b>	<b>727,786,701</b>	<b>565,183,943</b>
Direct taxes paid	(11,266,448)	(83,499,827)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>716,520,253</b>	<b>481,684,116</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of fixed assets	(3,319,930)	(1,918,278)
Proceeds from sale of fixed assets	33,000	182,000
<b>Investments:</b>		
Subscription towards share capital:		
Subsidiaries	(14,850,000)	(374,927,500)
Joint ventures	-	(1,053,820)
Proceeds from sale of investments:		
Subsidiaries	-	515,526,440
Joint ventures	50,450,000	5,920
Market investments	-	1,352,219
Deposit for acquisition of beneficial interest:		
Subsidiaries	-	(53,803,150)
Joint ventures	-	-
Purchase of other investments:		
Mutual fund units	(1,060,000,000)	(1,181,000,000)



## Cash Flow Statement for the period ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

	Year ended March 31, 2012	Year ended March 31, 2011
Sale of other investments:		
Mutual fund units	1,060,000,000	1,181,000,000
Payment towards share application money	(1,922,510,000)	(2,266,280,180)
Refund of share application money	3,279,816,440	818,894,470
Intercorporate deposits:		
Granted	(3,158,484,850)	(756,691,318)
Refunds received	913,817,367	31,305,351
Advances to subsidiaries and joint ventures	-	-
Advances to other companies	-	(1,545,011)
Interest received	61,103,649	16,484,049
Dividend received	1,262,374	1,808,309
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(792,681,950)</b>	<b>(2,070,660,499)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue/allotment of equity shares	300,002	66,072,757
Proceeds from borrowings	2,137,300,000	2,436,200,000
Repayment of borrowings	(2,108,554,709)	(700,000,000)
Interest paid	(176,312,347)	(58,288,782)
Share issue expenses	(6,528,590)	(39,000)
<b>Net cash from / (used in) financing activities</b>	<b>(153,795,644)</b>	<b>1,743,944,975</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(229,957,341)</b>	<b>154,968,592</b>
Closing balances *	39,004,490	268,961,831
Opening balances	268,961,831	113,993,239
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(229,957,341)</b>	<b>154,968,592</b>
Note: figures in brackets denote outflows.		
<b>Components of cash and cash equivalents</b>		
Cash on hand	877,518	79,240
Cheques on hand	500,000	28,104,528
<b>With banks:</b>		
On current account	32,123,983	239,279,804
On bank overdraft (debit balance)	5,502,989	1,498,259
	<b>39,004,490</b>	<b>268,961,831</b>
Refer note 2.1 For summary of significant accounting policies.		

As per our report of even date

**For Natvarlal Vepari and Co.**  
Firm Registration No.: 106971W  
Chartered Accountants

**N. Jayendran**  
Partner  
Membership No : 40441

**For S.R. Batliboi & Co.**  
Firm Registration No.: 301003E  
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 and  
Managing Director

**Parag Parikh**  
Whole-time Director  
& CFO

**Sanjay Sachdev**  
Director

**Homai A. Daruwalla**  
Director

**G. Sathis Chandran**  
Company Secretary

**Himanshu Parikh**  
Vice Chairman

**R. K. Malhotra**  
Whole-time Director

**Naresh Chandra**  
Director

**Kishor Kumar Mohanty**  
Managing Director

**C. C. Dayal**  
Director

**S. C. Tripathi**  
Director

Place : Mumbai  
Date : May 9, 2012

Place : Mumbai  
Date : May 9, 2012

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 1. CORPORATE INFORMATION

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.

### 2. 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 classification of assets and liabilities of the Company is done into current and non-current based on the criterion specified in the Revised Schedule VI notified under the Companies Act, 1956.

#### Basis of Presentation

Till the year ended March 31, 2011, the Company was preparing the financial statements as per the pre-revised Schedule VI to the Companies Act, 1956. During the year ended March 31, 2012, the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified the published previous year figures to conform to the norms of the Revised Schedule VI. The adoption of the Revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for the change in accounting policy explained in note 2.1 a.

#### 2.1 Summary of significant accounting policies

##### a. Change in accounting policy

###### Dividend on investment in subsidiary companies

Till the year ended March 31, 2011, the Company, in accordance with the pre-revised Schedule VI, recognised dividend declared by subsidiary companies after the reporting date in the year's statement of profit and loss if such dividend pertained to the period ending on or before the reporting date. The Revised Schedule VI, applicable for financial years commencing on or after April 1, 2011, does not contain this requirement. Hence, to comply with AS 9 Revenue Recognition, the Company has changed its accounting policy for recognition of dividend income from subsidiary companies. In accordance with the revised policy, the Company recognizes dividend as income only when the right to receive the same is established by the reporting date.

The change in policy did not have any impact on the financial statements for the year ended March 31, 2011 or 2012.

###### Method of inventory valuation

During the year, the Company has changed the method of valuation of inventory from 'FIFO' to Weighted average method. Due to this change the profit for the year has been lower by ₹ 5,339.

##### b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, 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, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

##### c. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

###### Operation and maintenance income:

Revenue on Operation and Maintenance contracts are recognised over the period of the contract as per the terms of the contract.

###### Developer fees:

Revenue on Developer Fees is recognised on an accrual basis.

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 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.

### 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 Fixed Assets is provided on the Straight Line Method ('SLM') using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV of the Companies Act, 1956. Depreciation on assets purchased /installed during the year 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.

### e. 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 recognised 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.

The test for impairment is done on an annual basis on the intangible asset, irrespective of the indicators for impairment.

### f. Investments

Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made, 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.

### g. Inventories

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

### h. Provision for taxation

Tax expense comprises of current and deferred tax. Current income 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities related to the taxes on income levied by same governing taxation laws. 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.

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### i. 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 recognised as an expense in the statement of Profit and Loss on a straight line basis over the lease term.

### j. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit or loss 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.

### k. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company 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 disclosed in financial statements.

### l. Share issue expenses

Share issue expenses (net of tax benefits) are charged to the securities premium account, if available, or to the Statement of Profit and Loss.

### m. Employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme and contributions are charged to the Statement of Profit and Loss 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.

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefit. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation on projected unit credit method made at the end of each financial year.

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

### n. 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.

### o. 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.

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### p. Cash and cash equivalents

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

### q. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

## 3. SHARE CAPITAL

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
<b>a) Authorised shares:</b>				
1,000,000,000 (previous year: 1,000,000,000) Equity shares of ₹ 2/- each		2,000,000,000		2,000,000,000
<b>TOTAL</b>		<b>2,000,000,000</b>		<b>2,000,000,000</b>
<b>b) Issued and subscribed shares:</b>				
729,573,868 (previous year: 729,550,412) Equity Shares of ₹ 2/- each		1,459,147,736		1,459,100,824
<b>TOTAL</b>		<b>1,459,147,736</b>		<b>1,459,100,824</b>
<b>c) Paid-up shares:</b>				
728,763,618 (previous year: 728,740,162) Equity Shares of ₹ 2/- each		1,457,527,236		1,457,480,324
<b>TOTAL</b>		<b>1,457,527,236</b>		<b>1,457,480,324</b>
<b>d) Shares forfeited:</b>				
Amount received in respect of 162,050 (previous year: 162,050) equity shares of ₹ 10/- each forfeited		8,102,500		8,102,500
<b>TOTAL</b>		<b>8,102,500</b>		<b>8,102,500</b>
<b>TOTAL PAID-UP SHARE CAPITAL (C + D)</b>		<b>1,465,629,736</b>		<b>1,465,582,824</b>

### a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
<b>Equity share of ₹ 2/- each fully paid-up</b>				
Balance, beginning of the year	728,740,162	1,457,480,324	724,439,750	1,448,879,500
Issued during the year on exercise of Employee stock options ('ESOP')	23,456	46,912	4,300,412	8,600,824
Balance, end of the year	<b>728,763,618</b>	<b>1,457,527,236</b>	<b>728,740,162</b>	<b>1,457,480,324</b>

### b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Shares held by holding / ultimate holding company and /or their subsidiaries / associates

Out of equity shares issued by the Company, shares held by its holding / ultimate holding Company and /or their subsidiaries / associates are as follows:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
<b>Equity shares of ₹ 2/- each fully paid up</b>				
Gammon India Limited, Holding Company	528,000,000	1,056,000,000	528,000,000	1,056,000,000
Gactel Turnkey Projects Limited, Subsidiary of holding company.	22,400,000	44,800,000	22,400,000	44,800,000
	<b>550,400,000</b>	<b>1,100,800,000</b>	<b>550,400,000</b>	<b>1,100,800,000</b>

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### d) Details of shareholders holding more than 5% shares in the Company

Shareholders holding more than 5% shares in the Company	As at March 31, 2012		As at March 31, 2011	
	Number	% of holding	Number	% of holding
<b>Equity shares of ₹ 2/- each fully paid up</b>				
Gammon India Limited, Holding Company	528,000,000	72.45%	528,000,000	72.45%
	<b>528,000,000</b>	<b>72.45%</b>	<b>528,000,000</b>	<b>72.45%</b>

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownerships of the shares.

### e) Shares reserved under options to be given.

3,395,420 (previous year: 4,834,590) equity shares have been reserved for issue as ESOP. For further details Refer Note 4.1.

## 4. RESERVES AND SURPLUS:

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Securities premium account:</b>		
Balance, beginning of the year	3,508,177,883	3,425,969,045
Add: Security premium on issue of shares on exercise of Employee Stock Options	1,265,241	82,247,838
Less: Share issue expenses on issue of ESOP's	-	39,000
	<b>3,509,443,124</b>	<b>3,508,177,883</b>
<b>Employee stock options outstanding:</b>		
Balance, beginning of the year	9,676,544	50,221,500
Less: Employee stock options exercised	176,790	29,968,800
Less: Employee stock options forfeited	3,148,505	10,576,156
	6,351,249	9,676,544
Add: Short accounting of ESOP's in prior year	273,000	-
Less: Deferred employee compensation outstanding	46,247	468,610
	<b>6,578,002</b>	<b>9,207,934</b>
<b>Other reserves:</b>		
General reserve*		
Balance, beginning of the year	-	-
Add: reversal of provision for employee stock options outstanding on lapse of options	2,395,500	-
	<b>2,395,500</b>	<b>-</b>
<b>Surplus in the statement of profit and loss:</b>		
Balance as per the last financial statements	846,015,252	488,712,867
Add: Profit for the year	329,401,467	357,302,385
<b>Net surplus in the statement of profit and loss</b>	<b>1,175,416,719</b>	<b>846,015,252</b>
<b>TOTAL RESERVES AND SURPLUS</b>	<b>4,693,833,345</b>	<b>4,363,401,069</b>

\* The amount represents compensation cost in respect of options forfeited / lapsed.

### 4.1 Employees Stock Options Scheme ('ESOP')

The Company has instituted an ESOP Scheme "GIPL ESOP 2007" 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 equity-settled 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 ₹ 10 each of the Company at an exercise price of ₹ 80 per share. During the year 2008-09, the Compensation Committee of the Board of the Directors of the Company at its meeting held on October 1, 2008, has further granted 920,000 equity-settled options to eligible employees of the Company at the market price of ₹ 63.95 per equity share of ₹ 10 each, prevailing on September 30, 2008 upon expiry of the respective

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

vesting period which ranges from one to three years. During the current year, 229,500 (Previous year 150,000) options were forfeited / lapsed. Out of the options granted, 485,750 (Previous year 715,250) are outstanding at the end of the year.

During the year 2008-09, the Compensation Committee of the Board of the Directors of the Company at its meeting held on October 1, 2008, instituted a new ESOP Scheme "GIPL ESOP 2008" scheme as per which the Company has further granted 490,000 equity-settled options to eligible employees of the Company at the market price of ₹ 63.95 per equity share of ₹ 10 each, prevailing on September 30, 2008 upon expiry of the respective vesting period which ranges from one to three years. During the current year, 33,334 (Previous year 25,000) options were forfeited / lapsed. Out of the options granted, 93,334 (Previous year 126,668) are outstanding at the end of the year.

Further, during the year 2009-10, the Compensation Committee of the Board of the Directors of the Company at its meeting held on May 8, 2009 has further granted 210,000 equity-settled options to eligible employees of the Company at the market price of ₹ 72.10 per equity share of ₹ 10 each, prevailing on that date upon expiry of the vesting period of three years. During the current year, 20,308 (Previous year 68,000) options were forfeited / lapsed while 4,692 (previous year: 17,000) options were exercised by the employees. Out of the options granted, 100,000 (Previous year 125,000) are outstanding at the end of the year.

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

### ESOP Scheme 2007:

	2011-12			2010-11		
Fair value (as on grant date) of equity shares (Rupees)	99.00	124.00	63.95	99.00	124.00	63.95
Market price (as on grant date) of equity shares granted during the year (Rupees)	N.A.	N.A.	63.95	N.A.	N.A.	63.95
Exercise price of options granted during the year (Rupees)	80.00	80.00	63.95	80.00	80.00	63.95
Grant dates	Jul 1, 2007	Oct 1, 2007	Oct 1, 2008	Jul 1, 2007	Oct 1, 2007	Oct 1, 2008
Vesting from	Jul 1, 2008	Oct 1, 2008	Oct 1, 2009	Jul 1, 2008	Oct 1, 2008	Oct 1, 2009
Options outstanding at the beginning of the year	420,250	25,000	270,000	1,260,000	25,000	270,000
Options granted during the year	-	-	-	-	-	-
Options lapsed during the year	114,500	5,000	90,000	150,000	-	-
Options forfeited during the year	-	20,000	-	-	-	-
Options exercised during the year	-	-	-	689,750	-	-
<b>Options granted and outstanding at the end of the year</b>	<b>305,750</b>	<b>-</b>	<b>180,000</b>	<b>420,250</b>	<b>25,000</b>	<b>270,000</b>

### ESOP Scheme 2008:

	2011-12			2010-11		
Market price (as on grant date) of equity shares granted during the year (rupees)	63.95	43.45	72.1	63.95	43.45	72.1
Exercise price of options granted during the year (rupees)	63.95	10	63.95	63.95	10	63.95
Grant dates	Oct 1, 2008	Dec 5, 2008	May 8, 2009	Oct 1, 2008	Dec 5, 2008	May 8, 2009
Vesting from	Oct 1, 2009	Dec 5, 2009	Oct 1, 2010	Oct 1, 2009	Dec 5, 2009	Oct 1, 2010
Options outstanding at the beginning of the year	126,668	-	125,000	305,000	-	210,000
Options granted during the year	-	-	-	-	-	-
Options lapsed during the year	16,667	-	20,308	25,000	-	68,000
Options forfeited during the year	16,667	-	-	-	-	-
Options exercised during the year	-	-	4,692	153,332	-	17,000
<b>Options granted and outstanding at the end of the year</b>	<b>93,334</b>	<b>-</b>	<b>100,000</b>	<b>126,668</b>	<b>-</b>	<b>125,000</b>

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	ESOP Scheme 2007	ESOP Scheme 2008	ESOP Scheme 2008	ESOP Scheme 2008
Options (numbers)	270,000	490,000	500,000	210,000
Weighted average fair value of options granted during the year	40.46	40.46	39.40	36.12
Option pricing model used	Black Scholes Option Pricing Model	Black Scholes Option Pricing Model	Black Scholes Option Pricing Model	Black Scholes Option Pricing Model
Equity share price	74.30	74.30	47.90	70.85
Exercise price	63.95	63.95	10	63.95
Expected volatility	0.5169	0.5169	0.6533	0.7508
Weighted average on unexpired life of the options (in years)	2.51	2.51	1.68	0.76
Expected dividend	Nil	Nil	Nil	Nil
Risk free interest rate	8.61%	8.61%	6.81%	5.03%
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	Average of GIPL(from the date of listing) and 2 previous yrs average of GVK & GMR

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, 2011 as reported would have changed to amounts indicated below:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Net Income as reported	329,401,467	357,302,385
Add: Stock based compensation expense included in the reported income	(57,642)	(226,898)
Less: Stock based compensation expenses determined using fair value of options	7,760,545	9,787,067
<b>NET PROFIT (ADJUSTED)</b>	<b>321,583,280</b>	<b>347,288,420</b>
Basic earnings per share as reported	0.45	0.49
Basic earnings per share (adjusted)	0.44	0.48
Diluted earnings per share as reported	0.45	0.49
Diluted earnings per share (adjusted)	0.44	0.48
Weighted average number of equity shares at the end of the year	728,755,992	727,527,130
Weighted average number of shares considered for diluted earnings per share (adjusted)	729,105,907	728,045,403



## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 5. LONG TERM BORROWINGS:

Particulars	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Term loans</b>				
Indian rupee loans from L&T Infrastructure Finance Company Ltd (unsecured) (disclosed as other current liabilities -See Note 10)	-	-	-	1,000,000,000
	-	-	-	(1,000,000,000)
	-	-	-	-

The last applicable interest rate on term loan was 12% and the entire loan amount was repayable in a single instalment due on February 28, 2012.

### 6. DEFERRED TAX LIABILITY:

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

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred tax liability on account of:		
- Depreciation	31,190,189	33,816,132
Deferred tax asset on account of:		
- Employee benefits	6,206,527	7,838,557
<b>Deferred tax liability, net</b>	<b>24,983,662</b>	<b>25,977,575</b>

### 7. PROVISIONS:

Particulars	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Provision for employee benefits:</b>				
- Cash compensatory scheme (refer note 7.1 & 7.2)	-	16,804,235	19,506,127	-
- Leave encashment	7,524,383	5,036,253	1,330,559	185,251
- Gratuity	2,437,694	1,539,022	155,427	32,912
	<b>9,962,077</b>	<b>23,379,510</b>	<b>20,992,113</b>	<b>218,163</b>
<b>Provision for taxation, net of advance tax</b>	-	-	104,475,954	47,751,305
	-	-	<b>104,475,954</b>	<b>47,751,305</b>
<b>TOTAL PROVISIONS</b>	<b>9,962,077</b>	<b>23,379,510</b>	<b>125,468,067</b>	<b>47,969,468</b>

#### 7.1 Employees 'ESOP' compensation cost:

During the previous years, 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. During the year, a provision of ₹ 3,895,902 (Previous year ₹ 11,436,424) has been made for Cash Compensation in accordance with the Guidance Note on Accounting of Employees Share Based Payments issued by the Institute of Chartered Accountant of India.

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 7.2 Movement in cash compensatory scheme balance:

Particulars	March 31, 2012	March 31, 2011
Balance, beginning of the year	16,804,235	17,038,466
Add: Charge for the year	3,537,253	11,436,424
Less: Adjustments in reserves	835,361	11,670,655
<b>Balance, end of the year</b>	<b>19,506,127</b>	<b>16,804,235</b>

### 7.3 Gratuity

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service. The Companies gratuity liability is unfunded.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet.

Net employees benefit expense (recognised in Employee benefit cost)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Current service cost	554,063	496,878
Interest cost	129,684	96,745
Actuarial (Gain)/Loss	337,441	715,877
<b>TOTAL</b>	<b>1,021,188</b>	<b>1,309,500</b>

Particulars	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Actuarial (Gain)/Loss	337,441	715,877	(186,559)	(2,013)	813,892
Experience adjustment	493,895	767,540	(186,559)	(2,013)	813,892
Changes in actuarial assumptions	(156,454)	(51,663)	-	-	-

The provision for gratuity as at March 31, 2012 is ₹ 2,593,121 (Previous year: ₹ 1,571,933).

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Defined benefit obligation as at March 31, 2011	1,571,933	1,162,433
Current Service Cost	554,063	496,878
Interest Cost	129,684	96,745
Actuarial (Gain)/Loss	337,441	715,877
Less: Benefit Paid	-	(900,000)
<b>Defined Benefit Obligation as at March 31, 2012</b>	<b>2,593,121</b>	<b>1,571,933</b>

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

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Discount rate	8.75%	8.25%
Expected rate of return on plan assets	Not applicable	Not applicable
Attrition rate	2.00%	2.00%
Retirement age	60 years	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.

### 8. SHORT TERM BORROWINGS:

Particulars	At at March 31, 2012	As at March 31, 2011
Inter-corporate deposits (unsecured and repayable on demand)		
12.00% Inter-corporate deposit from holding company	736,200,000	736,200,000
9.50% Inter-corporate deposit from subsidiary companies	328,745,291	-
11.90% Short term loan from bank (unsecured and repayable entirely After 180 days from the date of drawdown i.E february 25, 2012)	700,000,000	-
<b>TOTAL SHORT TERM BORROWINGS</b>	<b>1,764,945,291</b>	<b>736,200,000</b>

### 9. TRADE PAYABLES

Particulars	At at March 31, 2012	As at March 31, 2011
Trade payables - Micro, small and medium enterprises	-	-
Trade payables - Others	26,226,221	15,777,165
<b>TOTAL TRADE PAYABLES</b>	<b>26,226,221</b>	<b>15,777,165</b>

#### 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.

### 10. OTHER LIABILITIES:

Particulars	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
(a) Current maturities of long-term borrowings (note 5)	-	-	-	1,000,000,000
(b) Interest accrued payable	-	-	82,204,526	37,381,729
(c) Dues to holding Company	-	-	-	-
(d) Dues to related parties	-	-	13,181,599	7,577,420
(e) Advance received for sale of subsidiary's equity shares	-	-	26,520,000	26,520,000
(f) Deposit received towards Margin Money from Joint Venture Company	10,000,000	10,000,000	-	-
(g) Duties and taxes payable	-	-	16,359,431	10,744,023
(h) Other liabilities	-	-	1,035,277	1,439,246
<b>TOTAL OTHER CURRENT LIABILITIES:</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>139,300,833</b>	<b>1,083,662,418</b>

**Notes** to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION			NET BLOCK	
	As on April 1, 2011	Additions during the period	Deletions during the period	As on April 1, 2011	For the period	Deletions for the period	As on March 31, 2012	As on March 31, 2011
<b>TANGIBLE ASSETS:</b>								
Office Equipments	1,930,538	319,462	482,146	301,244	85,959	122,738	1,503,389	1,629,294
	(1,686,864)	(243,674)	-	(217,580)	(83,664)	-	(1,629,294)	(1,469,284)
Furniture & Fixtures	4,928,981	215,910	4,182,036	1,517,624	195,056	1,374,999	625,174	3,411,357
	(4,901,819)	(27,162)	-	(1,221,317)	(296,307)	-	(3,411,357)	(3,680,502)
Computers	3,409,550	918,006	32,750	1,581,783	584,412	8,727	2,137,338	1,827,767
	(2,755,280)	(654,270)	-	(1,057,717)	(524,066)	-	(1,827,767)	(1,697,563)
Motor Cars	6,367,789	1,859,896	-	1,842,268	694,221	-	5,691,196	4,525,521
	(5,773,616)	(993,172)	(398,999)	(1,421,780)	(575,016)	(154,528)	(4,525,521)	(4,351,836)
Earth Moving Machinery	120,797	-	-	37,543	13,700	-	69,554	83,254
	(120,797)	-	-	(23,881)	(13,662)	-	(83,254)	(96,916)
Plant and Machinery	1,350,580	6,656	-	176,287	64,587	-	1,116,362	1,174,293
	(1,350,580)	-	-	(112,134)	(64,153)	-	(1,174,293)	(1,238,446)
<b>TOTAL TANGIBLE ASSETS</b>	<b>18,108,235</b>	<b>3,319,930</b>	<b>4,696,932</b>	<b>5,456,749</b>	<b>1,637,935</b>	<b>1,506,464</b>	<b>11,143,013</b>	<b>12,651,486</b>
	(16,588,956)	(1,918,278)	(398,999)	(4,054,409)	(1,556,868)	(154,528)	(12,651,486)	(12,534,547)
<b>12. INTANGIBLE ASSETS</b>								
PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION			NET BLOCK	
	As on April 1, 2011	Additions during the period	Deletions during the period	As on April 1, 2011	For the period	Deletions for the period	As on March 31, 2012	As on March 31, 2011
<b>INTANGIBLE ASSET:</b>								
Purchase of O & M Rights	250,000,000	-	-	91,464,636	18,332,999	-	140,202,365	158,535,364
	(250,000,000)	-	-	(73,181,727)	(18,282,909)	-	(158,535,364)	(176,818,273)
<b>TOTAL TANGIBLE ASSETS</b>	<b>250,000,000</b>	<b>-</b>	<b>-</b>	<b>91,464,636</b>	<b>18,332,999</b>	<b>-</b>	<b>140,202,365</b>	<b>158,535,364</b>
	(250,000,000)	-	-	(73,181,727)	(18,282,909)	-	(158,535,364)	(176,818,273)

Note: Figures in brackets indicate previous year's numbers

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 13. NON-CURRENT INVESTMENTS

Particulars	Face Value Rupees	As at March 31, 2012		As at March 31, 2011	
		Nos.	Amount	Nos.	Amount
<b>Trade investments, in subsidiary companies:</b> (Valued at cost unless otherwise stated) (Fully paid-up unless otherwise stated) Ordinary Shares: (Unquoted)					
Andhra Expressway Limited	10	21,459,950	256,969,000	21,459,950	256,969,000
Cochin Bridge Infrastructure Company Limited	10	6,250,070	62,500,700	6,250,070	62,500,700
Gammon Logistics Limited (fully provided)	10	2,550,000	25,500,000	2,550,000	25,500,000
Gammon Projects Developers Limited	10	250,000	2,500,000	250,000	2,500,000
Gammon Renewable Energy Infrastructure Limited	10	50,000	500,000	50,000	500,000
Gammon Road Infrastructure Limited	10	50,000	500,000	50,000	500,000
Gammon Seaport Infrastructure Limited	10	50,000	500,000	50,000	500,000
Gorakhpur Infrastructure Company Limited	10	37,458,063	374,580,630	37,458,063	374,580,630
Haryana Biomass Power Limited (JV in previous year)	10	50,000	14,600,000	25,000	250,000
Jaguar Projects Developers Limited	10	50,000	500,000	50,000	500,000
Kosi Bridge Infrastructure Company Limited	10	35,737,169	357,371,690	35,737,169	357,371,690
Lilac Infra Projects Developers Limited	10	50,000	500,000	50,000	500,000
Marine Project Services Limited	10	50,000	500,000	50,000	500,000
Mumbai Nasik Expressway Limited	10	41,595,000	415,950,000	41,595,000	415,950,000
Pataliputra Highway Limited	100	15,000	1,033,850	15,000	1,033,850
Patna Buxar Highways Limited	10	50,000	500,000	-	-
Patna Highway Projects Limited	10	2,500,000	25,000,000	2,500,000	25,000,000
Pravara Renewable Energy Limited	10	17,400,000	174,000,000	7,000,000	70,000,000
Rajahmundry Expressway Limited	10	21,459,950	256,969,000	21,459,950	256,969,000
Rajahmundry Godavari Bridge Limited	10	89,578,750	895,787,500	54,116,106	541,161,060
Satluj Renewable Energy Private Limited	10	4,000	40,000	4,000	40,000
Sikkim Hydro Power Ventures Limited	10	3,173,900	31,739,000	3,173,900	31,739,000
Tada Infra Development Company Limited	10	50,000	500,000	50,000	500,000
Vizag Seaport Private Limited	10	64,313,847	698,080,277	64,313,847	698,080,277
Viyayawada Gundugolanu Road Project Pvt Limited	10	10,000	100,000	-	-
Youngthang Power Ventures Limited	10	14,450,000	144,500,000	9,610,000	96,100,000
			<b>3,741,221,647</b>		<b>3,219,245,207</b>
<b>Beneficial interest in equity shares:</b>					
Andhra Expressway Limited	10	7,540,050	126,651,866	7,540,050	126,651,866
Chitoor Infra Company Private Limited	10	10,000	100,000	10,000	100,000
Gorakhpur Infrastructure Company Limited	10	14,947,238	149,472,380	14,947,238	149,472,380
Kosi Bridge Infrastructure Company Limited	10	12,562,831	125,628,310	12,562,831	125,628,310
Rajahmundry Expressway Limited	10	7,540,050	119,575,780	7,540,050	119,575,780
Earthlink Infrastructure Projects Pvt Limited (formerly known as Satyavedu Infra Company Private Limited)	10	10,000	100,000	10,000	100,000
Segue Infrastructure Projects Pvt Limited (formerly known as Tada Sez Private Limited)	10	10,000	100,000	10,000	100,000
Tidong Hydro Power Limited	10	25,500	255,000	25,500	255,000
			<b>521,883,336</b>		<b>521,883,336</b>
<b>Trade investments in jointly controlled entities:</b> (Valued at cost unless otherwise stated) (Fully paid-up unless otherwise stated) Ordinary Shares: (Unquoted)					
Blue Water Iron Ore Terminal Private Limited	10	3,051,808	30,518,080	1,534,690	15,346,900
Indira Container Terminal Private Limited	10	24,375,840	243,758,400	24,375,840	243,758,400
Punjab Biomass Power Limited	1	-	-	75,000,000	105,000,000
SEZ Adityapur Limited	10	19,000	190,000	19,000	190,000
			<b>274,466,480</b>		<b>364,295,300</b>

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Face Value	As at March 31, 2012		As at March 31, 2011	
	Rupees	Nos.	Amount	Nos.	Amount
Beneficial interest in equity shares:					
Indira Container Terminal Private Limited	10	26,407,160	264,071,600	26,407,160	264,071,600
			<b>264,071,600</b>		<b>264,071,600</b>
<b>Trade investments in associates:</b>					
(Valued at cost unless otherwise stated)					
(Fully paid-up unless otherwise stated)					
Ordinary shares: (Unquoted)					
ATSL Infrastructure Projects Limited	10	24,450	244,500	24,450	244,500
Eversun Sparkle Maritimes Services Private Limited	10	2,143,950	21,439,500	2,143,950	21,439,500
Modern Toll Roads Limited	10	24,470	244,700	24,470	244,700
			<b>21,928,700</b>		<b>21,928,700</b>
Less: Provision for diminution in value of Investment in					
Gammon Logistics Limited			25,500,000		25,500,000
Eversun Sparkle Maritimes Services Private Limited			13,300,000		-
Haryana Biomass Power Limited			14,600,000		-
			<b>53,400,000</b>		<b>25,500,000</b>
			<b>4,770,171,763</b>		<b>4,365,924,143</b>
Aggregate book value of unquoted investments			<b>4,770,171,763</b>		<b>4,365,924,143</b>

### 13.1 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 for facilities taken by GIPL or respective Companies as indicated below:

Particulars	Face Value Rupees	No. of Equity shares pledged as at	
		March 31, 2012	March 31, 2011
Andhra Expressway Limited *	10/-	13,171,442	12,919,897
Cochin Bridge Infrastructure Company Limited	10/-	1,664,019	1,664,019
Rajahmundry Expressway Limited *	10/-	14,744,579	14,744,579
Mumbai Nasik Expressway Limited	10/-	16,120,000	16,120,000
Gorakhpur Infrastructure Company Limited	10/-	37,279,629	9,593,233
Kosi Bridge Infrastructure Company Limited	10/-	20,767,040	12,558,000
Vizag Seaport Private Limited *	10/-	61,515,633	20,589,729
Pataliputra Highway Limited	100/-	7,350	-
Patna Highway Projects Limited	10/-	750,000	750,000
Rajahmundry Godavari Bridge Limited	10/-	89,573,750	54,116,100
Indira Container Terminal Private Limited * #	10/-	20,000,000	-

# These pledge are unconfirmed by the bank.

\* In these cases the facility is taken by GIPL.

The change in the balances between March 31, 2011 and March 31, 2012 represent additional pledge during the year ended March 31, 2012.

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 14. LOANS AND ADVANCES

Particulars	Non-Current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Security deposit</b>				
Unsecured, considered good				
- Bid security deposit	-	-	2,250,000	2,250,000
- Accomodation	500,000	500,000	-	-
- O & M contract deposit	2,814,802	2,761,933	-	-
- Others	61,693	3,000	-	-
<b>(A)</b>	<b>3,376,495</b>	<b>3,264,933</b>	<b>2,250,000</b>	<b>2,250,000</b>
<b>Intercorporate deposits paid</b>				
Related parties (refer note 14.1)				
- Unsecured, considered good	3,041,578,450	783,910,967	-	-
- Unsecured, considered doubtful	36,145,000	49,145,000	-	-
Others				
- Unsecured, considered doubtful	3,892,000	3,892,000	-	-
	<b>3,081,615,450</b>	<b>836,947,967</b>	-	-
Less: provision for doubtful icd's	40,037,000	53,037,000	-	-
<b>(B)</b>	<b>3,041,578,450</b>	<b>783,910,967</b>	-	-
<b>Advance recoverable in cash or in kind</b>				
Related party:				
Unsecured, considered good				
Dues from parent company:	-	-	1,384,867	-
Dues from subsidiary companies:	-	-	1,828,204	5,516,314
Dues from joint ventures:	-	-	4,643,347	14,476,726
Dues from associates:	-	-	48,271	73,322
Unsecured, considered doubtful				
Dues from subsidiary companies:	-	-	12,279,061	-
Others:				
Considered good	-	199,000	2,171,573	3,608,543
Considered doubtful	-	-	1,891,408	1,891,408
	-	<b>199,000</b>	<b>24,246,731</b>	<b>25,566,313</b>
Less: provision for doubtful advance recoverable in cash or in kind	-	-	14,170,469	1,891,408
<b>(C)</b>	<b>-</b>	<b>199,000</b>	<b>10,076,262</b>	<b>23,674,905</b>
<b>Other loans and advances</b>				
Advance income tax (net of provision for taxation)	14,112,530	19,121,433	-	-
Prepaid expenses	-	-	12,079,359	8,064,178
Service tax credit receivable / vat deposited	-	-	897,437	991,281
Others	-	-	6,528,590	6,985,000
<b>(D)</b>	<b>14,112,530</b>	<b>19,121,433</b>	<b>19,505,386</b>	<b>16,040,459</b>
<b>Advance towards equity commitment</b>				
Related parties (refer note 14.2)	12,994,800	1,892,498,860	-	-
<b>(E)</b>	<b>12,994,800</b>	<b>1,892,498,860</b>	-	-
<b>TOTAL LOANS AND ADVANCES (A + B + C + D + E)</b>	<b>3,072,062,275</b>	<b>2,698,995,193</b>	<b>31,831,648</b>	<b>41,965,364</b>
<b>TOTAL OF LOANS AND ADVANCES WITH RELATED PARTIES</b>	<b>3,054,573,250</b>	<b>2,676,409,827</b>	<b>6,471,551</b>	<b>19,993,040</b>

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 14.1 The break-up of Intercompany Loans granted by the Company to related parties is as under:

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Interest bearing considered good</b>		
Cochin Bridge Infrastructure Company Limited	27,500,000	5,300,000
Gammon Projects Developers Limited	970,000	970,000
Gammon Renewable Energy Infrastructure Limited	462,000	462,000
Gammon Road Infrastructure Limited	73,325,000	-
Indira Container Terminal Private Limited	10,200,000	-
Pataliputra Highway Limited	35,400,000	634,859,649
Pravara Renewable Energy Infrastructure Limited	65,040,000	450,000
Punjab Biomass Power Limited	-	141,669,318
Youngthang Power Ventures Limited	506,304,150	200,000
Aparna Infraenergy India Private Limited	27,885,000	-
Ghaggar Renewable Energy Private Limited	11,710,000	-
Gorakhpur Infrastructure Company Limited	639,200,000	-
Kosi Bridge Infrastructure Company Limited	46,000,000	-
Mumbai Nasik Expressway Limited	593,620,000	-
Patna Buxar Highways Limited	64,866,500	-
Patna Highway Projects Limited	445,250,000	-
Sikkim Hydro Power Ventures Limited	141,248,120	-
Sutluj Renewable Energy Private Limited	2,590,000	-
Tidong Hydro Power Limited	11,330,000	-
<b>TOTAL (A)</b>	<b>2,702,900,770</b>	<b>783,910,967</b>
<b>Interest free considered good</b>		
Gammon Renewable Energy Infrastructure Limited	50,658,000	-
Pataliputra Highway Limited	132,100,000	-
Pravara Renewable Energy Infrastructure Limited	53,508,680	-
Youngthang Power Ventures Limited	48,235,000	-
Gammon Projects Developers Limited	5,076,000	-
Ghaggar Renewable Energy Private Limited	-	-
Sikkim Hydro Power Ventures Limited	49,100,000	-
<b>TOTAL (B)</b>	<b>338,677,680</b>	<b>-</b>
<b>TOTAL (A + B)</b>	<b>3,041,578,450</b>	<b>-</b>
<b>Interest free considered doubtful</b>		
Gammon Logistics Limited	36,145,000	49,145,000
<b>TOTAL</b>	<b>36,145,000</b>	<b>49,145,000</b>



## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 14.2 The break-up of advance towards equity commitment made by the Company to related parties is as under :

Company Name	As at March 31, 2012	As at March 31, 2011
Mumbai Nasik Expressway Limited	-	447,620,000
Patna Highway Projects Limited	-	445,250,000
Gorakhpur Infrastructure Company Limited	-	319,900,000
Rajahmundry Godavari Bridge Limited	-	260,500,000
Kosi Bridge Infrastructure Company Limited	-	110,300,000
Pravara Renewable Energy Limited	-	105,708,680
Youngthang Powevr Ventures Limited	-	63,035,000
Gammon Renewable Energy Infra Limited	-	50,648,000
Sikkim Hydro Power Ventures Limited	-	49,100,000
Modern Toll Roads Limited	12,994,800	12,994,800
Vizag Seaport Private Limited	-	10,245,200
Blue Water Iron Ore Terminal Private Limited	-	7,771,180
Gammon Projects Developers Limited	-	5,076,000
Punjab Biomass Power Limited	-	3,750,000
Patliputra Highway Limited	-	600,000
<b>TOTAL</b>	<b>12,994,800</b>	<b>1,892,498,860</b>

### 15. OTHER CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
Interest accrued receivable		
From related parties, considered good (refer note 15.1)	27,769,408	13,328,702
From others, considered good	-	6,925,204
From others, considered doubtful	692,183	692,183
	<b>28,461,591</b>	<b>20,946,089</b>
Less: provision for doubtful interest accrued receivable	692,183	692,183
Balances in escrow bank accounts - ipo proceeds	33,505	593,007
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>27,802,913</b>	<b>20,846,913</b>

### 15.1 Break-up of interest accrued receivable from related parties is as follows:

Company Name	As at March 31, 2012	As at March 31, 2011
Cochin Bridge Infrastructure Company Limited	1,746,501	-
Gammon Projects Developers Limited	104,760	-
Ghaggar Renewable Energy Private Limited	389,956	-
Gorakhpur Infrastructure Company Limited	9,855,986	-
Indira Container Terminal Private Limited	37,448	37,448
Kosi Bridge Infrastructure Company Limited	105,934	-
Mumbai Nasik Expressway Limited	150,351	-
Patna Buxar Highways Limited	93,106	-
Patna Highway Projects Limited	1,933,028	-
Pravara Renewable Energy Limited	2,546,537	-
Punjab Biomass Power Limited	-	13,291,254
Sikkim Hydro Power Ventures Limited	2,651,638	-
Tidong Hydro Power Limited	162,850	-
Youngthang Power Ventures Limited	7,991,313	-
<b>TOTAL</b>	<b>27,769,408</b>	<b>13,328,702</b>

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 16. INVENTORIES

Particulars	As at March 31, 2012	As at March 31, 2011
Stores and materials at site (at lower of cost computed at weighted average rate and net realisable value)	1,790,791	2,799,382
<b>TOTAL INVENTORIES</b>	<b>1,790,791</b>	<b>2,799,382</b>

### 17. TRADE RECEIVABLES

Unsecured, considered good unless stated otherwise

Particulars	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Outstanding for a period exceeding six months from the date they are due for payment	-	-	8,275,398	8,275,398
Other receivables	-	-	158,064,576	192,994,955
<b>TOTAL TRADE RECEIVABLES</b>			<b>166,339,974</b>	<b>201,270,353</b>

(Entire receivables are from related parties.)

### 18. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2012	As at March 31, 2011
Balances with Scheduled Banks :		
In current accounts	32,123,983	239,279,804
In bank o/d account - debit balance	5,502,989	1,498,259
Cash on hand	877,518	79,240
Cheques on hand	500,000	28,104,528
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>39,004,490</b>	<b>268,961,831</b>

### 19. REVENUE FROM OPERATIONS:

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Developer's fees	246,237,536	246,237,534
Operating & maintenance income	334,152,669	265,803,407
<b>TOTAL REVENUE FROM OPERATIONS</b>	<b>580,390,205</b>	<b>512,040,941</b>

### 20. OTHER OPERATING INCOME:

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Dividend from subsidiary companies	449,500,000	348,000,000
<b>TOTAL OTHER OPERATING INCOME</b>	<b>449,500,000</b>	<b>348,000,000</b>

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 21. OTHER INCOME

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest income:		
On intercorporate deposits placed	68,560,915	38,447,059
On loans given to staff	58,236	534,986
Others	-	9,399,287
Dividend income (comprises entirely dividend from current, non-trade investments)	1,262,374	1,808,309
Other income:		
Profit on sale of investments	-	1,352,219
Write back of provision for advances	13,000,000	-
Miscellaneous income	19,196	-
<b>TOTAL OTHER INCOME</b>	<b>82,900,721</b>	<b>51,541,860</b>

### 22. SUB-CONTRACT EXPENSES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening stock of materials	2,799,382	3,940,222
Sub contract expenses	30,544,794	24,098,288
	<b>33,344,176</b>	<b>28,038,510</b>
Less: closing stock of materials	1,790,791	2,799,382
<b>TOTAL SUB-CONTRACT EXPENSES</b>	<b>31,553,385</b>	<b>25,239,128</b>

### 23. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries, wages and bonus	111,778,787	62,950,363
Directors remuneration including contribution to provident fund	40,249,330	18,078,124
Contributions to provident fund	4,103,415	2,599,988
Provision for leave encashment	3,633,437	1,851,085
Provision for gratuity	1,021,188	1,309,500
Staff welfare expenses	7,445,883	4,607,522
Cash alternative settlement of ESOP scheme (refer note 7.1)	3,537,253	11,436,424
Employees 'ESOP' compensation cost	(57,642)	(226,898)
<b>TOTAL EMPLOYEE BENEFITS EXPENSES</b>	<b>171,711,651</b>	<b>102,606,108</b>

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 24. OTHER EXPENSES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Professional, consultancy and legal fees	51,654,504	31,561,716
Tender document expenses	25,302,705	20,040,710
Guarantee bond commission	19,602,988	10,698,807
Travelling expenses	7,668,728	7,254,598
Rent	4,522,000	1,200,000
Payment to auditors (refer details below)	4,213,367	4,196,602
Fuel charges	3,899,383	1,817,691
Membership & subscriptions	3,467,077	580,600
Loss on sale of fixed assets	3,157,468	62,471
Annual report expenses	3,119,476	2,483,289
Hire charges	3,259,142	2,406,507
Motor car expenses	2,039,623	921,350
Project electricity expenses	10,368,836	5,705,151
Security charges	1,684,052	1,540,569
Printing & stationery	1,523,635	936,053
Sundry balances written off	1,491,447	17,559,490
Telephone expenses	1,137,835	958,665
Directors' sitting fees and commission	2,300,000	2,184,444
Computer expenses	670,140	465,541
Office upkeep expenses	669,925	311,610
Bank charges	539,095	109,386
Franking, stamping and notarisation expenses	98,153	194,439
Insurance charges	5,208,738	5,011,457
Wealth tax	-	7,097
Service tax input credit written off	6,066,283	1,177,337
Miscellaneous expenses	7,102,764	5,630,957
Provisions against current assets, loans & advances	12,279,061	55,620,591
Loss on divestment of investment in joint venture company	54,550,000	-
Provision for diminution in the value of investment	27,900,000	25,500,000
<b>TOTAL OTHER EXPENSES</b>	<b>265,496,425</b>	<b>206,137,128</b>
<b>Payment to auditors</b>		
As auditor:		
Audit fee including limited review fee	3,200,000	3,341,586
Tax audit fee	100,000	50,000
In other capacity:		
Certifications & other services	791,000	710,000
Reimbursement of expenses	122,367	95,016
<b>Total payments to auditors</b>	<b>4,213,367</b>	<b>4,196,602</b>

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 25. FINANCE COSTS

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest paid on:		
Intercompany loans:		
To holding company: gammon india limited	88,344,000	40,561,610
To subsidiaries	21,186,208	22,312,190
To others	111,004,936	31,908,218
Interest on margin money deposit	600,000	600,000
Up-front fees	-	2,500,000
Other finance costs	1,515,833	628,095
<b>TOTAL FINANCE COSTS</b>	<b>222,650,977</b>	<b>98,510,113</b>

### 26. EARNINGS PER SHARE ('EPS')

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	March 31, 2012	March 31, 2011
Net profit as per Statement of Profit and Loss	329,401,467	357,302,385
Outstanding equity shares at year end	728,763,618	728,740,162
Weighted average number of shares outstanding during the year – Basic	728,755,992	727,527,130
Weighted average number of shares outstanding during the year - Diluted	729,105,907	728,045,403
Earnings per share - Basic (Rs.)	0.45	0.49
Earnings per share - diluted(Rs.)	0.45	0.49

Although there are some dilutive factors, basic and diluted EPS appear to be same because of rounding off.

Reconciliation of weighted number of outstanding during the year

Particulars	March 31, 2012	March 31, 2011
Nominal value of equity shares (Rs. per share)	2	2
<b>For Basic EPS:</b>		
Total number of equity shares outstanding at the beginning of the year	728,740,162	724,439,750
Add: Issue of Equity Shares against options granted to employees	23,456	4,300,412
Total number of equity shares outstanding at the end of year	728,763,618	728,740,162
Weighted average number of equity shares at the end of the year	728,755,992	727,527,130
<b>For Dilutive EPS:</b>		
Weighted average number of shares used in calculating basic EPS	728,755,992	727,527,130
Add: Equity shares for arising on grant of stock options under ESOP	3,565,448	3,637,418
Less: Equity shares for arising on grant of stock options under ESOP forfeited / lapsed (included above)	3,215,533	3,119,145
Weighted average number of equity shares used in calculating diluted EPS	729,105,907	728,045,403

### 27. EXPENSES IN FOREIGN CURRENCY

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Travelling expenses	236,106	1,188,137
Professional fees (Net of TDS & Service tax)	429,422	1,482,373
Seminar expenses	270,298	-
<b>TOTAL</b>	<b>935,826</b>	<b>2,670,510</b>

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 28. UTILISATION OF MONEY RAISED THROUGH IPO

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

During the year Nil (Previous year Nil) equity shares were fully paid on receipt of the balance allotment money. The total number of partly paid equity shares was Nil (Previous year Nil) The Board of Directors of the Company, in their meeting held on July 31, 2009, forfeited the said 162,050 equity shares on which allotment money remained unpaid.

- b) The details of utilisation of IPO proceeds upto March 31, 2012 are as under:

Particulars	Amount to be utilised as per Prospectus	Amount utilised upto March 31, 2012	Amount utilised upto March 31, 2011
Investments in subsidiaries:			
Kosi Bridge Infrastructure Company Limited ('KBICL')	241,544,000	241,395,000	241,395,000
Gorakhpur Infrastructure Company Limited ('GICL')	368,900,000	193,400,000	193,400,000
Sikkim Hydro Power Ventures Limited ('SHVPL')	896,000,000	9,600,000	9,600,000
Mumbai Nasik Expressway Limited ('MNEL')	510,000,000	21,000,000	21,000,000
Repayment of loan taken from GIL	100,000,000	100,000,000	100,000,000
IPO issue expenses	161,006,000	102,104,965	102,104,965
General corporate purposes and investments in strategic initiatives	486,400,000	381,742,740	381,742,740
Investments in any other infrastructure projects in addition to the above mentioned objects (refer to the note below)	-	1,695,613,940	1,695,613,940
<b>TOTAL (A)</b>	<b>2,763,850,000</b>	<b>2,744,856,645</b>	<b>2,744,856,645</b>
Less:			
162,050 equity shares of ₹ 167/- each forfeited on non receipt of allotment money	27,062,350	-	-
Add:			
Amount of ₹ 50/- per equity share received on the above forfeited 162,050 equity shares	8,102,500	-	-
<b>TOTAL</b>	<b>2,744,890,150</b>	<b>2,744,856,645</b>	<b>2,744,856,645</b>

In terms of the approval of the members in the General Meeting held on September 15, 2008, authorising the Company to utilise 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 utilised a sum of ₹ 1,696,173,442 (Previous year ₹ 1,695,613,940) as of March 31, 2012 as follows:

	Upto March 31, 2012	Upto March 31, 2011
Investments in Subsidiaries / Joint Venture Companies:		
Youngthang Power Ventures Limited (YPVL)	528,525,000	528,525,000
Rajahmundry Godavari Bridge Limited ('RGBL')	433,150,000	433,150,000
Pravara Renewable Energy Limited ('PREL')	126,000,000	126,000,000
Indira Container Terminal Private Limited ('ICTPL')	405,802,000	405,802,000
Punjab Biomass Power Limited ('PBPL')	34,100,000	34,100,000
Gammon Projects Developers Limited ('GPD')	1,600,000	1,600,000
Blue Water Iron Ore Terminal Private Limited ('BWIOTPL')	2,299,940	2,299,940
Repayment of loan taken from GIL for investments in infrastructure projects	164,137,000	164,137,000
<b>TOTAL</b>	<b>1,695,613,940</b>	<b>1,695,613,940</b>

Pending utilisation, the funds are temporarily held in:

	Upto March 31, 2012	Upto March 31, 2011
Bank balances	-	559,502
Escrow accounts *	33,505	33,505
<b>TOTAL (refer note below)</b>	<b>33,505</b>	<b>593,007</b>

\* This represents the balance with bank which is not freely premissible to the Company.

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Summary of proceeds received/receivable from IPO and their utilisation:

	Upto March 31, 2012	Upto March 31, 2011
Total proceeds receivable from IPO after forfeiture of equity shares	2,744,890,150	2,744,890,150
Less: IPO proceeds pending collection	-	-
IPO proceeds received	<b>2,744,890,150</b>	<b>2,744,890,150</b>
IPO proceeds utilised	2,744,856,645	2,744,297,143
Unutilised proceeds held in bank accounts	33,505	593,007
<b>TOTAL</b>	<b>2,744,890,150</b>	<b>2,744,890,150</b>

### 29. 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, 2012	Maximum Amount Outstanding during the year
<b>SUBSIDIARIES:</b>		
Aparna Infraenergy India Private Limited	27,885,000	27,885,000
	(-)	(-)
Cochin Bridge Infrastructure Co Limited	27,500,000	27,500,000
	(5,300,000)	(5,300,000)
Gammon Logistics Limited	36,145,000	36,145,000
	(49,145,000)	(52,645,000)
Gammon Project Developers Limited	6,046,000	6,046,000
	(970,000)	(970,000)
Gammon Renewable Energy Infrastructure Limited	51,120,000	51,120,000
	(462,000)	(462,000)
Ghaggar Renewable Energy Private Limited	11,710,000	31,610,000
	(-)	(-)
Gammon Road Infrastructure Limited	73,325,000	73,325,000
	(-)	(-)
Gorakhpur Infrastructure Company Limited	639,200,000	639,200,000
	(-)	(-)
Kosi Bridge Infrastructure Company Limited	46,000,000	46,000,000
	(-)	(-)
Mumbai Nasik Expressway Limited	593,620,000	593,620,000
	(-)	(-)
Patliputra Highway Limited	167,500,000	644,129,649
	(634,859,649)	(634,859,649)
Patna Buxar Highways Limited	64,866,500	64,866,500
	(-)	(-)
Patna Highway Projects Limited	445,250,000	445,250,000
	(-)	(-)
Pravara Renewable Energy Limited	118,548,680	118,548,680
	(450,000)	(450,000)
Satluj Renewable Energy Private Limited	2,590,000	2,590,000
	(-)	(-)
Sikkim Hydro Power Ventures Limited	190,348,120	190,348,120
	(-)	(-)
Tidong Hydro Power Limited	11,330,000	11,330,000
	(-)	(-)
Youngthang Power Ventures Limited	554,539,150	554,539,150
	(200,000)	(200,000)

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Balance as on March 31, 2012	Maximum Amount Outstanding during the year
<b>ASSOCIATES AND JOINT VENTURE COMPANIES:</b>		
Indira Container Terminal Private Limited	10,200,000	10,200,000
Punjab Biomass Power Limited	-	(10,000,000)
	-	141,669,318
	(141,669,318)	(141,669,318)

(Previous year figures in brackets)

- b) None of the loanees have invested in the equity capital of the Company or its subsidiaries.

### 30. DETAILS OF JOINT VENTURES

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

Name of the Joint Venture	% of Interest as at	
	March 31, 2012	March 31, 2011
Blue Water Iron Ore Terminal Private Limited	31.00%	37.30%
Haryana Biomass Power Limited	NA	50.00%
Indira Container Terminal Private Limited	50.00%	50.00%
Punjab Biomass Power Limited	NA	50.00%
SEZ Adityapur Limited	38.00%	38.00%

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 Liabilities	Share of Income	Share of Expenditure	Share of Commitments	Contingent Liabilities
Blue Water Iron Ore Terminal Private Ltd	23,327,181	35,752,995	627,259	65,984,883	-	-
	(22,551,485)	(15,082,997)	(12,265)	(7,551,219)	(-)	(-)
Haryana Biomass Power Limited	-	-	-	828	-	-
	(5,452,919)	(5,236,961)	(-)	(6,730)	(561,250,000)	(-)
Indira Container Terminal Private Ltd	1,972,205,109	1,643,140,081	30,271,558	103,707,944	714,741,238	-
	(1,234,442,150)	(831,940,737)	(40,450,355)	(75,300,820)	(1,121,418,804)	(23,952,881)
Punjab Biomass Power Limited	-	-	-	11,958,577	-	-
	(412,228,237)	(341,365,605)	(1,872,963)	(20,439,495)	-	-
Sez Adityapur Limited	105,951	156,737	-	29,939	-	-
	(127,065)	(147,913)	(-)	(31,508)	(-)	(-)

The above figures pertaining to the Joint Venture Companies are based on the audited accounts for the year ended March 31, 2012, except for Blue Water Iron Ore Terminal Private Limited and Sez Adityapur Limited. Haryana Biomass Power Limited was converted into subsidiary and Punjab Biomass Power Limited was sold during the year.



## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 31. RELATED PARTY DISCLOSURE

#### a) Relationships:

##### ENTITY WHERE CONTROL EXISTS:

- 1 Gammon India Limited - Holding Company

##### SUBSIDIARIES:

- 1 Andhra Expressway Limited
- 2 Aparna Infraenergy India Private Limited (w.e.f. August 4, 2011)
- 3 Chitoor Infrastructure Company Private Limited
- 4 Cochin Bridge Infrastructure Company Limited
- 5 Dohan Renewable Energy Private Limited
- 6 Earthlink Infrastructure Projects Private Limited (earlier known as Satyavedu Infrastructure Company Projects Limited)
- 7 Gammon Logistics Limited
- 8 Gammon Projects Developers Limited
- 9 Gammon Renewable Energy Infrastructure Limited
- 10 Gammon Road Infrastructure Limited
- 11 Gammon Seaport Infrastructure Limited
- 12 Ghaggar Renewable Energy Private Limited
- 13 Gorakhpur Infrastructure Company Limited
- 14 Haryana Biomass Power Limited (JV in previous year)
- 15 Indori Renewable Energy Private Limited
- 16 Jaguar Projects Developers Limited
- 17 Kasavati Renewable Energy Private Limited
- 18 Kosi Bridge Infrastructure Company Limited
- 19 Lilac Infraprojects Developers Limited
- 20 Markanda Renewable Energy Private Limited
- 21 Marine Projects Services Limited
- 22 Mumbai Nasik Expressway Limited
- 23 Patliputra Highway Limited (earlier known as Gammon Metro Transport Limited)
- 24 Patna Buxar Highway Limited (w.e.f. November 22, 2011)
- 25 Patna Highway Projects Limited
- 26 Pravara Renewable Energy Limited
- 27 Ras Cities and Townships Private Limited
- 28 Rajahmundry Expressway Limited
- 29 Rajahmundry Godavari Bridge Limited
- 30 Satluj Renewable Energy Private Limited
- 31 Segue Infrastructure Projects Private Limited (earlier known as Tada Sez Pvt Ltd)
- 32 Sikkim Hydro Power Ventures Limited
- 33 Sirsa Renewable Energy Private Limited
- 34 Tada Infra Development Company Limited (earlier known as Gammon Hospitality Limited)
- 35 Tangri Renewable Energy Private Limited
- 36 Tidong Hydro Power Limited
- 37 Vijaywada Gundugolanu Raod Project Private Limited (w.e.f. March 1, 2012)
- 38 Vizag Seaport Private Limited
- 39 Yamuna Renewable Energy Private Limited
- 40 Youngthang Power Ventures Limited

##### JOINT VENTURES:

- 1 Blue Water Iron Ore Terminal Private Limited
- 2 Indira Container Terminal Private Limited
- 3 Punjab Biomass Power Limited
- 4 SEZ Adityapur Limited

##### ASSOCIATES:

- 1 Eversun Sparkle Maritime Services Limited
- 2 ATSL Infrastructure Projects Limited
- 3 Modern Tollroads Limited

##### PARTNERSHIP:

- 1 Aparna Infraenergy (upto August 3, 2011)

##### KEY MANAGEMENT PERSONNEL:

- 1 Abhijit Rajan
- 2 Kishor Kumar Mohanty (w.e.f April 12, 2011)
- 3 R K Malhotra (w.e.f April 1, 2011)
- 4 Parag Parikh (w.e.f August 25, 2011)
- 5 Himanshu Parikh (upto March 31, 2011)
- 6 Parvez Umrigar (upto July 3, 2010)

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### a) Details of related parties transactions for the year ended on March 31, 2012.

Amounts in brackets relate to March 31, 2011

Entity-wise material transactions	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
<b>Operations &amp; maintenance income:</b>	181,382,669	152,770,000	-	-	334,152,669
	(170,803,405)	(95,000,000)	(-)	(-)	(265,803,405)
- Gammon India Limited	181,382,669	-	-	-	
	(170,803,405)	(-)	(-)	(-)	
- Mumbai Nasik Expressway Limited	-	151,380,000	-	-	
	(-)	(95,000,000)	(-)	(-)	
<b>Purchase of fixed assets:</b>	-	-	-	-	-
	(-)	(329,371)	(-)	(-)	(329,371)
- Gammon Logistics Limited	-	-	-	-	
	(-)	(329,371)	(-)	(-)	
<b>Developer's fees:</b>	-	246,237,536	-	-	246,237,536
	(-)	(246,237,536)	(-)	(-)	(246,237,536)
- Patna Highway Projects Limited	-	170,444,244	-	-	
	(-)	(170,444,244)	(-)	(-)	
- Rajahmundry Godavari Bridge Limited	-	75,793,292	-	-	
	(-)	(75,793,292)	(-)	(-)	
<b>Rent paid:</b>	700,000	3,822,000	-	-	4,522,000
	(1,200,000)	(-)	(-)	(-)	(1,200,000)
- Youngthang Power Ventures Limited	-	3,822,000	-	-	
	(-)	(-)	(-)	(-)	
- Gammon India Limited	700,000	-	-	-	
	(1,200,000)	(-)	(-)	(-)	
<b>Dividend income from:</b>	-	449,500,000	-	-	449,500,000
	(-)	(348,000,000)	(-)	(-)	(348,000,000)
- Andhra Expressway Limited	-	224,750,000	-	-	
	(-)	(174,000,000)	(-)	(-)	
- Rajahmundry Expressway Limited	-	224,750,000	-	-	
	(-)	(174,000,000)	(-)	(-)	
<b>Share application money paid:</b>	-	1,915,110,000	7,400,000	-	1,922,510,000
	(-)	(2,254,955,180)	(11,325,000)	(-)	(2,266,280,180)
- Gorakhpur Infrastructure Company Limited	-	440,700,000	-	-	
	(-)	(352,900,000)	(-)	(-)	
- Kosi Bridge Infrastructure Company Limited	-	385,700,000	-	-	
	(-)	(298,700,000)	(-)	(-)	
- Mumbai Nasik Expressway Limited	-	336,000,000	-	-	
	(-)	(270,000,000)	(-)	(-)	
- Patna Highway Projects Limited	-	-	-	-	
	(-)	(469,750,000)	(-)	(-)	
- Rajahmundry Godavari Bridge Limited	-	515,900,000	-	-	
	(-)	(685,387,500)	(-)	(-)	

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Amounts in brackets relate to March 31, 2011

Entity-wise material transactions	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
<b>Refund of share application money given earlier:</b>	-	3,276,066,440	3,750,000	-	3,279,816,440
	(-)	(1,025,737,500)	(40,020,485)	(-)	(1,065,757,985)
- Gorakhpur Infrastructure Company Limited	-	760,600,000	-	-	
	(-)	(206,900,000)	(-)	(-)	
- Kosi Bridge Infrastructure Company Limited	-	496,000,000	-	-	
	(-)	(188,400,000)	(-)	(-)	
- Mumbai Nasik Expressway Limited	-	783,620,000	-	-	
	(-)	(-)	(-)	(-)	
- Patna Highway Projects Limited	-	445,250,000	-	-	
	(-)	(24,500,000)	(-)	(-)	
- Rajahmundry Godavari Bridge Limited	-	421,773,560	-	-	
	(-)	(514,887,500)	(-)	(-)	
<b>Managerial remuneration:</b>	-	-	-	40,249,330	40,249,330
	(-)	(-)	(-)	(65,598,124)	(65,598,124)
- Mr. K. K. Mohanty	-	-	-	22,173,328	
	(-)	(-)	(-)	(-)	
- Mr. R. K. Malhotra	-	-	-	11,367,520	
	(-)	(-)	(-)	(-)	
- Mr. Parag Parikh	-	-	-	6,708,482	
	(-)	(-)	(-)	(-)	
- Mr. Himanshu Parikh	-	-	-	-	
	(-)	(-)	(-)	(11,343,479)	
- Mr. Parvez Umrigar	-	-	-	-	
	(-)	(-)	(-)	(6,734,645)	
Gross value of stock options vested:					
- Mr. Parvez Umrigar	-	-	-	-	
	(-)	(-)	(-)	(47,520,000)	
<b>Investment in equity shares of:</b>	-	521,976,440	15,171,180	-	537,147,620
	(-)	(-)	(-)	(-)	(-)
- Pravara Renewable Energy Limited	-	104,000,000	-	-	
	(-)	(-)	(-)	(-)	
- Rajahmundry Godavari Bridge Limited	-	354,626,440	-	-	
	(-)	(-)	(-)	(-)	
<b>Inter corporate loans given to:</b>	-	3,143,284,850	15,200,000	-	3,158,484,850
	(-)	(662,547,000)	(94,144,318)	(-)	(756,691,318)
- Gorakhpur Infrastructure Company Limited	-	639,200,000	-	-	
	(-)	(-)	(-)	(-)	
- Mumbai Nasik Expressway Limited	-	593,620,000	-	-	
	(-)	(-)	(-)	(-)	
- Patliputra Highway Limited	-	196,770,000	-	-	
	(-)	(644,265,000)	(-)	(-)	
- Patna Highway Projects Limited	-	445,250,000	-	-	
	(-)	(-)	(-)	(-)	
- Punjab Biomass Power Limited	-	-	-	-	
	(-)	(-)	(84,144,318)	(-)	
- Youngthang Power Ventures Limited	-	554,339,150	-	-	
	(-)	(200,000)	(-)	(-)	

**Notes** to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Amounts in brackets relate to March 31, 2011

	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
Entity-wise material transactions					
<b>Refund of inter corporate loans given:</b>					
	-	767,148,049	146,669,318	-	913,817,367
	(-)	(11,900,000)	(10,000,000)	(-)	(21,900,000)
- Gammon Logistics Limited	-	13,000,000	-	-	
	(-)	(11,900,000)	(-)	(-)	
- Patliputra Highway Limited	-	664,129,649	-	-	
	(-)	(-)	-	(-)	
- Punjab Biomass Power Limited	-	-	141,669,318	-	
	(-)	(-)	-	(-)	
- Indira Container Terminal Private Limited	-	-	5,000,000	-	
	(-)	(-)	(10,000,000)	(-)	
<b>Expenses incurred/payments made on behalf of the Company by:</b>					
	275,894	-	-	-	275,894
	(-)	(-)	(-)	(-)	(-)
- Gammon India Limited	275,894	-	-	-	
	(-)	(-)	(-)	(-)	
<b>Expenses incurred/payments made by the Company on behalf of:</b>					
	2,042,237	280,762,363	30,925,339	-	313,729,939
	(-)	(178,590,676)	(7,627,857)	(-)	(186,218,533)
- Gorakhpur Infrastructure Company Limited	-	35,190,507	-	-	
	(-)	(30,884,365)	(-)	(-)	
- Mumbai Nasik Expressway Limited	-	40,523,680	-	-	
	(-)	(26,365,018)	(-)	(-)	
- Patna Highway Projects Limited	-	65,941,257	-	-	
	(-)	(45,995,310)	(-)	(-)	
- Rajahmundry Godavari Bridge Limited	-	41,522,928	-	-	
	(-)	(44,002,809)	(-)	(-)	
<b>Interest income during the period:</b>					
	-	68,554,358	5,580,432	-	74,134,790
	(-)	(24,361,666)	(14,085,393)	(-)	(38,447,059)
- Gorakhpur Infrastructure Company Limited	-	10,951,096	-	-	
	(-)	(-)	(-)	(-)	
- Patliputra Highway Limited	-	36,089,086	-	-	
	(-)	(24,156,162)	(-)	(-)	
- Punjab Biomass Power Limited	-	-	5,573,875	-	
	(-)	(-)	(14,043,784)	(-)	
- Youngthang Power Ventures Limited	-	8,879,237	-	-	
	(-)	(844)	(-)	(-)	
<b>Provision for diminution in value of investments in:</b>					
	-	40,100,000	13,300,000	-	53,400,000
	(-)	(25,500,000)	(-)	(-)	(25,500,000)
- Eversun Sparkle Maritime Services Limited	-	-	13,300,000	-	
	(-)	(-)	(-)	(-)	
- Haryana Biomass Power Limited	-	14,600,000	-	-	
	(-)	(-)	(-)	(-)	
- Gammon Logistics Limited	-	25,500,000	-	-	
	(-)	(25,500,000)	(-)	(-)	
<b>Provision for dues receivable from:</b>					
	-	48,424,061	-	-	48,424,061
	(-)	(49,145,000)	(-)	(-)	(49,145,000)
- Haryana Biomass Power Limited	-	12,279,061	-	-	
	(-)	-	(-)	(-)	
- Gammon Logistics Limited	-	36,145,000	-	-	
	(-)	(49,145,000)	(-)	(-)	

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Amounts in brackets relate to March 31, 2011

	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
Entity-wise material transactions					
<b>Write back of provision earlier made on recovery from:</b>	-	13,000,000	-	-	13,000,000
	(-)	(-)	(-)	(-)	(-)
- Gammon Logistics Limited	-	13,000,000	-	-	
	(-)	(-)	(-)	(-)	
<b>Inter corporate borrowings taken from:</b>	-	1,437,300,000	-	-	1,437,300,000
	(736,200,000)	(700,000,000)	(-)	(-)	(1,436,200,000)
- Andhra Expressway Limited	-	205,000,000	-	-	
	(-)	(200,000,000)	(-)	(-)	
- Gammon India Limited	-	-	-	-	
	(736,200,000)	(-)	(-)	(-)	
- Rajahmundry Expressway Limited	-	1,232,300,000	-	-	
	(-)	(500,000,000)	(-)	(-)	
<b>Refund of inter corporate borrowings taken earlier:</b>	-	1,108,554,709	-	-	1,108,554,709
	(-)	(700,000,000)	(-)	(-)	(700,000,000)
- Andhra Expressway Limited	-	177,410,534	-	-	
	(-)	(200,000,000)	(-)	(-)	
- Rajahmundry Expressway Limited	-	931,144,175	-	-	
	(-)	(500,000,000)	(-)	(-)	
<b>Interest expenses during the year:</b>	88,344,000	21,186,208	600,000	-	110,130,208
	(40,561,611)	(22,312,191)	(600,000)	(-)	(63,473,802)
- Andhra Expressway Limited	-	3,637,322	-	-	
	(-)	(8,374,109)	(-)	(-)	
- Gammon India Limited	88,344,000	-	-	-	
	(40,561,611)	(-)	(-)	(-)	
- Rajahmundry Expressway Limited	-	17,548,886	-	-	
	(-)	(13,938,082)	(-)	(-)	
<b>Equity issued on conversion of ESOP to (amount represents exercise price):</b>	-	-	-	-	-
	(-)	(-)	(-)	(38,400,000)	(38,400,000)
- Mr. Parvez Umrigar	-	-	-	-	-
	(-)	(-)	(-)	(38,400,000)	
<b>Advance / Deposit towards purchase of beneficial interest of equity shares:</b>	-	-	-	-	-
	(53,503,150)	(300,000)	(-)	(-)	(53,803,150)
- Gammon India Limited	-	-	-	-	-
	(53,503,150)	(-)	(-)	(-)	

**Notes** to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

Amounts in brackets relate to March 31, 2011

	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
Entity-wise material transactions					
<b>Bank/Corporate Guarantees issued by the Company:</b>	-	3,378,296,000	25,000,000	-	3,403,296,000
	(-)	(1,312,597,000)	(171,380,800)	(-)	(1,483,977,800)
- Cochin Bridge Infrastructure Company Limited	-	160,000,000	-	-	
	(-)	(150,000,000)	(-)	(-)	
- Gorakhpur Infrastructure Company Limited	-	1,200,000,000	-	-	
	(-)	(-)	(-)	(-)	
- Kosi Bridge Infrastructure Company Limited	-	550,000,000	-	-	
	(-)	(125,412,000)	(-)	(-)	
- Patliputra Highway Limited	-	550,000,000	-	-	
	(-)	(-)	(-)	(-)	
- Patna Highway Projects Limited	-	-	-	-	
	(-)	(336,000,000)	(-)	(-)	
- Sikkim Hydro Power Ventures Limited	-	500,000,000	-	-	
	(-)	(250,000,000)	(-)	(-)	
- Youngthang Power Ventures Limited	-	-	-	-	
	(-)	(450,000,000)	(-)	(-)	
<b>Pledge of shares held in investee Companies with banks:</b>					
Refer note 13.1 for details.					
<b>Outstanding balances receivable:</b>	-	3,180,938,166	3,464,516	-	3,184,402,682
	(-)	(820,010,854)	(173,138,208)	(-)	(993,149,062)
- Gorakhpur Infrastructure Company Limited	-	649,304,968	-	-	
	(-)	(-)	(-)	(-)	
- Mumbai Nasik Expressway Limited	-	637,989,706	-	-	
	(-)	(85,704,664)	(-)	(-)	
- Patliputra Highway Limited	-	167,500,000	-	-	
	(-)	(634,700,727)	(-)	(-)	
- Patna Highway Projects Limited	-	489,483,064	-	-	
	(-)	(43,013,078)	(-)	(-)	
- Punjab Biomass Power Limited	-	-	-	-	
	(-)	(-)	(156,336,231)	(-)	
- Youngthang Power Ventures Limited	-	558,722,794	-	-	
	(-)	(-)	(-)	(-)	
<b>Outstanding balances payable:</b>	744,749,344	330,106,975	26,660,258	-	1,101,516,577
	(709,909,939)	(-)	(26,471,729)	(-)	(736,381,668)
- Gammon India Limited	744,749,344	-	-	-	
	(709,909,939)	(-)	(-)	(-)	
- Rajahmundry Expressway Limited	-	302,383,300	-	-	
	(-)	(-)	(-)	(-)	

## Notes to the financial statements for the year ended March 31, 2012

(All amounts in Indian Rupees unless otherwise stated)

### 32. COMMITMENTS

Particulars	March-12	March-11
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
Uncalled liability on shares and other investments partly paid	-	-
Other commitments (Share of equity commitment in SPV's)	10,220,711,000	4,414,375,955
Other commitments (Purchase of shares of ICTPL)	362,082,790	-
<b>TOTAL</b>	<b>10,582,793,790</b>	<b>4,414,375,955</b>

### 33. CONTINGENT LIABILITIES

#### Guarantees

- The Company has issued Corporate Guarantees as a security for loan availed by its subsidiaries, amounting to ₹ 2,950,000,000 (previous year ₹ 850,000,000)
- Guarantees given for equity share buy-back transaction; ₹ 1,186,657,102 as on March 31, 2012 and March 31, 2011.
- Counter Guarantees given to the bankers for the guarantees given by them on our behalf ₹ 2,219,792,800 (Previous year ₹ 2,395,797,800).

### 34. CURRENT ASSETS, LOANS AND ADVANCES

In the opinion of the Board of Directors, assets other than fixed assets and non-current investments 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.

### 35. LEASE

The Company has taken office premises on leave and license basis which are cancellable contracts.

### 36. 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.

### 37. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

There are no derivative instruments outstanding as at March 31, 2012 and as at March 31, 2011. The Company has no foreign currency exposure towards liability outstanding as at March 31, 2012 and March 31, 2011.

As per our report of even date

**For Natvarlal Vepari and Co.**  
Firm Registration No.: 106971W  
Chartered Accountants

**N. Jayendran**  
Partner  
Membership No : 40441

**For S.R. Batliboi & Co.**  
Firm Registration No.: 301003E  
Chartered Accountants

**per Hemal Shah**  
Partner  
Membership No: 42650

**Abhijit Rajan**  
Chairman and  
Managing Director

**Parag Parikh**  
Whole-time Director  
& CFO

**Sanjay Sachdev**  
Director

**Homai A. Daruwalla**  
Director

**G. Sathis Chandran**  
Company Secretary

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

**Himanshu Parikh**  
Vice Chairman

**R. K. Malhotra**  
Whole-time Director

**Naresh Chandra**  
Director

**Kishor Kumar Mohanty**  
Managing Director

**C. C. Dayal**  
Director

**S. C. Tripathi**  
Director

Place : Mumbai  
Date : May 9, 2012

Place : Mumbai  
Date : May 9, 2012

## Statement pursuant to section 212

Of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees)		Andhra Expressway Limited	Apama Infraenergy India Private Limited ***	Cochin Bridge Infrastructure Company Limited	Chittoor Infra Company Private Limited *	Dohan Renewable Energy Private Limited ****	Earthlink Infrastructure Projects Private Limited *	Gammon Logistics Limited	Gammon Projects Developers Limited	Gammon Renewable Energy Infrastructure Limited	Gammon Road Infrastructure Limited
		March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
1	The financial year of the subsidiaries ended	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
2	Shares of the subsidiary companies held by the holding company, Gammon Infrastructure Projects Limited										
	1) Numbers										
	a) Legal ownership	21,459,950	-	6,250,070	-	-	-	2,550,000	250,000	50,000	50,000
	b) Beneficial ownership (#)	7,540,050	-	-	-	-	-	-	-	-	-
	c) Held by subsidiaries of the Company	-	50,000	-	10,000	10,000	10,000	-	-	-	-
	2) Extent of holding (including beneficial ownership)	100.00%	100.00%	97.66%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3	The net aggregate amount of profit / (losses) of the subsidiary companies so far as they concern the members of Gammon Infrastructure Projects Limited were :										
	i) Dealt with in the accounts of Gammon Infrastructure Projects Limited amounted to :										
	a) For subsidiaries' financial year ended on March 31, 2011	-	-	-	-	-	-	-	-	-	-
	b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Limited	-	-	-	-	-	-	-	-	-	-
	ii) Not dealt with in the accounts of Gammon Infrastructure Projects Limited amounted to :										
	a) For subsidiaries' financial year ended March 31, 2012	(287,421,079)	(82,698)	(10,593,202)	(11,712)	(17,506)	(23,300)	5,261,903	(140,427)	(1,143,012)	(18,059)
	b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Limited	131,276,045	***	4,328,547	(29,913)	(47,815)	(30,463)	(27,374,703)	(1,833,877)	(7,530)	(24,545)
a)	Issued and paid-up equity share capital	290,000,000	500,000	64,000,700	100,000	100,000	100,000	25,500,000	2,500,000	500,000	500,000
b)	Reserves	239,053,433	(82,698)	42,718,713	(41,625)	(65,321)	(53,763)	(67,918,394)	(2,349,867)	(1,178,025)	(70,243)
c)	Total Assets	2,002,766,400	297,428,246	267,907,202	126,933,492	45,915	209,121,170	1,575,529	6,623,769	52,191,855	73,763,903
d)	Total Liabilities	1,473,712,967	297,010,944	161,187,789	126,875,117	11,236	209,074,933	43,993,923	6,473,636	52,869,880	73,334,146
e)	Investments (except in case of investment in subsidiaries)										
f)	Turnover	569,854,960	-	52,093,454	-	-	-	5,000,000	-	-	-
g)	Profit/ (Loss) before Taxation	(279,121,079)	(82,698)	(4,220,250)	(11,712)	(17,506)	(23,300)	6,236,903	(140,427)	(1,143,012)	(18,059)



## Statement pursuant to section 212

Of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees)										
Name of Subsidiaries	Andhra Expressway Limited	Apama Infraenergy India Private Limited ***	Cochin Bridge Infrastructure Company Limited	Chittoor Infra Company Private Limited *	Dohan Renewable Energy Private Limited ****	Earthlink Infrastructure Projects Private Limited *	Gammon Logistics Limited	Gammon Projects Developers Limited	Gammon Renewable Energy Infrastructure Limited	Gammon Road Infrastructure Limited
h) Provision for Taxation including Deferred Tax	8,300,000	-	6,627,186	-	-	-	975,000	-	-	-
i) Profit / (Loss) After Taxation	(287,421,079)	(82,698)	(10,847,436)	(11,712)	(17,506)	(23,300)	5,261,903	(140,427)	(1,143,012)	(18,059)
j) Dividend paid including Tax on dividend	(261,210,070)	-	-	-	-	-	-	-	-	-
Details on Investments (other than in subsidiary companies):										
a) Mutual Funds Schemes	-	-	-	-	-	-	-	-	-	-
b) Redeemable, Non Convertible Debentures	-	-	-	-	-	-	-	-	-	-
c) Investment in a Partnership Firm	-	-	-	-	-	-	-	-	-	-
d) Share of Profit/(Losses) in a Partnership Firm	-	-	-	-	-	-	-	-	-	-

\* Subsidiary of Gammon Projects Developers Limited, a wholly owned subsidiary of Gammon Infrastructure Projects Limited ("the Company")

\*\* During the current year, the Company acquired the entire stake of equity holding from the joint venture partner due to which Haryana Biomass Power Limited, a 50% joint venture company in the year 2010-11 became a subsidiary of the Company. Previous year figures are not given as Haryana Biomass Power Limited was a joint venture company.

\*\*\* During the current year, Apama Infraenergy, a partnership firm, in which a subsidiary of the Company was a majority partner, converted under Part IX of the Companies Act, 1956 and consequently became a subsidiary of the Company. The partnership firm was renamed Apama Infraenergy India Private Limited. Previous year figures are not given as Apama Infraenergy was a partnership firm.

\*\*\*\* Jointly held as subsidiaries of Gammon Projects Developers Limited, Gammon Renewable Energy Infrastructure Limited and Gammon Seaport Infrastructure Limited, all wholly owned subsidiaries of the Company.

\*\*\*\*\* Jointly held by the Company and its wholly owned subsidiaries, Gammon Projects Developers Limited and Gammon Renewable Energy Infrastructure Limited.

\*\*\*\*\* During the current year, Patna Buxar Highways Limited and Vijaywada Gundugolanu Road Project Private Limited were incorporated as subsidiaries of the Company, hence figures for previous year are not given.

# 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 direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.



## Statement pursuant to section 212

Of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees)										
Name of Subsidiaries	Gammon Seaport Infrastructure Limited	Ghaggar Renewable Energy Private Limited ****	Gorakhpur Infrastructure Company Limited	Haryana Biomass Power Limited **	Indori Renewable Energy Private Limited ****	Jaguar Projects Developers Limited	Kasavati Renewable Energy Private Limited ****	Kosi Bridge Infrastructure Company Limited	Lilac Infrastructure Developers Limited	Markanda Renewable Energy Private Limited ****
h) Provision for Taxation including Deferred Tax	-	-	-	-	-	-	-	-	-	-
i) Profit / (Loss) After Taxation	(12,722)	(450,738)	(8,202,868)	(13,168,742)	(18,189)	(17,138)	(17,506)	(26,388,428)	(15,482)	(19,026)
j) Dividend paid including Tax on dividend	-	-	-	-	-	-	-	-	-	-
Details on Investments (other than in subsidiary companies):										
a) Mutual Funds Schemes	-	-	-	-	-	-	-	-	-	-
b) Redeemable, Non Convertible Debentures	-	-	-	-	-	-	-	-	-	-
c) Investment in a Partnership Firm	-	-	-	-	-	-	-	-	-	-
d) Share of Profit/(Losses) in a Partnership Firm	-	-	-	-	-	(1,930)	-	-	-	-

\* Subsidiary of Gammon Projects Developers Limited, a wholly owned subsidiary of Gammon Infrastructure Projects Limited ("the Company")

\*\* During the current year, the Company acquired the entire stake of equity holding from the joint venture partner due to which Haryana Biomass Power Limited, a 50% joint venture company in the year 2010-11 became a subsidiary of the Company. Previous year figures are not given as Haryana Biomass Power Limited was a joint venture company.

\*\*\* During the current year, Aparna Infraenergy, a partnership firm, in which a subsidiary of the Company was a majority partner, converted under Part IX of the Companies Act, 1956 and consequently became a subsidiary of the Company. The partnership firm was renamed Aparna Infraenergy India Private Limited. Previous year figures are not given as Aparna Infraenergy was a partnership firm.

\*\*\*\* Jointly held as subsidiaries of Gammon Projects Developers Limited, Gammon Renewable Energy Infrastructure Limited and Gammon Seaport Infrastructure Limited, all wholly owned subsidiaries of the Company.

\*\*\*\*\* Jointly held by the Company and its wholly owned subsidiaries, Gammon Projects Developers Limited and Gammon Renewable Energy Infrastructure Limited.

\*\*\*\*\* During the current year, Patna Buxar Highways Limited and Vijaywada Gundugolanu Road Project Private Limited were incorporated as subsidiaries of the Company, hence figures for previous year are not given.

# 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 direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.

## Statement pursuant to section 212

Of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees)		Marine Projects Services Limited	Mumbai Nasik Expressway Limited	Patna Buxar Highways Limited *****	Pataliputra Highway Limited	Patna Highway Projects Limited	Pravara Renewable Energy Limited	Ras Cities and Townships Private Limited *	Rajahmundry Expressway Limited	Rajahmundry Godavari Bridge Limited	Satluj Renewable Energy Private Limited *****
		March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
1	The financial year of the subsidiaries ended	50,000	41,595,000	50,000	15,000	2,500,000	17,400,000	-	21,459,950	89,578,750	4,000
2	Shares of the subsidiary companies held by the holding company, Gammon Infrastructure Projects Limited	-	-	-	-	-	-	-	7,540,050	-	-
	1) Numbers							10,000			6,000
	a) Legal ownership										
	b) Beneficial ownership (#)										
	c) Held by subsidiaries of the Company										
2)	Extent of holding (including beneficial ownership)	100.00%	79.99%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	50.75%	100.00%
3	The net aggregate amount of profit / (losses) of the subsidiary companies so far as they concern the members of Gammon Infrastructure Projects Limited were :										
	i) Dealt with in the accounts of Gammon Infrastructure Projects Limited amounted to :										
	a) For subsidiaries' financial year ended on March 31, 2011	-	-	-	-	-	-	-	-	-	-
	b) For previous financial years of the subsidiaries since these became subsidiaries of Gammon Infrastructure Projects Limited	-	-	-	-	-	-	-	-	-	-
	ii) Not dealt with in the accounts of Gammon Infrastructure Projects Limited amounts to :										
	a) For subsidiaries' financial year ended March 31, 2012	(19,757)	49,267,922	(15,179,127)	(52,356,648)	(981,323)	(15,716)	(12,880)	(272,889,713)	(427,578)	(302,289)
	b) For previous financial years of the subsidiaries since these became subsidiaries of Gammon Infrastructure Projects Limited	615,341	24,724,860	*****	(1,184,140)	(3,383,112)	(1,744,144)	729,622	170,537,901	(2,643,389)	(924,872)
a)	Issued and paid-up equity share capital	500,000	520,000,000	500,000	1,500,000	25,000,000	174,000,000	100,000	290,000,000	1,765,000,000	100,000
b)	Reserves	2,133,861	588,907,297	(15,179,127)	(65,678,641)	(4,563,511)	(3,546,170)	658,254	306,729,824	846,124,599	(1,227,161)
c)	Total Assets	2,640,603	9,150,085,507	55,257,458	654,118,977	4,750,158,510	291,948,420	369,171,704	2,245,891,501	7,196,891,573	3,753,567
d)	Total Liabilities	6,742	8,041,178,210	69,936,585	718,297,618	4,729,722,021	121,494,590	368,413,450	1,649,161,677	4,585,766,974	4,880,728
e)	Investments (except in case of investment in subsidiaries)										
f)	Turnover	-	1,148,951,451	-	3,300,000	-	-	-	622,486,147	-	-
g)	Profit/ (Loss) before Taxation	(19,757)	76,799,950	(15,179,127)	(50,546,211)	(981,323)	(15,716)	(12,880)	(262,789,713)	(842,471)	(302,289)

## Statement pursuant to section 212

Of the companies act, 1956, relating to the subsidiary companies

Name of Subsidiaries	(All amounts in Indian Rupees)									
	Marine Projects Services Limited	Mumbai Nasik Expressway Limited	Patna Buxar Highways Limited *****	Pataliputra Highway Limited	Patna Highway Projects Limited	Pravara Renewable Energy Limited	Ras Cities and Townships Private Limited *	Rajahmundry Expressway Limited	Rajahmundry Godavari Bridge Limited	Satluj Renewable Energy Private Limited *****
h) Provision for Taxation including Deferred Tax	-	15,207,645	-	1,810,437	-	-	-	10,100,000	-	-
i) Profit / (Loss) After Taxation	(19,757)	61,592,305	(15,179,127)	(52,356,648)	(981,323)	(15,716)	(12,880)	(272,889,713)	(842,471)	(302,289)
j) Dividend paid including Tax on dividend	-	-	-	-	-	-	-	(261,210,070)	-	-
Details on Investments (other than in subsidiary companies):										
a) Mutual Funds Schemes	-	-	-	-	-	-	-	-	-	-
b) Redeemable, Non Convertible Debentures	-	-	-	-	-	-	-	-	-	-
c) Investment in a Partnership Firm	-	-	-	-	-	-	-	-	-	-
d) Share of Profit/(Losses) in a Partnership Firm	(1,930)	-	-	(2,208)	-	(1,930)	(1,930)	-	-	-

\* Subsidiary of Gammon Projects Developers Limited, a wholly owned subsidiary of Gammon Infrastructure Projects Limited ("the Company")

\*\* During the current year, the Company acquired the entire stake of equity holding from the joint venture partner due to which Haryana Biomass Power Limited, a 50% joint venture company in the year 2010-11 became a subsidiary of the Company. Previous year figures are not given as Haryana Biomass Power Limited was a joint venture company.

\*\*\* During the current year, Aparna Infraenergy, a partnership firm, in which a subsidiary of the Company was a majority partner, converted under Part IX of the Companies Act, 1956 and consequently became a subsidiary of the Company. The partnership firm was renamed Aparna Infraenergy India Private Limited. Previous year figures are not given as Aparna Infraenergy was a partnership firm.

\*\*\*\* Jointly held as subsidiaries of Gammon Projects Developers Limited, Gammon Renewable Energy Infrastructure Limited and Gammon Seaport Infrastructure Limited, all wholly owned subsidiaries of the Company.

\*\*\*\*\* Jointly held by the Company and its wholly owned subsidiaries, Gammon Projects Developers Limited and Gammon Renewable Energy Infrastructure Limited.

\*\*\*\*\* During the current year, Patna Buxar Highways Limited and Vijaywada Gundugolanu Road Project Private Limited were incorporated as subsidiaries of the Company, hence figures for previous year are not given.

# 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 direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.

## Statement pursuant to section 212

Of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees)		Sikkim Hydro Power Ventures Limited	Segue Infrastructure Projects Pvt Ltd *	Sirsa Renewable Energy Private Limited ****	Tada Infra Development Company Limited	Tangri Renewable Energy Private Limited ****	Tidong Hydro Power Limited	Vijaywada Gundugolannu Road Projects Pvt Ltd *****	Vizag Seaport Private Limited	Yamuna Renewable Energy Private Limited ****	Youngthang Power Ventures Limited
		March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
1	The financial year of the subsidiaries ended										
2	Shares of the subsidiary companies held by the holding company, Gammon Infrastructure Projects Limited										
	1) Numbers										
	a) Legal ownership	3,173,900	-	-	50,000	-	-	10,000	64,313,847	-	14,450,000
	b) Beneficial ownership (#)	-	-	-	-	-	25,500	-	-	-	-
	c) Held by subsidiaries of the Company	-	10,000	10,000	-	10,000	-	-	-	10,000	-
	2) Extent of holding (including beneficial ownership)	100.00%	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	73.76%	100.00%	100.00%
3	The net aggregate amount of profit / (losses) of the subsidiary companies so far as they concern the members of Gammon Infrastructure Projects Limited were :										
	i) Dealt with in the accounts of Gammon Infrastructure Projects Limited amounted to :										
	a) For subsidiaries' financial year ended on March 31, 2011	-	-	-	-	-	-	-	-	-	-
	b) For previous financial years of the subsidiaries since these became subsidiaries of Gammon Infrastructure Projects Limited	-	-	-	-	-	-	-	-	-	-
	ii) Not dealt with in the accounts of Gammon Infrastructure Projects Limited amounts to :										
	a) For subsidiaries' financial year ended March 31, 2012	64,948	(22,877)	(19,709)	(11,801)	(16,960)	(7,353)	(6,620,549)	62,734,337	(17,616)	(10,190,160)
	b) For previous financial years of the subsidiaries since these became subsidiaries of Gammon Infrastructure Projects Limited	(45,779)	(29,703)	(47,815)	719,337	(47,815)	(3,528)	*****	118,300,066	(47,815)	(536,166)
a)	Issued and paid-up equity share capital	31,739,000	100,000	100,000	500,000	100,000	500,000	100,000	871,912,640	100,000	144,500,000
b)	Reserves	(2,177,350)	(52,580)	(67,524)	(1,800,212)	(64,775)	(103,208)	(6,620,549)	(34,238,174)	(65,431)	(11,541,753)
c)	Total Assets	814,192,681	78,245,088	43,712	1,242,074	46,461	12,136,066	73,474,691	4,827,341,255	45,805	701,504,595
d)	Total Liabilities	784,631,031	78,197,668	11,236	2,542,286	11,236	11,739,274	79,995,240	3,983,666,789	11,236	568,546,348
e)	Investments (except in case of investment in subsidiaries)										
f)	Turnover	-	-	-	-	-	-	-	1,234,600,706	-	-
g)	Profit/ (Loss) before Taxation	100,298	(22,877)	(19,709)	(11,801)	(16,960)	(14,418)	(6,620,549)	85,049,898	(17,616)	(10,190,160)

## Statement pursuant to section 212

Of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees)		Sikkim Hydro Power Ventures Limited	Segue Infrastructure Projects Pvt Ltd *	Sirsa Renewable Energy Private Limited ****	Tada Infra Development Company Limited	Tangri Renewable Energy Private Limited ****	Tidong Hydro Power Limited	Vijaywada Gundugolanu Road Projects Pvt Ltd *****	Vizag Seaport Private Limited	Yamuna Renewable Energy Private Limited ****	Youngthang Power Ventures Limited
h)	Provision for Taxation including Deferred Tax	35,350	-	-	-	-	-	-	-	-	-
i)	Profit / (Loss) After Taxation	64,948	(22,877)	(19,709)	(11,801)	(16,960)	(14,418)	(6,620,549)	85,049,898	(17,616)	(10,190,160)
j)	Dividend paid including Tax on dividend	-	-	-	-	-	-	-	-	-	-
	Details on Investments (other than in subsidiary companies):										
a)	Mutual Funds Schemes	-	-	-	-	-	-	-	-	-	-
b)	Redeemable, Non Convertible Debentures	-	-	-	-	-	-	-	-	-	-
c)	Investment in a Partnership Firm	-	-	-	-	-	-	-	-	-	-
d)	Share of Profit/(Losses) in a Partnership Firm	-	-	-	(1,930)	-	-	-	-	-	(1,930)

\* Subsidiary of Gammon Projects Developers Limited, a wholly owned subsidiary of Gammon Infrastructure Projects Limited ("the Company")

\*\* During the current year, the Company acquired the entire stake of equity holding from the joint venture partner due to which Haryana Biomass Power Limited, a 50% joint venture company in the year 2010-11 became a subsidiary of the Company. Previous year figures are not given as Haryana Biomass Power Limited was a joint venture company.

\*\*\* During the current year, Aparna Infraenergy, a partnership firm, in which a subsidiary of the Company was a majority partner, converted under Part IX of the Companies Act, 1956 and consequently became a subsidiary of the Company. The partnership firm was renamed Aparna Infraenergy India Private Limited. Previous year figures are not given as Aparna Infraenergy was a partnership firm.

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\*\*\*\*\* Jointly held by the Company and it's wholly owned subsidiaries, Gammon Projects Developers Limited and Gammon Renewable Energy Infrastructure Limited.

\*\*\*\*\* During the current year, Patna Buxar Highways Limited and Vijaywada Gundugolanu Road Project Private Limited were incorporated as subsidiaries of the Company, hence figures for previous year are not given.

# 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 direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.

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

**Kishor Kumar Mohanty**  
Managing Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 9, 2012

**Parag Parikh**  
Whole-time Director and CFO













**GAMMON**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

[www.gammoninfra.com](http://www.gammoninfra.com)