



**GAMMON**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

10th Annual Report 2010-11



# **BUILDING** CORE CAPITAL



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### 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.

At Gammon Infrastructure Projects Limited (GIPL), 'capital' represents the heart of all strategy and execution. It has more than financial implications and involves the critical drivers of excellence that ensure steady revenues and reinforce a de-risked business model.

Our core capital comprises accelerated project execution, value engineering, resource mobilisation and risk management, which drive GIPL's infrastructure creation and maintenance across multiple sectors, such as Roads & Expressways, Ports, Hydro Power, Urban infrastructure, Airports, Special Economic Zones, Water and Wastewater management, Railways, Power Transmission lines and Agricultural Infrastructure.

These crucial capabilities help raise our quality bar, conform to globally acclaimed delivery standards and elevate the organization to the next level of growth.





**Abhijit Rajan**

Chairman & Managing Director

I am also happy to inform you that your Company has started receiving dividends from Rajahmundry-Dharmavaram Highway Project and Dharmavaram-Tuni Highway Project which shall be utilised for meeting the capital expenditure for other projects.

## Message from the Chairman

**Dear Shareholders,**

Infrastructure, energy and petroleum are the major growth drivers of economies the world over including India. Moreover, with the Prime Minister's continued reaffirmation of his goal of achieving double digit GDP growth, India is now one of the focal points for investment globally. We therefore believe that India has the highest growth potential for infrastructure business and have geared ourselves to tap the same.

Like any other business opportunity, there are challenges which need to be confronted. The most important being persistent inflation; which has resulted in increased cost of implementation of projects. Another major impact of inflation has been repeated hike in interest rates. There has also been a meltdown in the equity markets; particularly in the infrastructure sector. The global scenario also looks bleak in the short term with the looming American and European debt crisis while at the domestic level there is some uncertainty on pace of privatisation due to certain unfortunate revelations of financial impropriety in various government tenders. However your Company has the required managerial and financial resources to maneuver through these challenges and drive sustainable and stable growth of the organisation.

Since my last communication with you, the Company has started tolling operations of the Mumbai-Nasik Highway Project. The Company has also achieved financial closure of Patna-Muzafarpur Highway Project and Paradip Port Project and additionally taken exploratory steps for venturing into thermal power generation. I am also happy to inform you that your Company has started receiving dividends from Rajahmundry-Dharmavaram Highway Project and Dharmavaram-Tuni Highway Project which shall be utilised for meeting the capital expenditure for other projects.

Your Company has always been known as a pioneer in the Public Private Partnership arena. We intend to carry forward this legacy by striving to create standards in the three basic tenets of infrastructure development; viz: quality execution, engineering innovation and financial engineering. This shall ultimately result in higher value creation for all stakeholders including our beloved motherland.

The Company will soon approach you with a rights issue of equity shares to the extent of about ₹ 200 crores; which will mainly be used as equity contribution towards ongoing projects. As your Company is continuously investing in new and existing projects, the Company has not declared any dividend for the Period.

One of the most critical areas which drive stakeholder value is a strong team and I would like to thank each and every colleague for their efforts and support provided throughout the year. Mr. K. K. Mohanty has taken over the reins of the Company recently as the Managing Director. Mr. Mohanty brings varied skills to the Company, key among them being enterprise building, economic value creation and efficient financial engineering which he has garnered in over thirty years of experience in the infrastructure sector. Mr. R. K. Malhotra, with over thirty two years of civil engineering experience in the parent company has been appointed on the Board as a whole time director. Mr. Malhotra shall be in charge of project engineering and execution. Both these appointments have been placed before you for your approval.

Looking ahead, your Company intends to set on a high growth trajectory by focusing on early delivery of existing projects and procurement of value accretive projects. The management is also mulling the possibility of encashing the intrinsic value of some projects with a view to meet the funding requirements of the existing and future projects.

Gearing for the future, the Company shall strive to expand its basket of projects in existing as well as new sectors and also realigning sectoral focus. The Company also intends to establish its global footprint and explore opportunities in certain selected emerging economies. Your Company has always been known as a pioneer in the Public Private Partnership arena. We intend to carry forward this legacy by striving to create standards in the three basic tenets of infrastructure development; viz: quality execution, engineering innovation and financial engineering. This shall ultimately result in higher value creation for all stakeholders including our beloved motherland.

I thank you for your cooperation and continued support to the Company. Together, let us make this an infrastructure company the nation and the world will be proud of.

Regards,

**Abhijit Rajan**  
Chairman & Managing Director

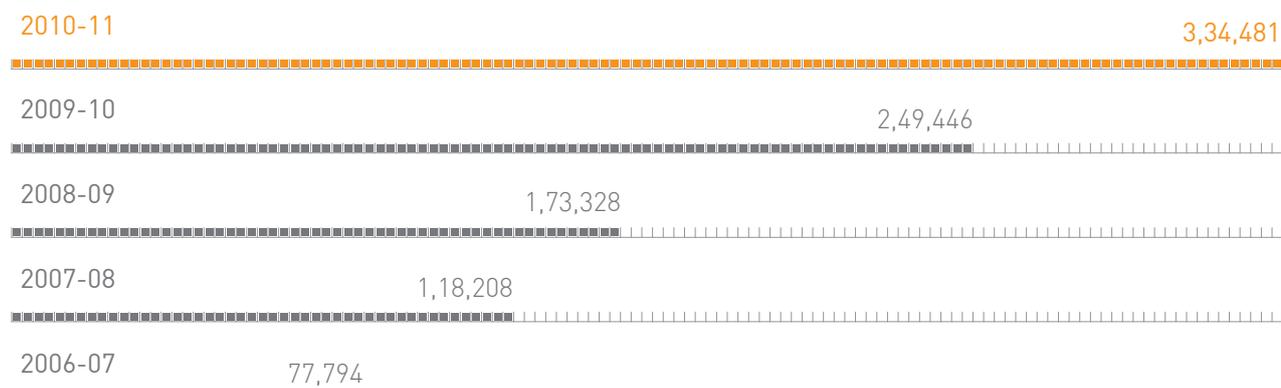
Date: August 11, 2011

# Financial Highlights (Consolidated)

## ASSET CAPITALISATION

CAGR **44%**

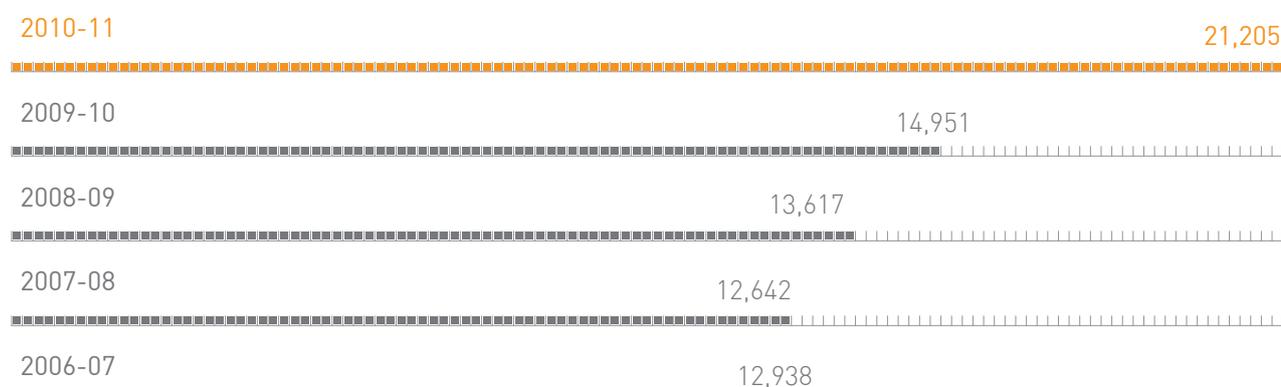
(₹ in Lakhs)



## EBITDA

CAGR **13%**

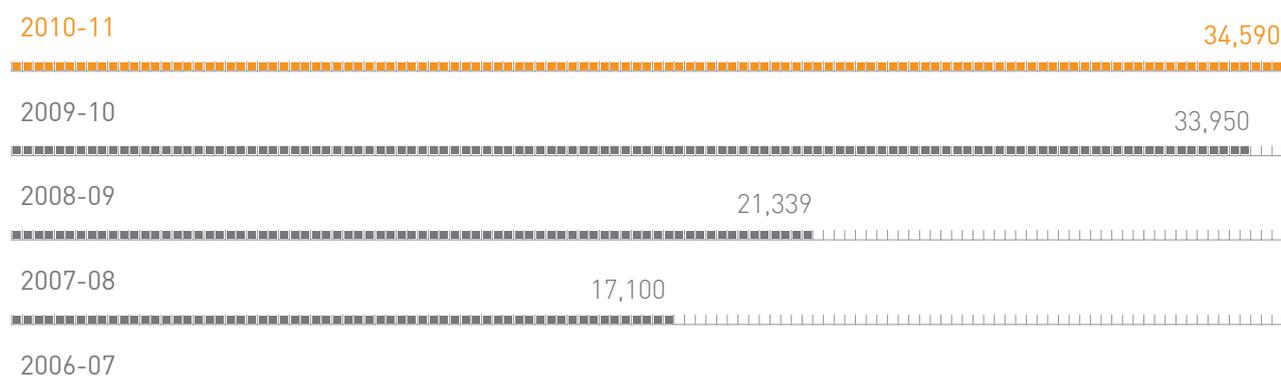
(₹ in Lakhs)



## TOTAL INCOME

CAGR **22%**

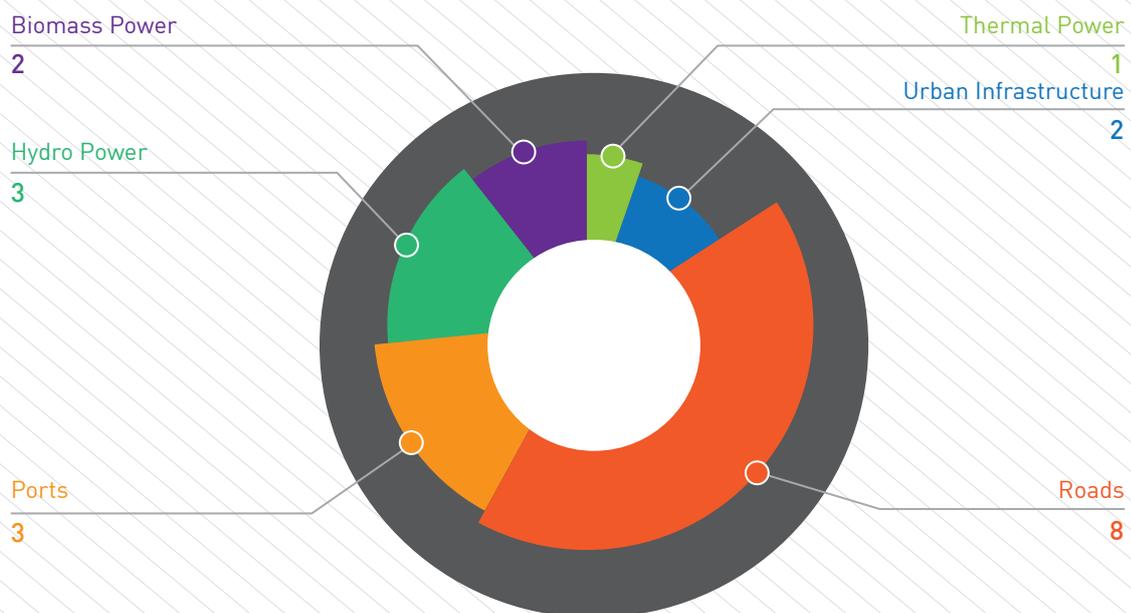
(₹ in Lakhs)



# 2010 in Perspective

- Vizag Seaport Private Limited (VSPL) has continued to perform efficiently by handling 6.49 million tons of cargo during the financial year ending March 2011, demonstrating 9% increase in the turnover compared to last year.
- M/s Indira Container Terminal Private Limited (ICTPL) currently operates an existing berth at Ballard Pier Station (BPS) and handled around 51,000 TEUs in FY11 with a CAGR of 37% over the last three years.
- The Sikkim Hydro Power Ventures Limited (SHVPL) Project received major clearances from the Ministry of Environment and Forests.

## Diversified assets across sectors



# In pursuit of infrastructure excellence

GIPL is a subsidiary of the infrastructure major Gammon India, leveraging its extensive repository of industry experience and technical knowledge. GIPL was formed in 2001 and leads Gammon India's forays into development and maintenance of infrastructure projects on a PPP basis.

## Distinction

GIPL has the distinction of being amongst the first companies in India to be modelled as an infrastructure developer holding company with investments spread across various sectors.

## Listing Codes

**BSE:** 532959 | **NSE:** GAMMNINFRA | **ISIN:** INE181G01025

## Presence

- Project Development
- Project Advisory
- Sector Specific Operations & Maintenance

## Geographic Project Diversity



Map not to scale

\* Pre-development stage

Stringent deadlines

Challenging terrains

Enhanced quality standards

# Execution Brilliance

## Everyday realities for GIPL.

At GIPL, we have consistently demonstrated superior project execution capabilities, despite predictable and unpredictable hurdles. This is underscored by the fact that three out of the five projects commissioned were completed well before schedule.

Project execution entails accomplishment of the final project requirements through proper planning and the timely completion at various stages. It involves management and coordination of people, equipment and other critical resources in accordance with the project management plan.

We ensure that each and every project is driven by a commitment to advanced levels of quality standards. Our approach brings together excellent engineering and project management capabilities, resulting in differentiation and strong risk mitigation for all the projects.

# Value Engineering

Value creation is the result of our consistent efforts to drive innovation across each and every aspect of the business. It is integral to our sustainability approach.

The organization believes in innovation and practices value engineering in each and every aspect of the business. It constantly strives to enhance value for all stakeholders, which include Government and various other regulatory authorities, PPP-Client, Society at large, Shareholders, Financiers / Lenders, among others.

## 1.

### Business Development, acquisitions and divestments

- ✦ Identify opportunities, build business and acquire a well diversified portfolio of select qualitative concessions with strong fundamentals.
- ✦ Divest and realize value at appropriate time.

## 2.

### Operations

- ✦ Devise and execute strategies to ensure 'On' or 'Before' Time completion/commissioning of projects.
- ✦ Strive for greater 'User' and client satisfaction through uninterrupted operations and qualitative services.
- ✦ Drive revenue generation.

## 3.

### Financial Reengineering

- ✦ Innovate and formulate efficient capital structure for each of the projects.
- ✦ Optimize capital cost.

## 4.

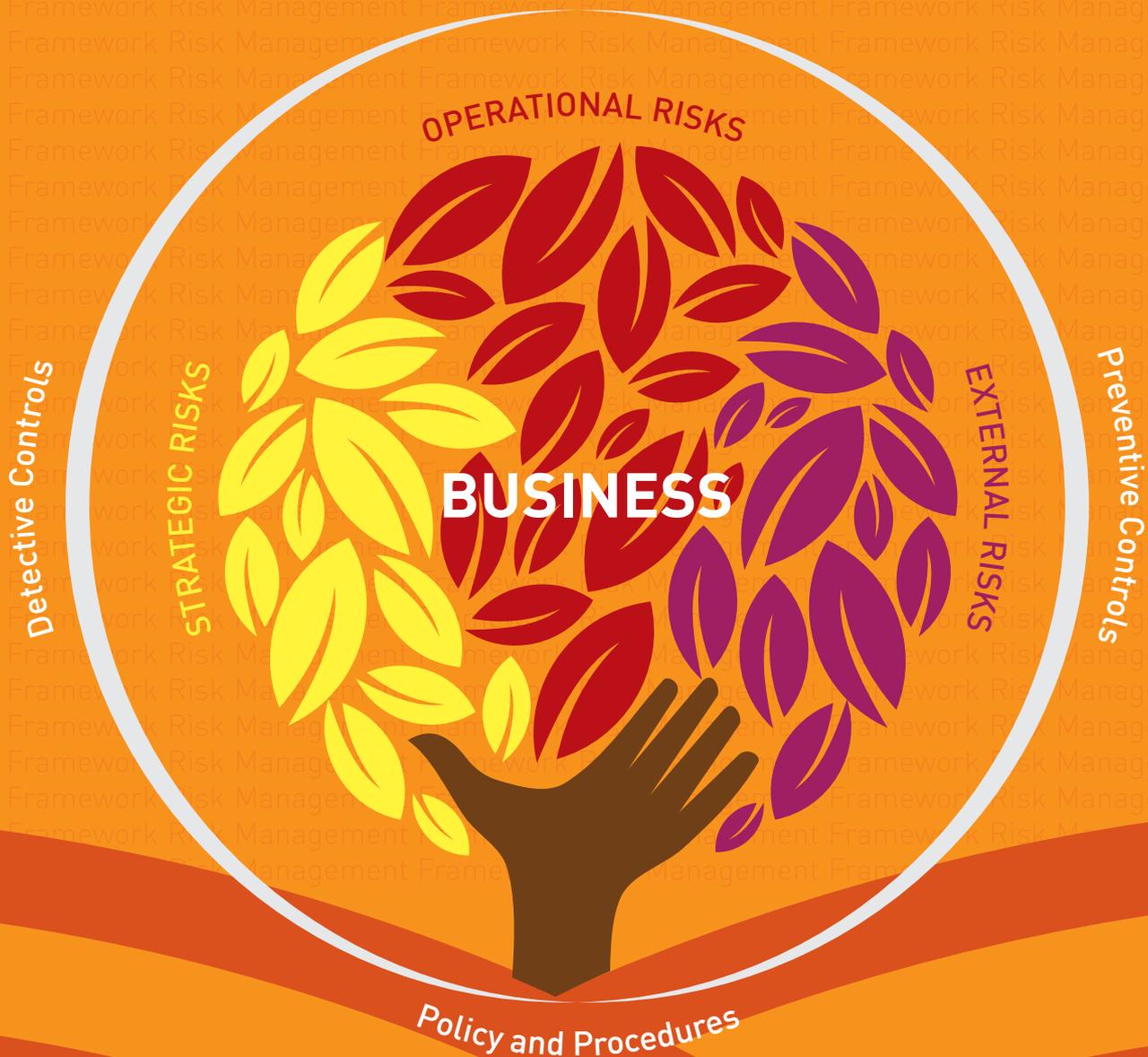
### Infrastructure and livelihood creation

- ✦ Create employment opportunities with every new project.
- ✦ Enhance quality of life by providing superior infrastructure.

# Capital

We believe our ability to mobilise capital is the result of enduring market credibility.

Since its inception 10 years ago, GIPL has achieved financial closures to the extent of ₹ 6,100 crores, of which 82% comprises debt. It underlines the financial credibility, which GIPL has built over the years and continues to enjoy even to the present day.



# De-risking strategy

GIPL's risk mitigation is part of our fundamental approach to business sustainability.

The risk mitigation bandwidth encompasses the following:

- ◆ **Operational risks**  
 Risks associated with the people, systems, and processes within the organisation;
- ◆ **Strategic risks**  
 Risks associated with various strategic decisions initiated by the organization;
- ◆ **External risks**  
 Risks arising from the area of operations or other extraneous factors.

We are ceaselessly elevating our de-risking standards through efficient policies and procedures, which mitigate risks.

# The people edge

GIPL's core strength lies in the ability of our people to achieve breakthrough benchmarks in project execution and differentiation.



Our employees believe in the principle that no challenge is ever too big to be intimidated and no issue ever too trivial to be ignored.

A crucial factor behind our success is the importance placed upon the quality of the people hired by GIPL. The core strength lies in our ability to attract, nurture and produce excellent leaders who in turn can develop world class infrastructure.

GIPL respects and values the diverse background of its employees with a strong commitment to develop and utilise talent. The organization has a highly motivated workforce. GIPL firmly believes that motivated and empowered employees represent its most powerful assets in a highly competitive market.



# Project Highlights

## Operational projects



### Rajahmundry Expressway Limited (REL)

Strengthening of a 53 km stretch between Rajahmundry and Dharmavaram in Andhra Pradesh on NH 5, connecting Chennai – Kolkata, on an annuity basis.

### Andhra Expressway Limited (AEL)

Widening and Strengthening of the 47 km stretch between Dharmavaram and Tuni in Andhra Pradesh on NH 5, connecting Chennai – Kolkata, on an annuity basis.



### Cochin Bridge Infrastructure Company Limited (CBICL)

Development of the 750 m long New Mattancherry Bridge in Cochin, Kerala which connects Fort Kochi (a heritage town and a famous tourist site) to Willingdon Island in the Cochin Port Trust area, on a BOT (toll) basis.





### **Mumbai Nasik Expressway Limited (MNEL)**

Widening, Strengthening and Operating the 99.5 km Vadape-Gonde (Mumbai-Nasik) section of NH-3, part of NHDP Phase III, on a BOT basis.

### **Vizag Seaport Private Limited (VSPL)**

Development, Construction, Operation and Management of two multi- purpose berths in the northern arm of the inner harbor at Visakhapatnam Port, on a BOT basis.



# Project Highlights

## Projects under development



### Rajahmundry Godavari Bridge Limited (RGBL)

Design, Construction, Operation and Maintenance of 4.15 km long four-lane bridge, which will connect Kovvur and Rajahmundry in Andhra Pradesh across the Godavari River.

### Kosi Bridge Infrastructure Company Limited (KBICL)

Design, Construction, Development, Finance, Operation and Maintenance of 1.8 km long four-lane bridge across river Kosi with 8.2 km of access roads and bunds for flood protection on NH 57 in the Supaul district of Bihar, on a BOT(Annuity) basis.



### Gorakhpur Infrastructure Company Limited (GICL)

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 a BOT (Annuity) basis.



### Patna Highway Projects Limited (PHPL)

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 a BOT (Annuity) basis.



### Indira Container Terminal Private Limited (ICTPL)

Undertakes the Implementation, Development, Operation and Maintenance of two Offshore Container Terminal berths at Mumbai harbor (OCT Project); Operation and Maintenance of existing container operation of Mumbai Port Trust (MbPT) at its Ballard Pier Station (BPS), off the coast of Mumbai, on a BOT basis.



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

Design, Finance, Construction, Operation, Maintenance and Marketing of iron ore handling facility in Paradip port, Orissa and the provision of related services. The terminal will be able to handle a minimum of 10 million tons of iron ore annually.

### Pravara Renewable Energy Limited (PREL)

Design, Construction, Finance and Operation of a 30 MW co-generation power project with Padmashri Dr. Vitthalrao Vikhe Patil Sahakari Sakhar Karkhana Limited ("Karkhana") in Pravara Nagar, Maharashtra, on a BOOT basis.



### Sikkim Hydro Power Ventures Limited (SHPVL)

Development of a 66 MW Rangit II Hydroelectric Power Project in Sikkim, run-of-the-river Hydroelectric Power Project on the Rimbi River, a tributary of Rangit river, on a BOOT basis.

### Youngthang Power Ventures Limited (YPVL)

Development of a 261 MW run-of-the-river hydroelectric power project in Himachal Pradesh, on a BOOT basis.



# Project Highlights

## Projects under pre-development stage



### SEZ Adityapur Limited (SEZAL)

Development of an SEZ for automobile and auto components at Adityapur, in Jharkhand in eastern India.

### Tidong Hydro Power Limited (THPL)

THPL was incorporated by the Company for developing a 60 MW hydro-electric project in Himachal Pradesh for which it had received a letter of intent (LOI) from the Government of Himachal Pradesh (GoHP). The Company owns 50% equity stake in THPL.



### TADA SEZ Project

Identification of approximately 1,150 acres of land at TADA in the Chittoor District of Andhra Pradesh has been successfully carried out. Land acquisition is currently in progress.



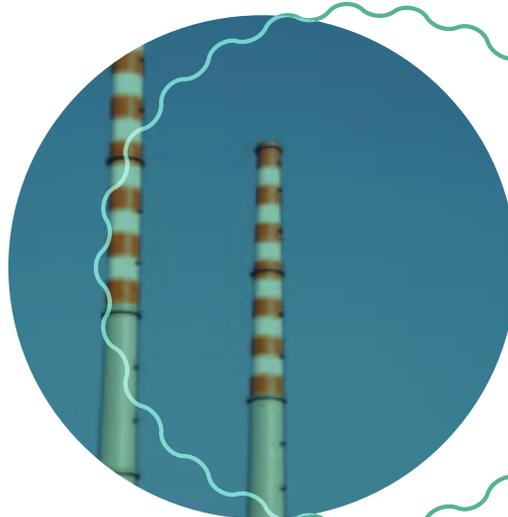


### Biomass Power Projects in Punjab and Haryana

The Company has bought an additional 50% stake in six biomass power projects in Haryana and one in Punjab from the joint venture partner. The Company will thus have 100 % stake in biomass power projects to generate 66 MW power.

### 250 MW Thermal Power Project

The Company through its subsidiaries has bought 100% stake in a 250 MW coal based power project in Chandrapur District of Maharashtra.



# Profile of the Board



## 1. **Abhijit Rajan** Chairman & Managing Director

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

## 2. **Himanshu Parikh** Vice Chairman

Mr. Parikh has wide managerial experience in diverse functional fields and is on the Board of several Gammon group companies.

## 3. **Kishor Kumar Mohanty** Managing Director

Mr. Mohanty is an engineer with an MBA degree in finance & marketing from Harvard Business School, Boston. He has over three decades of managerial experience in various capacities.

## 4. **Rajeevkumar K Malhotra** Whole Time Director

Mr. Malhotra is an IIT civil engineer with over three decades of experience with Gammon India Ltd.

## 5. **Chandrabhas Charandas Dayal** Independent Director

Mr. Dayal is a chartered accountant with vast experience and expertise in audit, internal audit, taxation and accounts. He is the head of the Audit Committee of the Company.

## 6. **Sanjay Sachdev** Independent Director

Mr. Sachdev is a lawyer with a masters degree in international management. He is also a certified financial planner with over two decades of experience, including over fourteen years with the pension and mutual fund industry.

## 7. **Naresh Chandra** Independent Director

Mr. Chandra retired from the Indian Administrative Service in 1992. While in service, he held important positions in the Central Government. Later, he served as a senior advisor to the Prime Minister of India, as Governor of Gujarat and as the Ambassador of India to the USA.

## 8. **Sushil Chandra Tripathi** Independent Director

Mr. Tripathi is a retired Indian Administrative Service officer, with nearly twenty years of service experience at senior levels in the State and Central Government and, on deputation, at international forum.

## 9. **Kunal Shroff** Independent Director

Mr. Shroff is an investment advisor with vast experience in the industry.

## 10. **Parvez Umrigar** Non Executive Director

(He has since resigned from the Board on August 12, 2011.)

# Management Discussion and Analysis

## ABOUT GIPL

Gammon Infrastructure Projects Limited is an infrastructure project development company, promoted by GIL to participate in the development of infrastructure projects on PPP basis. The Company is among the first companies in India to be modelled as an infrastructure developer holding company with multi-sectoral exposure.

Today, GIPL leads the group's forays into the development of infrastructure projects on PPP basis across sectors such as roads & expressways, ports, power, urban infrastructure, airports, special economic zones, water and wastewater management, railways and power transmission lines.

## ECONOMIC REVIEW

India sustained its growth momentum and has emerged as the world's second fastest growing economy with GDP rates exceeding 8% every year since 2005-06 except 2008-09. Inherent strength of the country's domestic demand (largely driven by increased spending by India's middle class), rapidly developing services and manufacturing sectors complemented by well formulated monetary policies of the RBI and the fiscal stimulus provided by the GoI are the key triggers for this growth.

|                | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|----------------|---------|---------|---------|---------|---------|---------|
| GDP trend* (%) | 9.5     | 9.6     | 9.3     | 6.8     | 8.0     | 8.6     |

[Source: CSO \* Growth in GDP at factor cost at 2004-2005 prices]

While, the fiscal 2010-11 was reassuring, the fiscal 2011-12 looks promising.

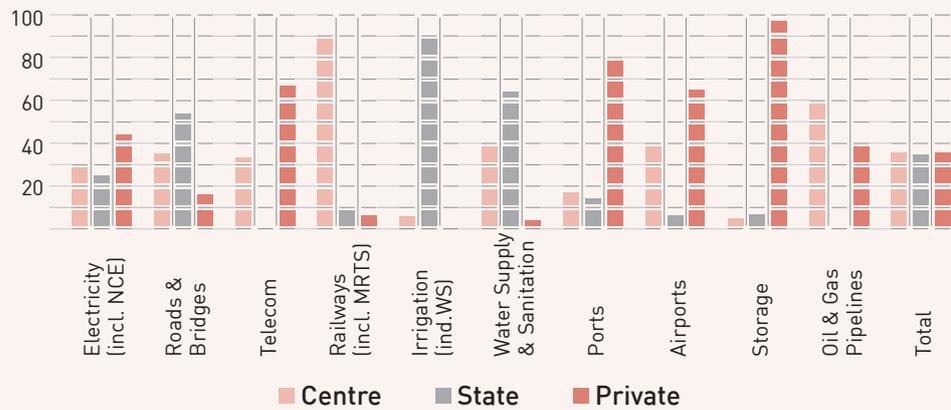
## INDIAN INFRASTRUCTURE OVERVIEW

Infrastructure investment has traditionally been associated with public sector monopolies, largely due to high cost of implementation. However, the sector is experiencing an exemplary shift, as the government is taking measures to encourage private investment on PPP model. This should make the infrastructure sector economically vibrant and competitive.

As per the XIth FYP mid-term appraisal, the overall private sector investment share is likely to be 36% during the Plan period.



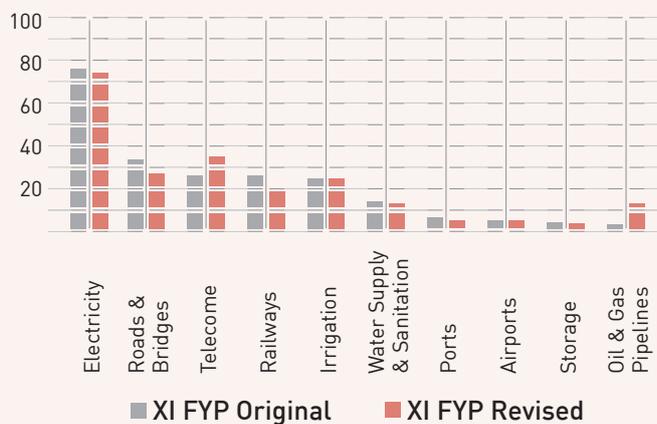
Infrastructure spending (as per ownership) (%)



Source: XI FYP mid-term appraisal

Further, according to the XIth FYP mid-term appraisal, infrastructure investment is likely to be close to 8% of the GDP, which is considerably below the original target of 9% which is a requirement to sustain 8-9% GDP growth. The overall target for the plan period, viz: an investment of about ₹ 23.22 trillion will remain unaltered even though the sectoral allocation might change. Close to 32% of the FY 2011-12 investments is likely to be for the power sector and about 17 % for the telecom sector.

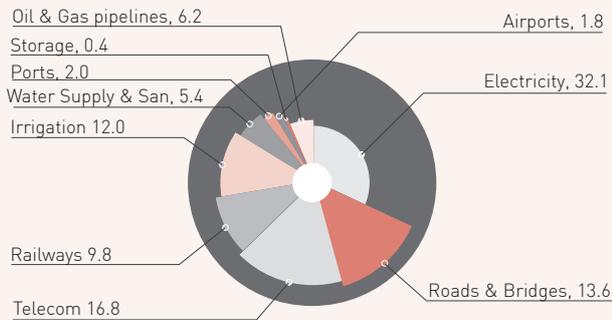
Revised estimates for infrastructure spending (%)



Source: XI FYP mid-term appraisal

According to the Working Group on Roads, Planning Commission of India, the investment required in the current FYP in the road sector is ₹ 31,415,200 Lakhs. Out of this, the investment from the public sector is expected to be ₹ 20,735,900 Lakhs and from the private sector ₹ 10,679,200 Lakhs.

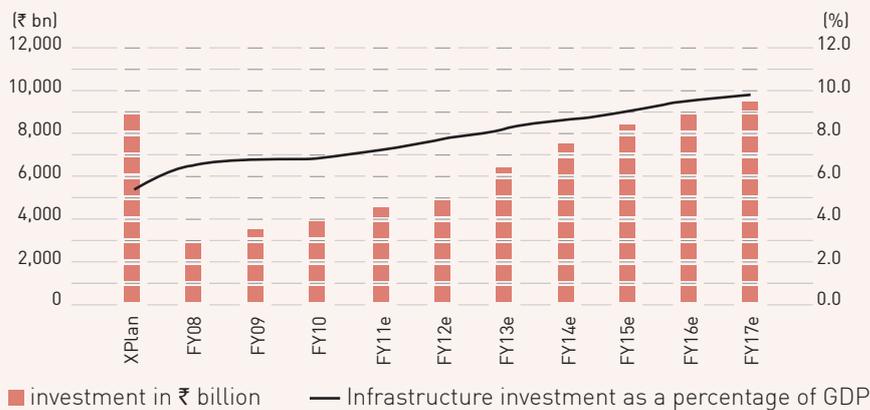
**Sectoral Allocation (XI FYP) (%)**



Source: XI FYP mid-term appraisal

As per the estimates for the XIIth FYP, the investment in Infrastructure is expected to double to ₹ 46.30 trillion compared to the XIth FYP. It is estimated to reach 10% of the GDP over the entire Plan period except the terminal year 2017 when it is expected to touch 11% of the GDP.

**Infra investment as a percentage of GDP**



Source: Planning Commission



## SECTORAL OVERVIEW AND OUTLOOK

### ROADS AND BRIDGES

India has one of the largest road networks in the world with close to 33.14 lakh km consisting of national highways, state highways, major district roads and rural roads.

According to the Working Group on Roads, Planning Commission of India, the investment required in the current FYP in the road sector is ₹ 31,415,200 Lakhs. Out of this, the investment from the public sector is expected to be ₹ 20,735,900 Lakhs and ₹ 10,679,200 Lakhs from the private sector. Investment opportunities through the PPP mode are expected to increase manifold due to the plethora of bids being lined up by the NHAI. Higher spending is also required on account of up-gradation and development of rural roads as well. Even though there have been delays in obtaining clearances, land acquisition, law and order issues, award of projects is expected to pick up from the second half of FY 2011-12 as the Gol looks to achieve a target of building at least 20 km of roads a day, on an average.

#### Projected Public and Private Investment in roads during the year 2011-12 (in ₹ crores)

| Year    | 2011-12 | Total XI Plan |
|---------|---------|---------------|
| Centre  | 47,756  | 187,199       |
| Public  | 26,304  | 107,359       |
| Private | 21,452  | 79,840        |
| States  | 32,216  | 126,952       |
| Public  | 24,815  | 100,000       |
| Private | 7,401   | 26,952        |
| Total   | 79,971  | 314,152       |
| Public  | 51,118  | 207,359       |
| Private | 28,852  | 106,792       |

Source: Planning Commission

According to the Planning Commission, the sector is estimated to see an investment of close to ₹ 2,476 billion by 2015 for the development of the national highways. Also, an additional investment of close to ₹ 1,300-1,500 billion on rural roads is anticipated under the Pradhan Mantri Grameen Sadak Yojana.

#### The Company's perspective on the outlook and opportunities in Roads and Highways

The steady increase in the allocation for road sector backed by an expected increase in the award of projects on BOT basis provides a good opportunity to the Company to increase its foothold in the sector. The Company is constantly reviewing and evaluating the project opportunities in the road sector in the light of its strengths /synergies in the sector. As at the end of June 2011, it has been qualified to place financial bids for road projects worth ₹ 206.59 billion.

By October, 2010, 32 GW power had been commissioned i.e. 51% out of the total 62.3 GW planned for the XIth FYP.

**Risks and concerns**

Projects awarded without adequate 'Right of Way'/land acquisition.

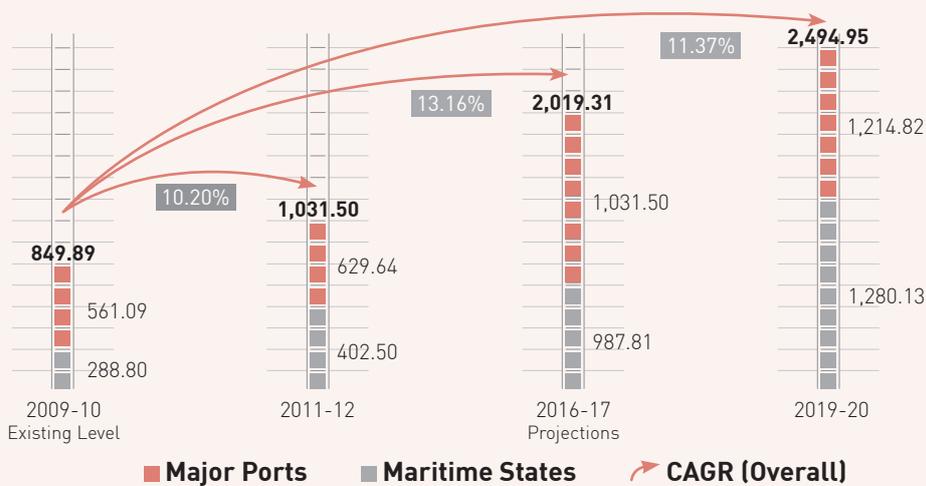
Rising input costs in case of road 'Annuity' projects

**PORTS**

The Indian coastline consists of 12 major ports and 187 minor ports. India is ranked 16th in the world amongst maritime countries in terms of merchant shipping fleet. According to the Indian Brand Equity Foundation, the Indian external trade constitutes about 40% of the GDP and majority of the trade is carried through shipping. About 75% of the total cargo in terms of volume is handled at the major ports. The GoI is considering huge investments to develop port infrastructure. It has encouraged investments through formation of favorable policy framework which involves 100% foreign direct investment under automatic route for port development projects, 100% exemption from income tax for a period of 10 years, improvement of transparency in the award of process and many others.

The Indian ports have already gone through a major transition in the recent past in capacity expansion and modernization. According to the Maritime Agenda, 2020, traffic at major ports is likely to grow to 2,494.95 million tonnes in 2019-20 from 849.89 million tonnes recorded in 2009-10 at a CAGR of 11.37%.

Traffic at ports (₹ in million tonnes)

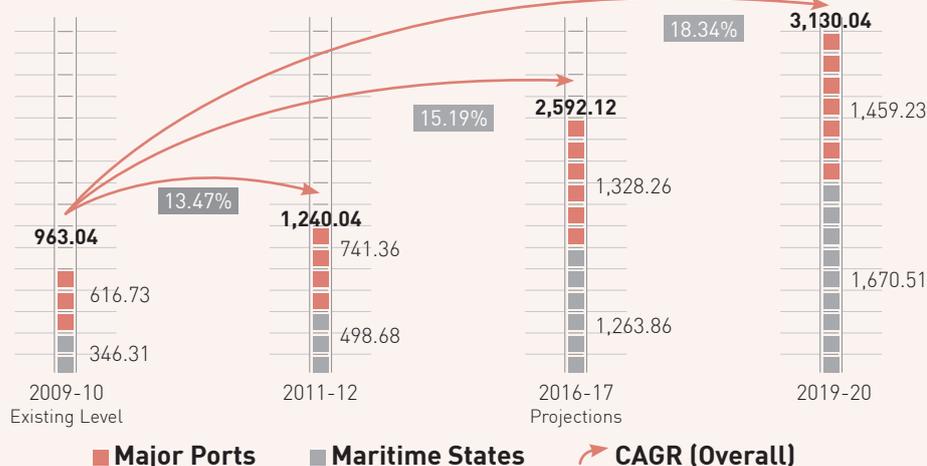


Source: Maritime Agenda 2020, Ministry of Shipping, India

In order to handle increasing port traffic, the port capacity also needs expansion. Total Port capacity expansion is projected to increase from 963.04 million tonnes in 2009-10 to 3,130.04 million tonnes by 2019-20.



Capacity at ports (in million tonnes)



Source: Maritime Agenda 2020, Ministry of Shipping, India

**The Company’s perspective on the outlook and opportunities on ports**

The Company is carefully assessing the project opportunities in line with its business plans for the purpose of pre-qualification. As at the end of June 2011, it has been qualified to place financial bids for ports projects worth ₹ 19.34 billion.

**Risks and concerns**

Directive policy issued by the GOI to all the major ports under Section 111 of the Major Port Trusts Act, 1963, with the purported objective of avoiding private sector monopoly in the major ports, while awarding projects to private parties through PPP route.

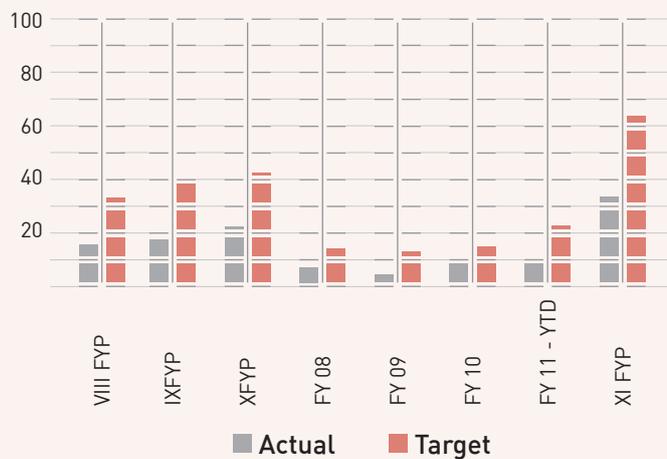
Delay in receiving environmental clearance and forest Clearance from the Ministry of Environment and Forests.

**POWER**

Power is the backbone of all infrastructure activities in any economy. The Indian power sector has been on a massive expansion mode. The demand for power has been increasing exponentially and the future of power generation, transmission and distribution business looks very bright.

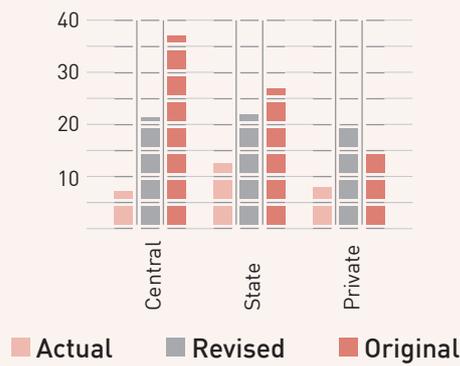
By October, 2010, 32 GW power had been commissioned i.e. 51% out of the total 62.3 GW planned for the XIth FYP. This has itself been a huge investment compared to the previous FYPs. As per various media reports, an additional 106 GW and another 82 GW of capacity additions have been planned for the XIIth and the XIIIth FYPs respectively. Out of this, about 70 GW of the total order book for the XIIth FYP is already believed to have been tied up. It is bound to translate into an investment opportunity of close to ₹ 9.4 trillion spread across both the FYPs.

**Power capacity addition: Actual v/s target (GW)**



Source: CEA (Central Electricity Authority) as on Oct 2010

**Power Capacity addition: Actual vs target (XIth FYP) (GW)**



Source: CEA (Central Electricity Authority) as on Sep 2010

**The Company’s perspective on the outlook and opportunities in power (generation and transmission)**

The Company is carefully assessing project opportunities suiting its business plans for the purpose of pre-qualification. As at the end of June 2011, it has been qualified to place financial bids for power projects worth ₹ 223.5 billion.

**Risk and concerns**

- Ensuring efficient fuel procurement for biomass power generation projects
- Land acquisition, fuel linkage and environmental clearance in case of thermal power generation projects
- Land acquisition and environmental clearance in case of hydro power generation projects



## OPERATIONAL OVERVIEW

### Operational Projects

#### Rajahmundry Expressway Limited (REL)

REL is an SPV created for the project for widening and strengthening of a 53 km stretch between Rajahmundry and Dharmavaram in Andhra Pradesh on 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 2.5-year construction period. The project has been capitalised at ₹ 25,600 Lakhs.

As of March 31, 2011, REL has received 12 annuities from NHAI (each semi-annual annuity amounting to ₹ 2,961.9 Lakhs). Till date, 100% lane availability has been achieved by REL and has not recorded any deduction in the receipt of annuity payments from NHAI.

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

|                      | (₹ in Lakhs) |           |
|----------------------|--------------|-----------|
|                      | Year ended   |           |
|                      | 31-Mar-11    | 31-Mar-10 |
| Income               | 6,898.82     | 6,222.36  |
| Profit after tax     | 1,705.38     | 1,297.05  |
| Equity Share Capital | 2,900.00     | 2,900.00  |
| Reserve and Surplus  | 8,408.30     | 8,731.90  |

#### Andhra Expressway Limited (AEL)

AEL is an SPV created for the project for widening and strengthening of the 47 km stretch between Dharmavaram and Tuni in Andhra Pradesh on 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 2.5 year construction period. The project has been capitalised at ₹ 24,800 Lakhs.

As of March 31, 2011, AEL has received 12 annuities from NHAI (each semi-annual annuity amounting to ₹ 2,791.2 Lakhs). Till date, 100% lane availability has been achieved by AEL and has not recorded any deduction in the receipt of annuity payments from NHAI.

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

(₹ in Lakhs)

|                      | Year ended |           |
|----------------------|------------|-----------|
|                      | 31-Mar-11  | 31-Mar-10 |
| Income               | 6,150.63   | 5,890.14  |
| Profit after tax     | 1,312.76   | 1,334.83  |
| Equity Share Capital | 2,900.00   | 2,900.00  |
| Reserve and Surplus  | 7,876.85   | 8,593.07  |

**Cochin Bridge Infrastructure Company Limited (CBICL)**

CBICL is an SPV promoted for developing the New Mattancherry Bridge Project, 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 since the preceding 8.5 years.

The construction was completed 10 months ahead of schedule, which resulted in the early collection of toll revenues. At present, the bridge witnesses daily traffic of around 18,000 passenger car units. The project had been capitalized 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-Mar-11  | 31-Mar-10 |
| Income               | 558.06     | 582.50    |
| Profit after tax     | 44.32      | 108.71    |
| Equity Share Capital | 640.00     | 640.00    |
| Reserve and Surplus  | 535.66     | 491.33    |

**Mumbai Nasik Expressway Limited (MNEL)**

MNEL is the SPV created for widening, strengthening and operating the 99.5 km Vadape-Gonde (Mumbai-Nasik) section of NH-3 on BOT basis. The concession period for the project is 20 years, including a 3 year construction period.

Financial closure for the project has been achieved and presently the project is under its implementation phase, with a total capitalisation of ₹ 89,803 Lakhs (inclusive of a negative grant of 118.3 crores payable on handover) as of March 31, 2011.



The EPC Contract for the project was awarded to GIL. The operations & maintenance contract (including toll collection) of the project was awarded to GIPL. The project achieved partial completion for a stretch of 64 km in May, 2010 and has commenced operations (toll collections). MNEL has achieved COD for the entire section of the project highway by end May, 2011 and hopes to commence tolling for the entire stretch shortly.

#### Vizag Seaport Private Limited (VSPL)

VSPL is the SPV formed to develop, construct, operate and manage two multi – purpose berths in the northern arm of the inner harbor at Visakhapatnam Port on BOT basis. VSPL has developed the berths and terminal as a fully mechanized integrated handling system incorporating state-of-the-art technologies, capable of handling cargo up to 9 MMTPA.

VSPL commenced commercial operations in July, 2004 and the Company has handled 6.49 million tons of cargo in the financial year ending March 2011, showing a significant 9% increase in throughput compared to that of last year. The concession period is 30 years, including the construction period. As of March 31, 2011 the project has been capitalized at ₹ 31,858.80 Lakhs. VSPL has the rights to operate the project for another 21 years.

The company has acquired Liebherr 984 High Rise Crane to increase its capacity at the berth side and also received a land parcel of 10 acres from VPT with a commitment to provide additional 20 acres, to be developed for stacking the cargo. This will certainly increase the capacity of the terminal substantially.

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

(₹ in Lakhs)

|                      | Year ended |            |
|----------------------|------------|------------|
|                      | 31-Mar-11  | 31-Mar-10  |
| Income               | 12,540.39  | 11,487.78  |
| Profit After Tax     | 1,603.81   | 1,413.92   |
| Equity Share Capital | 8,719.12   | 8,719.12   |
| Reserve and Surplus  | (1,192.88) | (2,796.69) |

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

## Projects Under Active Development

### 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 10.34 km of approach roads. The concession period for the project is 25 years, including a construction period of 3 years. The total project cost is estimated to be ₹ 86,110 Lakhs.

Financial closure for the project has been achieved and presently the project is under its implementation phase with a total capitalization of ₹ 46,731 Lakhs as of March 31, 2011. The EPC Contract for the project was awarded to GIL.

### 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 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, of which 17 years is for operations and 3 years is for construction. KBICL will receive an annuity payment of ₹ 3,190 Lakhs from NHAI, semi-annually, in the entire operations period. The COD of the project was expected to be achieved in April, 2010. However, the completion of construction work has been delayed due to NHAI's failure to fulfill its obligation of enabling access to the project site by clearing encumbrances. The total project cost is estimated to be ₹ 44,842 Lakhs. Financial closure for the project has been achieved. Presently the project is under implementation with a total capitalization of ₹ 33,505 Lakhs as of March 31, 2011.

Owing to the delays not attributable to your company, Independent Engineer has recommended the extension of Construction period by 15 months and Concession period till June 2028. The EPC Contract for the project was awarded to GIL.

### 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, of which 17.5 years is for operations and 2.5 years is for construction. 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 has been delayed due to NHAI's failure to fulfill its obligation of enabling access to the project site by clearing encumbrances. The total project cost is estimated to be ₹ 68,601 Lakhs.

Financial closure for the project has been achieved. At present, the project is under implementation with a total capitalization of ₹ 53,394 Lakhs as of March 31, 2011. The EPC Contract for the project was awarded to GIL.



#### 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.

The concession period is 15 years, ending in August, 2025, of which 12.5 years is for operations and 2.5 years is for construction. PHPL will receive an annuity payment of ₹ 9,460 Lakhs from NHAI, semi-annually, during the entire operations period. The total project cost is estimated to be ₹ 94,005 Lakhs.

Financial closure for the project has been achieved. The EPC Contract for the project was awarded to GIL.

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

ICTPL is the SPV incorporated in September 2007 to undertake the implementation, development, operation and maintenance of two Offshore Container Terminal berths at Mumbai harbor (OCT Project), operation and maintenance of existing container operation of Mumbai Port Trust (MbPT) at its Ballard Pier Station (BPS), off the coast of Mumbai on BOT basis.

ICTPL also has the right to develop a third berth in addition to the two berths on achieving certain throughput conditions as per the License Agreement. The license period for the project is 30 years, including 3 years of construction and equipping. The Project was expected to be commissioned by December, 2010 however, due to delays on account of a slowdown in the dredging work required to be carried on by MbPT the revised commissioning date is now September, 2012. ICTPL has already received a provisional extension from MbPT till September, 2012. The revenue share payable by ICTPL to MbPT is 35.064% of gross revenue for the year. When fully developed the first phase of the project would have a design capacity to handle 1.4 million TEUs. The total project cost for the first phase is estimated to be ₹ 101,566 Lakhs.

The financial closure for the project was achieved in November 2008. ICTPL has taken over operations of BPS in June 2008 for a period of five years and has recently initiated construction of the offshore container berths. The EPC contract of the project was awarded to GIL. The total capitalization of the project is ₹ 24,130 Lakhs as of March 31, 2011.

#### Blue Water Iron Ore Terminal Private Limited (BWOTPL)

BWOTPL is the SPV for design, finance, construction, operation, maintenance and marketing of an iron ore handling facility in Paradip port, Orissa and the provision of related services. The terminal is being designed to handle a minimum of 10 MMTPA of iron ore annually at an estimated project cost of ₹ 56,800 Lakhs.

The concession agreement was signed in July, 2009 with a concession period of 30 years, including 3 years of construction. The Company has achieved the Financial Closure of the project. The designs and drawings have already been approved and the construction will commence subject to certain conditions to be fulfilled by Paradip Port Trust.

### Pravara Renewable Energy Limited (PREL)

PREL is the SPV incorporated for design, construction, finance and operation of a 30 MW co-generation power project on BOOT basis with Padmashri Dr. Vitthalrao Vikhe Patil Sahakari Sakhar Karkhana Limited ("Karkhana") in Pravara Nagar, Maharashtra. The Karkhana is a co-operative sugar factory registered under the provisions of the Maharashtra Co-operative Societies Act, 1960.

As per the Project Development Agreement executed with Karkhana, PREL shall be responsible for designing, development, procurement, installation, erection commissioning, operation and maintenance of the co-generation facility for a period of 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 (cane trash). The co-generation facility will use the 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 cogeneration plant will be set up within the premises of the Karkhana and a land lease agreement has already been signed.

### Sikkim Hydro Power Ventures Limited (SHPVL)

SHPVL is the SPV floated to develop 66 MW Rangit II Hydroelectric Power Project in Sikkim on BOOT basis. The project involves the development of a 66 MW run-of-the-river Hydroelectric Power Project on the Rimbi River, a tributary of Rangit river.

The project has received all major clearances and approvals such as Environmental Clearance as well as the Forest Clearance from the MoEF and the Techno Economic Clearance from Government of Sikkim. The Company has already paid 100% of the cost of land acquisition to the Government of Sikkim for acquisition of project land following which the Government will transfer the possession of the land. The Company has floated global tender for selection of the EPC contractor through international competitive bidding process.

### Youngthang Power Ventures Limited (YPVL)

YPVL is the SPV incorporated to implement the project involving the development of a 261 MW run-of-the-river hydroelectric power project in Himachal Pradesh on a BOOT basis at an estimated cost of ₹ 250,000 Lakhs. The concession period of the project is 40 years, post commencement of commercial operations. At present, the activities related to the preparation of Detailed Project Report are being conducted.



### Other Projects In Pre-Development Phase

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

#### SEZ Adityapur Limited (SEZAL)

SEZAL was incorporated to implement the project of development of an SEZ for 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 ninety (90) acres for a period of 90 years. Adityapur Industrial Area Development Authority is the nodal agency for the project. Your Company owns 38% equity stake in SEZAL. The project is awaiting forest clearance from the Central Government.

#### Tidong Hydro Power Limited (THPL)

THPL was incorporated by the Company for developing a 60 MW hydro-electric project in Himachal Pradesh for which it had received a letter of intent (LOI) from the Government of Himachal Pradesh (GoHP). The Company owns 50% equity stake in THPL.

However, the GoHP had (pending the execution of the Memorandum of Understanding) cancelled the LOI and awarded the project to Himachal Pradesh Power Development Corporation (HPPDC). A writ petition was filed by THPL against GoHP and others against the cancellation of the LOI and allotment of the project to HPPDC. The High Court of Himachal Pradesh decreed in favor of THPL and directed GoHP to sign the concerned MoU with THPL. Recently, the Supreme Court has dismissed GoHP's appeal against the said order.

#### TADA SEZ Project

The Company has identified approximately 1,150 acres of land at Tada in the Chittoor District of Andhra Pradesh. Land acquisition is currently in progress.

#### Biomass Power Projects in Punjab and Haryana

GIPL recently sold its 50% stake in the 12MW operational biomass power plant of Punjab Biomass Power Ltd. at Ghanour in Punjab to its joint venture partner. Further, GIPL also sold its 50% stake in seven other biomass power projects in Punjab to its joint venture partner and has in turn bought an additional 50% stake in six biomass power projects in Haryana and one in Punjab from the joint venture partner. As a result, the Company will have 100 % stake in biomass power projects to generate 66 MW power. The Company has approached the concerned authorities for approval of the buyout of the partner from the Haryana projects. The Company may implement the Haryana projects either through Haryana Biomass Power Limited, the SPV incorporated earlier to implement all the six Haryana projects or through six separate SPVs (already incorporated) depending on the requirements of financial closure. These projects will primarily use rice straw as feedstock for power generation.

### 250 MW Thermal Power Project

The Company through its subsidiaries has bought 100% stake in a 250 MW coal based power project in Chandrapur District of Maharashtra.

#### 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. The Company understands the Risk environment encompassing its business and classifies it 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 which arise out of regular operations like:

- ☛ Project Opportunity Risk, on account of erroneous omission, inadequate or inappropriate assessment of a project opportunity available for development.
- ☛ Bidding Risk, on account of inadequate or erroneous assumptions made while arriving at the financial bid variable.
- ☛ Financing Risk, on account of not achieving a financial closure or achieving a financial closure at a cost higher than assumptions.
- ☛ 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 minimize chances of getting into 'Non Bankable – Non Profitable' projects. The Company follows a robust 'Two Tier' approach of Project Feasibility (Technical Review) and Project Financial Viability (Financial Review).

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, the Company has managed to attain financial closures even during difficult times for the industry and the economy.

The Company is constantly (otherwise it would mean that we do not have one) strengthening its internal checks & controls to identify and reduce 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 over which the Company has little or no control like:

- ☛ Regulatory Risk, on account of changes in the regulatory framework
- ☛ Interest Risk, on account of volatility experienced in the interest rates on the outstanding project debts
- ☛ Competition Risk, on account of strategies applied by existing and new entrants in the infrastructure development business
- ☛ 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.

Natural calamities, civil disturbance etc.

### Mitigation Efforts

The mitigation lies in proactively identifying & tracking each significant 'change' and adapting to it with foresight. The Company has a keen understanding of the Regulatory environment enveloping its business. It continues to proactively build strategies not only to sustain but thrive owing to its 'Early Warning systems' and meticulous processes. The Company understands its competition and keeps an update of its contemporaries to stay a 'Notch' above them. The Company cannot avoid a natural calamity but is adequately geared up with its disaster management and recovery plans to minimize losses and restore normalcy within a short time.

### (iii) Strategic Risks –

Risks arising out of strategic decisions taken by the Company like:

- ☛ Market risk (sector, geography); inadequate assessment of a sector, geography
- ☛ Secondary acquisition risk on account of inappropriate acquisitions made in alignment with the growth plans of the Company
- ☛ Ventures and alliances (partnering) risk on account of inappropriate selection of joint venture and alliance partners etc.
- ☛ Capital risk on account of improper allocation or utilization of capital etc.

### Mitigation Efforts

Before attempting a secondary acquisition or entering in to a new geographical market, infrastructure sector, the 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 Management is in constant pursuit of evolving the Risk Management framework for preparing the Company to take on the challenges to be confronted at the 'Next Level' of Growth.

### INTERNAL CONTROL SYSTEM

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, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the management. The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has engaged an external auditing firm to conduct periodical audit of various areas of operations from time to time. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.

### List of Abbreviations used

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BOT – Build Operate Transfer and/or its variants

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CAGR – Compounded Annual Growth Rate

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COD – Commercial Operations Date

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EPC – Engineering, Procurement & Construction

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FY – – Financial Year

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FYP – Five Year Plan

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GDP – Gross Domestic Product

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GIL – Gammon India Ltd.

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GIPL – Gammon Infrastructure Projects Ltd.

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GoI – Government of India

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GW – Giga Watt

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MMPA – Million Metric Tonnes Per Annum

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MoEF – Ministry of Environment and Forests

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MW – Mega Watt

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NH – National Highways

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NHAI – National Highways Authority of India

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PPP – Public Private Partnership

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SPV – Special Purpose Vehicle

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TEU – Twenty Foot Equivalent Unit

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### Cautionary statement

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

Place: Mumbai

Date: August 11, 2011

# Directors' Report

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

Your Directors have pleasure in submitting their tenth Annual Report together with the Audited Accounts of the Company, for the period April 1, 2010 to March 31, 2011 (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, 2011 | March 31, 2010 |
|--|----------------|----------------|
| Income   | 34,589.89      | 33,949.78      |
| Profit before Interest, Depreciation / amortisation and Taxation | 21,301.43      | 15,017.53      |
| Financial Costs  | 10,090.46      | 5,745.42       |
| Depreciation and Amortisation                                    | 8,587.93       | 5,063.50       |
| Tax Expense  | 462.51         | 1,050.63       |
| Prior Period   | -              | 166.54         |
| Minority Interest & share of (profit)/loss from associates       | 429.41         | 429.18         |
| Net Profit   | 1,716.86       | 2,562.27       |
| Cash Profit (Net Profit+ Depreciation)                           | 11,978.99      | 7,625.77       |

### As per Standalone Accounts: (₹ in Lakhs)

| Particulars   | March 31, 2011 | March 31, 2010 |
|---|----------------|----------------|
| Income  | 9,115.83       | 12,291.68      |
| Profit before Interest, Depreciation/ amortisation and Taxation | 5,885.39       | 2,357.69       |
| Financial Costs   | 1,094.41       | 112.64         |
| Depreciation and Amortisation                                   | 198.40         | 198.91         |
| Tax Expense   | 1,019.55       | 645.73         |
| Net Profit  | 3,573.02       | 1,400.41       |
| Cash Profit (Net Profit+ Depreciation)                          | 3,771.42       | 1,599.32       |



## DIVIDEND

In view of the unfavorable monetary situation for infrastructure companies and with a view to conserve resources for further investments in projects under implementation and new projects, the Directors have decided not to recommend any Dividend for the Period.

## COMPANY'S PROJECTS

The Company has a basket of eight projects in the Road Sector, three in the Port Sector and three in the Energy Sector, which are under operation/active development by or through special purpose vehicles ("SPVs").

### Of the eight projects in the Road Sector:

#### (a) Three are toll based projects, namely:

- New Mattancherry Bridge project developed by an SPV, Cochin Bridge Infrastructure Company Ltd., which has been in operation since September, 2001.
- Vadape-Gonde project under development by an SPV, Mumbai Nasik Expressway Ltd., in operation partly since end May, 2010 and has completed the entire highway stretch from Vadape to Gonde by end May, 2011.
- Godavari Bridge project under development by an SPV, Rajahmundry Godavari Bridge Ltd., is presently in construction stage.

#### (b) Five are annuity based projects, namely:

- Rajahmundry-Dharmavaram road project developed by an SPV, Rajahmundry Expressway Ltd., which achieved commercial operations in September, 2004.
- Dharmavaram-Tuni road project developed by an SPV, Andhra Expressway Ltd., which achieved commercial operations in October, 2004.
- Kosi Bridge project under development by an SPV, Kosi Bridge Infrastructure Company Ltd., is presently in construction stage.
- Gorakhpur Bypass project under development by an SPV, Gorakhpur Infrastructure Company Ltd., is presently in construction stage.
- Patna-Muzafarpur project under development by an SPV, Patna Highway Projects Ltd., is presently in construction stage.

The Company is undertaking operation & maintenance in all the three road projects in operation; viz. the Rajahmundry-Dharmavaram road project, the Dharmavaram-Tuni road project and the Vadape-Gonde road project.

The Company intends to raise about ₹ 200 crores by way of a rights issue of shares to raise additional resources to fulfill its equity commitment to various projects under implementation.

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

- ▮ Visakhapatnam Port project, a project to develop two berths at Visakhapatnam Port, implemented by an SPV, Vizag Seaport Pvt. Ltd., of which the first berth became operational in July, 2004 and the second in September, 2005.
- ▮ Mumbai Offshore Container Terminal, under development by an SPV, Indira Container Terminal Pvt. Ltd, is presently in the construction stage.
- ▮ Paradip Iron Ore Berth project, under development by an SPV, Blue Water Iron Ore Terminal Pvt. Ltd. The project achieved financial closure recently.

#### The three projects in the Energy Sector are:

- ▮ 66 MW Rangit II hydroelectric power project under development by an SPV, Sikkim Hydro Power Ventures Ltd., which is now in the process of finalizing the construction contractor.
- ▮ 30 MW Pravara cogeneration power project under development by an SPV, Pravara Renewable Energy Ltd.
- ▮ 261 MW Youngthangkhab hydroelectric project under development by an SPV, Youngthang Power Ventures Ltd.

Recently, after the Period under report, the Company has sold its 50% stake in the 12MW operational biomass power plant of Punjab Biomass Power Ltd. at Ghanour to its joint venture partner for a cash consideration. Further, the Company has sold its 50% stake in seven other biomass power projects in Punjab to its joint venture partner and has in turn bought an additional 50% stake in six biomass power projects in Haryana and one in Punjab from the joint venture partner. As a result, the Company will have 100% stake in biomass projects to generate 66MW power.

Besides the above named projects under operation/active development, the Company also has two other power projects under its umbrella; (i) the 60 MW Tidong – II hydroelectric power project in Himachal Pradesh, the award of which has recently been upheld by the Supreme Court; and (ii) a 250 MW thermal power project in Chandrapur district of Maharashtra, for which the required land is being acquired.

#### The other projects

The Company is also participating in the development of two special economic zones (SEZ) in India; (i) an auto-component SEZ over 90 acres of land at Adityapur, Jharkhand, for which forest clearance is pending and (ii) a multi-purpose SEZ at Tada in Andhra Pradesh for which necessary land is being acquired.

We request you to refer to the 'Management Discussion and Analysis Report' annexed to this Report for details of the operational performance of the SPVs.



### WHAT LIES AHEAD

The Company expects to achieve financial closure for Pravara co-generation power project and Rangit II hydroelectric power project in the next financial year.

The Company has been shortlisted to bid for 40 Projects across sectors such as roads, ports, power, transmission, urban infra etc. collectively having an estimated project cost ₹ 52,000 crores. In addition to this, the Company has submitted pre-qualification applications for 70 projects, across various sectors, which have an estimated aggregate project cost of ₹ 67,000 crores. The Company is also exploring various opportunities in some other emerging economies to establish its footprint overseas.

### EQUITY CAPITAL

The paid up capital of the Company has increased from ₹ 1,448,879,500/- to ₹ 1,457,480,324/- during the Period on account of allotment of equity shares to the employees who exercised their rights attached to stock options.

The Company intends to raise about ₹ 200 crores by way of a rights issue of shares to raise additional resources to fulfill its equity commitment to various projects under implementation.

### 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.

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

#### (A) Conservation of Energy

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

#### (B) Technology Absorption

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

#### (C) Foreign Exchange Earnings & Outgo

The Company did not earn any foreign exchange during the Period. The Company expended foreign exchange equivalent to ₹ 26.7 Lakhs during the Period.

### SUBSIDIARIES

Andhra Expressway Ltd., Cochin Bridge Infrastructure Company Ltd., Gammon Logistics Ltd., Gammon Projects Developers Ltd., Gammon Renewable Energy Infrastructure Ltd., Gammon Road Infrastructure Ltd., Gammon Seaport Infrastructure Ltd., Gorakhpur Infrastructure Company Ltd., Jaguar Projects Developers Ltd., Kosi Bridge Infrastructure Company Ltd., Marine Projects Services Ltd., Mumbai Nasik Expressway Ltd., Pataliputra Highway Ltd., Patna Highway Projects Ltd., Pravara

Renewable Energy Ltd., Rajahmundry Expressway Ltd., Rajahmundry Godavari Bridge Ltd., Ras Cities and Townships Pvt. Ltd., Sikkim Hydro Power Ventures Ltd., Tada Infra Development Company Ltd., Tidong Hydro Power Ltd., Vizag Seaport Pvt. Ltd. and Youngthang Power Ventures Ltd. remain subsidiaries of the Company.

Lilac Infraprojects Developers Ltd., Chitoor Infra Company Pvt. Ltd., Chitoor Infrastructure Projects Pvt. Ltd. (formerly Satyavedu Infra Company Pvt. Ltd.) and Tada Infrastructure Projects Pvt. Ltd. (formerly Tada SEZ Pvt. Ltd.) were incorporated / have become subsidiaries of the Company during the Period.

A statement u/s 212 of the Companies Act, 1956 relating to the subsidiaries is attached to the Balance Sheet of the Company for the Period. The Company has not attached the audited accounts of the subsidiaries to the Audited Accounts of the Company for the Period. However, the effect of the same has been brought out in the consolidated Audited Accounts of the Company. The annual accounts of the subsidiaries and the related information will be made available to the Company's and subsidiaries' investors at any point of time. These have also been kept for inspection of the investors at the Registered Office of the Company and of the concerned subsidiaries.

### **PARTICULARS OF EMPLOYEES**

Particulars of employees required under Section 217(2A) of the Companies Act, 1956 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:

- a) The applicable Accounting Standards along with proper explanation relating to material departures have been followed by the Company in preparation of the Annual Accounts for the Period;
- b) that the Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Period and of the profits of the Company for the Period;
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that the annual accounts are prepared on a going concern basis.

### **BOARD OF DIRECTORS**

As per Article 169 of the Articles of Association of your Company, Mr. Himanshu Parikh and Mr. Sanjay Sachdev are liable to retire by rotation at the ensuing Annual General Meeting and



being eligible, have offered themselves for re-appointment. Your Directors recommend their re-appointment.

Mr. Rajeevkumar Malhotra joined the Board on February 11, 2011 and has been made a 'Whole-Time Director' of the Company with effect from April 1, 2011. Mr. Kishor Kumar Mohanty joined the Board on April 12, 2011 as Managing Director of the Company. Mr. Kunal Shroff joined the Board on April 12, 2011. Your Directors recommend their appointment on the Board.

#### **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, would 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 amounting to ₹ 5,746.48 Lakhs have been used for long term investments, the Board states that short term funds have been used for meeting equity commitments only as 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 right issue of shares to shareholders.

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**

Place: Mumbai

Date: August 11, 2011

**Abhijit Rajan**  
Chairman &  
Managing Director

**Himanshu Parikh**  
Vice Chairman

**K.K.Mohanty**  
Managing Director



## ANNEXURE 1

### EMPLOYEES STOCK OPTIONS (OPTIONS)

#### (A) ESOP Scheme 2007

| Financial Year   | 2010-11      |                 |                               | 2009-10      |                 |                               |
|--|--------------|-----------------|-------------------------------|--------------|-----------------|-------------------------------|
|  | July 1, 2007 | October 1, 2007 | October 1, 2008               | July 1, 2007 | October 1, 2007 | October 1, 2008               |
| Grant Date   | July 1, 2007 | October 1, 2007 | October 1, 2008               | July 1, 2007 | October 1, 2007 | October 1, 2008               |
| Options granted / subsisting   | 1,260,000    | 25,000          | 270,000                       | 1,440,000    | 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   | 294,750      | 10,000          | 90,000                        | 386,750      | 5,000           | 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.                          | N.A.         | N.A.            | N.A.                          |
| Options lapsed /forfeited during the year                                | 150,000      | -               | -                             | 180,000      | -               | -                             |
| Variation of terms of Options  | None         | None            | None                          | None         | None            | None                          |
| Money realized by exercise of Options                                    | 55,180,000   | NA              | NA                            | NA           | NA              | NA                            |
| Total number of options in force   | 420,250      | 25,000          | 270,000                       | 1,260,000    | 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   | 2010-11                       |                  |             | 2009-10                       |                  |             |
|--|-------------------------------|------------------|-------------|-------------------------------|------------------|-------------|
| Grant Dates  | October 1, 2008               | December 5, 2008 | May 8, 2009 | October 1, 2008               | December 5, 2008 | May 8, 2009 |
| Options granted / subsisting   | 305,000                       | -                | 210,000     | 490,000                       | 500,000          | 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   | 101,666                       | -                | 48,666      | 163,332                       | 500,000          | -           |
| Options exercised during the year  | 153,332                       | -                | 17,000      | -                             | 500,000          | NA          |
| Total number of Equity Shares arising as a result of exercise of Options | 766,660                       | -                | 85,000      | NA                            | 2,500,000        | NA          |
| Options lapsed /forfeited during the year                                | 25,000                        | -                | 68,000      | 185,000                       | NA               | NA          |
| Variation of terms of Options  | None                          | None             | None        | None                          | None             | None        |
| Money realized by exercise of Options                                    | 9,805,581.40                  | NA               | 1,087,150   | NA                            | 5,000,000        | NA          |
| Total number of options in force   | 126,668                       | -                | 125,000     | 305,000                       | -                | 210,000     |
| 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 16,40,000 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)<br>7.71% (for 4 years maturity)<br>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. | Mr. Parvez Umrigar - 600,000 (36.59% of Options issued in the year);<br>Mr. Parag Parikh - 240,000 (14.63% of Options issued in the year);<br>Mr. Kshitiz Bhasker - 150,000 (9.15% of Options issued in the year);<br>Mr. G. Sathis Chandran - 70,000 (4.27% of Options issued in the year). | Mr. Parag Parikh - 120,000 (6.28% of Options issued in the year);<br>Mr. Kshitiz Bhasker - 120,000 (6.28% of Options issued in the year). | Mr. G. Sathis Chandran - 100,000 (5.24% of Options issued in the year). | Mr. Parvez Umrigar - 500,000 (26.18% of Options issued in the year). | Mr. Kalpesh Pathak - 75,000 (35.71% of Options issued in the year);<br>Ms. Aanchal Chaturvedi - 25,000 (11.90% of Options issued in the year);<br>Mr. Kavin Mirchandni - 25,000 (11.90% of Options issued in the year). |

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.

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

| Financial Year  | 2010-11 | 2009-10 |
|---|---------|---------|
| Diluted earnings per share pursuant to issue of Equity Shares on exercise of option calculated in accordance with Accounting Standard (AS - 20) | 0.49    | 0.19    |



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

|   | March 31, 2011   | March 31, 2010   |
|---|--|--|
| 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 | ₹ 10,013,965   | ₹ 21,785,005   |
|   | Net profit would come down from ₹ 3,573 Lakhs to ₹ 3,473 Lakhs. EPS would come down from 0.49 to 0.48. | Net profit would come down from ₹ 1,400 Lakhs to ₹ 1,182 Lakhs. EPS would come down from 0.19 to 0.16. |

## 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, 2011

| Sr. No | Name of Employee                  | Age (Yrs) | Designation/ Nature of Duties | Gross Remuneration (in ₹) | Qualification & Experience          | Date of Employment | Last Employment Held  |
|--------|-----------------------------------|-----------|-------------------------------|---------------------------|-------------------------------------|--------------------|-----------------------|
| 1      | Mr. Parvez Umrigar<br>(3 months)  | 48        | Managing Director             | 6,618,702                 | B.Com.,<br>AICWA, FCA<br>(19 Years) | 1- Jan-2006        | Gammon India Limited* |
| 2      | Mr. Himanshu Parikh<br>(9 months) | 51        | Executive Vice Chairman       | 9,871,326                 | B.Com., (19 Years)                  | 3- Jul-2010        | Gammon India Limited  |

\* was on deputation from Gammon India Ltd. to the services of the Company with effect from September 1, 2002; initially as the Chief Executive Officer of the Company and later, with effect from July 21, 2005, as the Managing Director of the Company. He resigned from the Company on July 3, 2010.

### 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 PRACTISING COMPANY SECRETARY REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members of Gammon Infrastructure Projects Limited,

I have examined the compliance of conditions of Corporate Governance by Gammon Infrastructure Projects Limited for the year ended March 31, 2011 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.

Place: Mumbai  
Date: August 11, 2011

**Veeraraghavan. N**  
Practising Company Secretary  
C.P.No. 4334

# Report on Corporate Governance

## 1 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

### Introduction

Corporate Governance is the application of best management practices, compliance of law, transparency and adherence to ethical standards to achieve the Company's objective of enhancing the shareholders' wealth and discharge of social responsibility.

The Company believes that good corporate governance practices enable the organisation to perform efficiently and effectively, generate long term wealth and create value for all the stakeholders. The corporate governance philosophy of the Company rests on the tenets of the Board's accountability to the Company and shareholders, equitable treatment to all the shareholders, strategic guidance and effective monitoring by the Board and timely disclosure.

The philosophy of Corporate Governance in the Company is to achieve business excellence through focus on achieving the highest levels of accountability, efficiency, responsibility and fairness across all areas of operations.

## 2 BOARD OF DIRECTORS

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

At the end of the financial year 2010-11, the Board had eight Directors. Later, on April 12, 2011 Mr. Kishor Kumar Mohanty and Mr. Kunal Shroff, joined as the ninth and tenth member of the Board. Accordingly, the Company now has ten Directors of which seven are Non- Executive and three are Executive Directors. Out of the seven Non-Executive Directors five are Independent Directors.

The three Executive Directors of the Company are Mr. Abhijit Rajan – Chairman & Managing Director, Mr. Kishor Kumar Mohanty – Managing Director and Mr. Rajeevkumar Malhotra, 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 the Board functions of governance and management. The Board structure is in compliance with Clause 49 of the Listing Agreement.

During the financial year ended March 31, 2011 the Board met four times on May 21, 2010, August 6, 2010, November 1, 2010 and February 11, 2011.



The composition of the Board of Directors as at March 31, 2011 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<br>Chairman & Managing Director | 4   | No                     | 4  | -   | -                                   |
| Mr. Himanshu Parikh**<br>Executive Vice Chairman  | 4   | Yes                    | 5  | 1   | 4                                   |
| Mr. Parvez Umrigar<br>Non – Executive Director    | 4   | Yes                    | 1  | -   | 1                                   |
| Mr. C. C. Dayal<br>Independent Director           | 4   | Yes                    | 9  | 2   | 8                                   |
| Mr. Sanjay Sachdev<br>Independent Director        | 4   | No                     | Nil  | -   | 1                                   |
| Mr. Naresh Chandra<br>Independent Director        | 3   | No                     | 11   | 1   | 10                                  |
| Mr. S. C. Tripathi<br>Independent Director        | 2   | No                     | 7  | -   | 6                                   |
| Mr. Rajeevkumar Malhotra #<br>Additional Director | 1   | -                      | 10   | -   | -                                   |

\$ 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.

\*\* re-designated as Vice Chairman on relinquishment of executive functions w.e.f. April 1, 2011.

# Appointed as Additional Director on February 11, 2011 and later on designated as Whole-Time Director w.e.f. April 1, 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, 2009. He does not draw any remuneration from the Company.

Mr. Himanshu Parikh was appointed as the Executive Vice Chairman of the Company for a period of three years with effect from July 3, 2010. However, he has been re-designated as Vice Chairman on relinquishment of executive functions with effect from April 1, 2011. Mr. Parikh drew the following remuneration for the period under review:

|              | (₹)                    |
|--------------|------------------------|
| Salary       | 9,860,157.17/-         |
| Benefits     | 977,129/-              |
| <b>Total</b> | <b>10,837,286.17/-</b> |

Mr. Parvez Umrigar resigned as the Managing Director of the Company with effect from July 3, 2010. Mr. Umrigar drew the following remuneration for the period April 1 2010 to July 3, 2010:

|              | (₹)                 |
|--------------|---------------------|
| Salary       | 3,297,446 /-        |
| Benefits     | 2,421,256/-         |
| <b>Total</b> | <b>5,718,702 /-</b> |

Mr. Kishor Kumar Mohanty has been appointed as the Managing Director of the Company with effect from April 12, 2011. Mr. Rajeevkumar Malhotra has been appointed as a Whole-Time Director of the Company with effect from April 1, 2011.

#### 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   | 120,000          | 300,000        |
| Mr. Sanjay Sachdev   | 160,000          | 300,000        |
| Mr. C. C. Dayal      | 160,000          | 300,000        |
| Mr. S. C. Tripathi   | 80,000           | 300,000        |
| Mr. Himanshu Parikh* | 20,000           | -              |

\* For a Board meeting prior to his becoming the Executive Vice Chairman of the Company.

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, 2011 are as under:

| Name                | No. of Equity Shares held |
|---------------------|---------------------------|
| Mr. Abhijit Rajan   | 28,444,445                |
| Mr. Himanshu Parikh | 3,705,530                 |
| Mr. Parvez Umrigar  | 3,714,484                 |
| Mr. R. K. Malhotra  | 90,000                    |
| Mr. C. C. Dayal     | 25,000                    |

### 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.

### VC / CFO Certificate

The Vice Chairman 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 AUDIT COMMITTEE

The members of the Audit Committee are:

- Mr. C. C. Dayal (Chairman),
- Mr. Kishor Kumar Mohanty (w.e.f. May 19, 2011)
- Mr. Sanjay Sachdev
- Mr. Naresh Chandra and
- Mr. Sushil Chandra Tripathi

Mr. Parvez Umrigar and Mr. Himanshu Parikh resigned from the Committee on May 19, 2011.

During the period under review, the Audit Committee met four times on May 21, 2010; August 6, 2010; November 1, 2010; and February 11, 2011. Attendance of the Audit Committee members at such meetings is as follows:

| Name                        | No. of Meetings attended during the year |
|-----------------------------|--|
| Mr. C. C. Dayal             | 4  |
| Mr. Himanshu Parikh*        | 2  |
| Mr. Parvez Umrigar          | 2  |
| Mr. Sanjay Sachdev          | 4  |
| Mr. Naresh Chandra          | 3  |
| Mr. Sushil Chandra Tripathi | 2  |

\* appointed w.e.f. August 6, 2010

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 computerised 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. 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:**

- 1) redressing complaints from shareholders such as non-receipt of dividend, annual report, transfer of shares and issue of duplicate share certificates;
- 2) monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company.



- 3) issues relating to the relationship of the Company with its Share Transfer Agents, including appointment of, termination of and agreement with Share Transfer Agents.

During the period under review, the Committee met twice during the year on August 6, 2010 and December 21, 2010 at which both the member Directors were present.

During the year company has received 2 complaints which were resolved on time and no complaint has remained pending at the year end. The status of complaints is periodically reported to the Committee and Board of Directors in their meetings.

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

#### 5. 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.

The Committee has not met during the period under review.

#### 6. COMPENSATION COMMITTEE

The Compensation Committee comprises Mr. C. C. Dayal (Chairman), Mr. Sanjay Sachdev and Mr. Kishor Kumar Mohanty (w.e.f. May 19, 2011). The Committee has been constituted to administer the 'Employee Stock Options Scheme' and related issues. Mr. Parvez Umrigar resigned from the Committee on May 19, 2011.

The Committee passed by circulation, fifteen resolutions during the period under review.

#### 7. PROJECT COMMITTEE

The Project Committee comprises of Mr. Abhijit Rajan, Mr. Himanshu Parikh and Mr. Kishor Kumar Mohanty (w.e.f. May 19, 2011). Mr. Parvez Umrigar resigned from the Committee on May 19, 2011. The Committee was constituted to evaluate and decide the business opportunities that the Company might want to take up, with emphasis on infrastructure related BOT/BOOT and allied projects from the point of:

- 1) assessment and minimisation of legal and business risk;
- 2) business / consortium partners;
- 3) terms of engagement with consortium partners, technology providers and other service providers, including the costs thereof;
- 4) economic benefits and business positioning of the Company.

During the period under review, the Committee met thirteen times in 2010 on April 5, May 7, May 21, June 22, July 26, August 6, September 18, October 21, November 1, November 18, December 2, December 9 and December 27 and three times in 2011 on January 6, February 11 and March 16.

## 8. ACCOUNTS COMMITTEE

The Accounts Committee was constituted by the Board on May 21, 2009 to review and approve the quarterly financial results of the Company.

No meeting of the Committee was held during the period under review.

The Board of Directors has at its meeting on May 19, 2011 dissolved the Accounts Committee.

## 9. 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   |
|-----------------|---------------------------------|--------------------|------------|---|
| 7 <sup>th</sup> | April 1, 2007 to March 31, 2008 | September 15, 2008 | 11.00 a.m. | Patkar Convocation Hall, 1, Nathibhai Thackersey Road, Queens Road, Fort, Mumbai – 400020                       |
| 8 <sup>th</sup> | April 1, 2008 to March 31, 2009 | September 23, 2009 | 3.00 p.m.  | Kohinoor Hall, 3 <sup>rd</sup> Floor, Opp. Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai- 400025 |
| 9 <sup>th</sup> | April 1, 2009 to March 31, 2010 | September 27, 2010 | 3.00 p.m.  | Kohinoor Hall, 3 <sup>rd</sup> Floor, Opp. Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai- 400025 |

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

| AGM                 | Particulars of Special Resolutions passed  |
|---------------------|--|
| 7 <sup>th</sup> AGM | (a) ratification of the resolution passed by the shareholders on May 4, 2007 relating to 'GIPL Employee Stock Options Scheme' (Pre-IPO scheme);<br>(b) resolution u/s 81 for approving 'GIPL Employee Stock Options Scheme – 2008';<br>(c) resolution u/s 309 for payment of commission to Non-Whole Time Directors; and<br>(d) resolution u/s 269 for re-appointment of Mr. Parvez Umrigar as Managing Director of the Company. |
| 8 <sup>th</sup> AGM | (a) resolution u/s 269 for re-appointment of Mr. Abhijit Rajan as Chairman & Managing Director of the Company.   |
| 9 <sup>th</sup> AGM | (a) raising of additional long term funds through further issuance of securities to qualified institutional buyers<br>(b) raising of additional long term funds through further issuance of securities<br>(c) appointment of Mr. Himanshu Parikh as Executive Vice Chairman of the Company   |



### 9.3 Approval by Members through Postal Ballot

The following resolution was passed by Postal Ballot on December 30, 2010:

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

| Particulars                 | No. of Votes cast  | % of total votes cast |
|-----------------------------|--------------------|-----------------------|
| In favour of the resolution | 597,340,471        | 99.99%                |
| Against the resolution      | 60,865             | 0.01%                 |
| <b>Total</b>                | <b>597,401,336</b> | <b>100</b>            |

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. 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. 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. GENERAL SHAREHOLDER INFORMATION

#### 12.1 Annual General Meeting

|              |   |
|--------------|---|
| Day and Date | Monday, September 26, 2011                            |
| Time         | 11 a.m.   |
| Venue        | Ravindra Natya Mandir<br>Prabhadevi<br>Mumbai 400025. |

## 12.2 Financial Calendar

|                                  |   |                                |
|----------------------------------|---|--------------------------------|
| Second quarterly results         | : | on or before November 15, 2011 |
| Third quarterly results          | : | on or before February 15, 2012 |
| Fourth quarterly results         | : | on or before May 15, 2012      |
| Financial Year 2011-12 (audited) | : | on or before May 30, 2012      |

## 12.3 Date of Book Closure

The Company will close its share transfer books on the date of the Annual General Meeting, namely September 26, 2011.

## 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        |

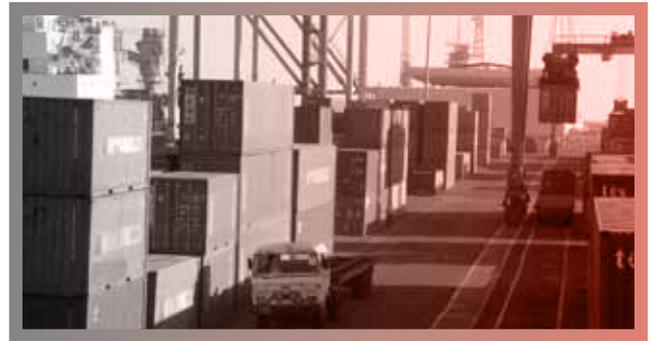
ISIN: **INE181G01025** (Fully Paid)

## 12.6 Listing fees for the year 2011-12

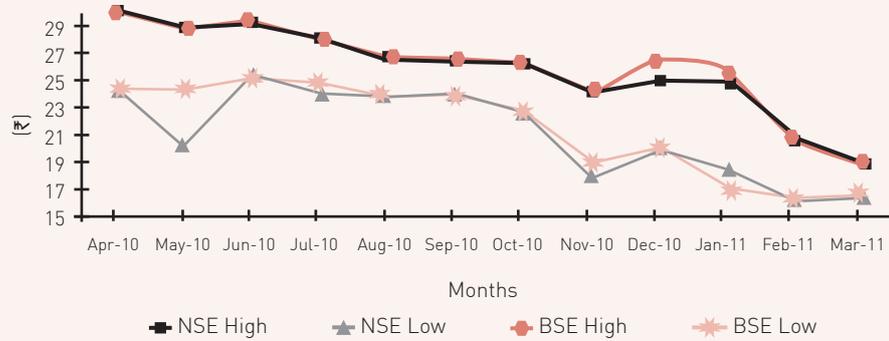
The Annual listing fees have been paid to both the Stock Exchanges.

## 12.7 Stock market price data for the year 2010-2011:

| Month        | National Stock Exchange of India Limited |         | Bombay Stock Exchange Limited |         |
|--------------|--|---------|-------------------------------|---------|
|              | High (₹)                                 | Low (₹) | High (₹)                      | Low (₹) |
| April'10     | 30.15                                    | 24.55   | 29.90                         | 24.45   |
| May'10       | 28.75                                    | 20.30   | 28.85                         | 24.25   |
| June'10      | 29.20                                    | 25.30   | 29.20                         | 25.15   |
| July'10      | 28.10                                    | 24.25   | 28.10                         | 25.00   |
| August'10    | 26.65                                    | 23.70   | 26.70                         | 23.70   |
| September'10 | 26.30                                    | 23.90   | 26.40                         | 23.85   |
| October'10   | 26.15                                    | 22.90   | 26.20                         | 22.80   |
| November'10  | 24.20                                    | 18.00   | 24.20                         | 19.00   |
| December'10  | 25.05                                    | 20.00   | 26.40                         | 20.10   |
| January'11   | 25.00                                    | 18.50   | 25.55                         | 17.10   |
| February'11  | 20.45                                    | 16.20   | 20.50                         | 16.40   |
| March'11     | 18.80                                    | 16.45   | 18.90                         | 16.50   |

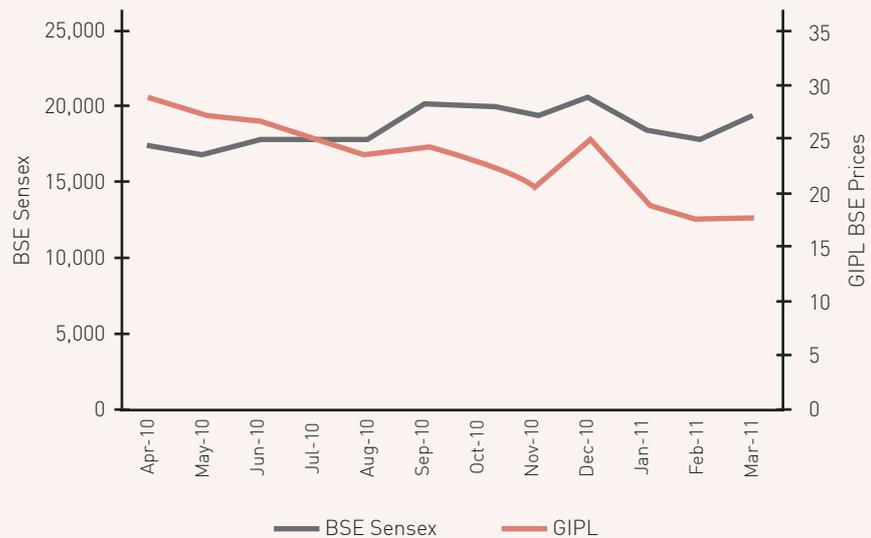


GIPL COMPARATIVE HIGH LOW PRICE ON NSE & BSE



12.8 Share Price performance in comparison to BSE Sensex

STOCK PERFORMANCE



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, 2011

| No. of Equity Shares | Shareholders  |               | No. of Shares      | % of Total    |
|----------------------|---------------|---------------|--------------------|---------------|
|                      | Number        | % to Total    |                    |               |
| 1 - 500              | 26,486        | 65.1883       | 5,758,706          | 0.7902        |
| 501 - 1,000          | 6,809         | 16.7586       | 5,416,410          | 0.7433        |
| 1,001 - 2,000        | 3,630         | 8.9343        | 5,408,304          | 0.7421        |
| 2,001 - 3,000        | 2,184         | 5.3753        | 5,452,644          | 0.7482        |
| 3,001 - 4,000        | 310           | 0.7630        | 1,128,818          | 0.1549        |
| 4,001 - 5,000        | 378           | 0.9303        | 1,833,418          | 0.2516        |
| 5,001 - 10,000       | 449           | 1.1051        | 3,486,815          | 0.4785        |
| 10,001 and above     | 384           | 0.9451        | 700,255,047        | 96.0912       |
| <b>Total</b>         | <b>40,630</b> | <b>100.00</b> | <b>728,740,162</b> | <b>100.00</b> |

### 12.12 Shareholding Pattern as on June 30, 2011

| Category                      | Number of Shares Held | % of capital |
|-------------------------------|-----------------------|--------------|
| <b>(A) Promoter's Holding</b> |                       |              |
| 1. Indian                     |                       |              |
| 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         |
| 2. Foreign Promoters          |                       |              |
| 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> |



| Category  | Number of Shares Held | % of capital |
|---|-----------------------|--------------|
| <b>(B) Public Shareholding</b>  |                       |              |
| 1. Institutions   |                       |              |
| Mutual Funds and UTI  | 23,879,777            | 3.28         |
| Banks/ Financial Institutions   | 7,012,520             | 0.96         |
| Insurance Companies (Central / State Government Institutions / Non – Government Institutions) | Nil                   | Nil          |
| FII's   | 57,012,488            | 7.82         |
| Venture Capital Funds   | 231,720               | 0.03         |
| <b>Sub – Total (B)(1)</b>   | <b>88,136,505</b>     | <b>12.09</b> |
| 2. Non Institutions   |                       |              |
| Bodies Corporate  | 14,458,492            | 1.98         |
| Individuals   |                       |              |
| (i) Individual Shareholders holding nominal share capital up to ₹ 1 Lakh                      | 29,675,441            | 4.07         |
| (ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh              | 6,127,649             | 0.84         |
| Any other   |                       |              |
| (i) NRIs / OCBs   | 1,646,462             | 0.23         |
| (ii) Directors & Relatives  | 35,889,459            | 4.92         |
| (iii) Clearing Member   | 824,244               | 0.11         |
| (iv) Office Bearers   | 1,578,960             | 0.22         |
| (v) Trusts  | 2,950                 | 0.00         |
| <b>Sub – Total (B) (2)</b>  | <b>90,203,657</b>     | <b>12.38</b> |
| Shares held by Custodians and against which Depository Receipts have been received            | -                     | -            |
| <b>Grand Total</b>  | <b>728,740,162</b>    | <b>100</b>   |

### 12.13 Dematerialisation of Shares

The break- up of Company's shares in physical / dematerialised form as on June 30, 2011 are as under:

| Particulars  | No. of Equity Shares | % to Share Capital |
|--------------|----------------------|--------------------|
| Electronic   | 728,739,352          | 99.99999           |
| Physical     | 810                  | 0.00011            |
| <b>Total</b> | <b>728,740,162</b>   | <b>100</b>         |

The free float of the Company's as on June 30, 2011 is 24.47%

**12.14 Details of unclaimed shares as on financial year ended March 31, 2011 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. 01.04.2010         | 24    | 22,575        |
| 2      | Number of shareholders who approached for transfer of shares from unclaimed suspense account during 01.04.2010 to 31.03.2011                             | 1     | 175           |
| 3      | Number of shareholders to whom shares were transferred from Unclaimed suspense account during 01.04.2010 to 31.03.2011                                   | 1     | 175           |
| 4      | Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year i.e. 01.04.2010 to 31.03.2011 | 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 Limited.  
 Gammon House,  
 Veer Savarkar Marg,  
 Prabhadevi, Mumbai – 400 025.  
 Telephone : 022 – 61114000  
 email: compliances@gammoninfra.com

Place: Mumbai

Date: August 11, 2011



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

To,  
The Members  
Gammon Infrastructure Projects Limited

This is to affirm that the Board of Directors of Gammon Infrastructure Projects Limited has adopted a Code on Conduct for its Directors and Senior Management Personnel in compliance with the provisions of Clause 49 (1D) of the Listing Agreement with the Stock Exchanges and the Board of Directors and Senior Management Personnel of the Company have confirmed the compliance of provisions of the said Code for the financial year ended March 31, 2011.

Place: Mumbai  
Date: August 11, 2011

**Abhijit Rajan**  
Chairman & Managing Director

# Financial Statements

## Consolidated Financial Statements

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## Standalone Financial Statements

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- 158 . Statement Pursuant to Section 212
- 160 . Balance Sheet Abstract

# Auditors' Report

To

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, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of GIPL's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of
  - a. certain subsidiaries whose financial statements reflect total assets of ₹ 11,867,603,008 as at March 31, 2011 and total income of ₹ 1,328,726,636 and cash flows of ₹ 190,987,144 for the year then ended;
  - b. certain joint venture companies whose financial statements reflect total assets of ₹ 896,145,511 as at March 31, 2011, the total income of ₹ 3,778,809 and cash flows amounting to ₹ (8,200,625) for the year then ended, the Company's share of such assets, total income and cash flows being ₹ 440,355,632, ₹ 1,885,228 and ₹ (3,270,973) respectively and
  - c. certain associates whose financial statements reflect a total loss ₹ 16,550,121 for the year ended March 31, 2011, the Company's share in the losses of such associates being ₹ 5,511,190.

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 certain joint ventures whose financial statements reflect total assets of ₹ 71,689,039 as at March 31, 2011, total income of ₹ 32,883 and cash flows of ₹ (6,602,752) for the year then ended, the Company's share of such assets, total income and cash flows being ₹ 28,127,395, ₹ 12,265 and ₹ (2,472,036) respectively, which are based on unaudited financial statements certified by the respective managements of the said joint ventures.

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

4. We report that the Consolidated Financial Statements have been prepared by GIPL's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated financial statements, (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006 (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, 2011;
  - b. in the case of the consolidated profit and loss account, of the profit of the GIPL Group for the year ended on that date; and
  - c. in the case of the consolidated cash flow statement, of the cash flows of the GIPL Group for the year ended on that date.

For Natvarlal Vepari & Co.  
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 19, 2011

per Hemal Shah  
Partner  
M. No. 42650  
Mumbai, Dated : May 19, 2011

# Consolidated Balance Sheet

As At March 31, 2011

(All amounts in Indian ₹)

|   | Schedule No. | As At March 31, 2011  | As At March 31, 2010  |
|---|--------------|-----------------------|-----------------------|
| <b>SOURCES OF FUNDS :</b>   |              |                       |                       |
| <b>Shareholders' Funds :</b>  |              |                       |                       |
| Share Capital   | 1            | 1,465,582,824         | 1,456,982,000         |
| Employees Stock Options outstanding   | 2            | 9,207,934             | 22,540,082            |
| Reserves & Surplus  | 3            | 5,439,119,968         | 5,078,743,406         |
|   |              | 6,913,910,726         | 6,558,265,488         |
| Minority Interest   |              | 836,765,506           | 282,863,413           |
| <b>Loan Funds :</b>   |              |                       |                       |
| Secured Loans   | 4            | 23,987,153,701        | 18,648,169,961        |
| <b>Unsecured Loans</b>  | 5            | 2,388,262,500         | 582,062,500           |
|   |              | 26,375,416,201        | 19,230,232,461        |
| Deferred Payment Liability [refer note no B 1(f) of Schedule 19]            |              | 1,200,000,000         | -                     |
| <b>Deferred Tax Liability (Net)</b><br>[refer note no B (6) of Schedule 19] |              | 26,638,707            | 26,525,958            |
| <b>Total</b>  |              | <b>35,352,731,140</b> | <b>26,097,887,320</b> |
| <b>APPLICATION OF FUNDS :</b>   |              |                       |                       |
| <b>Fixed Assets (Net) :</b>   |              |                       |                       |
| - Gross Block   | 6            | 16,453,061,413        | 10,016,676,471        |
| Less : Accumulated depreciation & amortisation                              |              | 3,465,393,938         | 2,615,315,425         |
| - Net Block   |              | 12,987,667,475        | 7,401,361,046         |
| Add : Advance for Capital Expenditure                                       |              | 134,997,220           | 17,666,379            |
| Add : Capital Work-in-progress including capital advances                   |              | 20,325,434,446        | 17,525,614,733        |
|   |              | 33,448,099,141        | 24,944,642,158        |
| Goodwill on Consolidation<br>[refer note no. B (7) of Schedule 19]          |              | 516,385,178           | 115,665,488           |
| <b>Investments</b>  | 7            | 41,621,012            | 60,915,614            |
| <b>Current Assets, Loans and Advances :</b>                                 |              |                       |                       |
| Inventories   |              | 77,705,757            | 68,840,292            |
| Accrued Income  |              | 478,419,549           | 378,349,137           |
| Sundry Debtors  | 8            | 304,923,858           | 503,968,788           |
| Cash & Bank Balances  | 9            | 1,492,251,589         | 1,209,428,399         |
| Loans & Advances  | 10           | 924,582,038           | 468,362,846           |
|   | (A)          | 3,277,882,791         | 2,628,949,462         |
| <b>Less: Current Liabilities and Provisions :</b>                           |              |                       |                       |
| Current Liabilities   | 11           | 1,901,619,302         | 1,625,897,777         |
| Provisions  | 12           | 29,637,680            | 26,387,625            |
|   | (B)          | 1,931,256,982         | 1,652,285,402         |
| <b>Net Current Assets</b>   | (A-B)        | 1,346,625,809         | 976,664,060           |
| <b>Total</b>  |              | <b>35,352,731,140</b> | <b>26,097,887,320</b> |
| <b>Notes to the Consolidated Financial Statements</b>                       | 19           |                       |                       |

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

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

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

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

**Kishor Kumar Mohanty**  
Managing Director

**C. C. Dayal**  
Director

**Parvez Umrigar**  
Director

**Sanjay Sachdev**  
Director

**Naresh Chandra**  
Director

**S. C. Tripathi**  
Director

**R. K. Malhotra**  
Director

**Kunal Shroff**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 19, 2011

Place : Mumbai  
Date : May 19, 2011

# Consolidated Profit And Loss Account

For the year ended March 31, 2011

(All amounts in Indian ₹)

|   | Schedule No. | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
|---|--------------|---------------------------|---------------------------|
| <b>INCOME</b>   |              |                           |                           |
| Turnover and Operating Income                                       | 13           | 3,173,031,166             | 3,273,282,603             |
| Other Operating Income  | 13           | 185,527,090               | 4,539,596                 |
| Other Income  | 14           | 100,430,909               | 117,156,191               |
|   |              | 3,458,989,165             | 3,394,978,390             |
| <b>EXPENDITURE</b>  |              |                           |                           |
| Operational Expenses  | 15           | 985,105,784               | 1,625,484,591             |
| Establishment Expenses  | 16           | 167,419,960               | 114,734,450               |
| Personnel Costs   | 17           | 176,320,198               | 153,005,765               |
| Financial Costs   | 18           | 1,009,046,431             | 574,542,321               |
| Depreciation and amortisation                                       |              | 849,133,098               | 499,726,634               |
| Preliminary and Share Issue Expenses written off                    |              | 9,659,752                 | 6,623,123                 |
|   |              | 3,196,685,223             | 2,974,116,884             |
| <b>PROFIT BEFORE TAX AND SHARE OF LOSS OF ASSOCIATE</b>             |              | 262,303,942               | 420,861,506               |
| Add : Share of Profit / [Loss] of Associates                        |              | 5,511,190                 | [3,342,488]               |
| <b>PROFIT BEFORE TAX AND AFTER SHARE OF LOSS OF ASSOCIATE</b>       |              | 267,815,132               | 417,519,018               |
| Provision for Taxation :  |              |                           |                           |
| - Current Tax   |              | 183,560,528               | 123,250,645               |
| - MAT Credit Entitlement  |              | (137,667,481)             | (9,890,983)               |
| - Deferred Tax  |              | 112,749                   | (1,692,238)               |
| - Wealth Tax  |              | 7,097                     | 35,000                    |
|   |              | 46,012,893                | 111,702,424               |
| Less : Deferred Tax written back                                    |              | -                         | 6,662,793                 |
| <b>PROFIT AFTER TAX</b>   |              | 221,802,239               | 312,479,387               |
| Less : Short/(Excess) Provision for Taxation for earlier years      |              | 238,053                   | 23,235                    |
| Less : Prior period expenses capitalised earlier now written off    |              | 1,596,601                 | -                         |
| Add : Depreciation written back                                     |              | 170,687                   | -                         |
| Less : Preliminary/Share Issue Expenses for prior years written off |              | -                         | 16,653,627                |
| <b>PROFIT FOR THE YEAR</b>  |              | 220,138,272               | 295,802,525               |
| Less : Profit after tax attributable to Minority Interest           |              | 48,346,541                | 39,575,018                |
| Add : Minority's share in excess loss booked in prior year          |              | (105,557)                 | -                         |
| <b>PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS</b>                    |              | 171,686,174               | 256,227,507               |
| Add :Balance brought forward  |              | 1,287,194,361             | 1,030,966,854             |
| Less : Transfer to General Reserve                                  |              | 202,100,000               | -                         |
| Less : Tax on Dividend paid   |              | 57,798,450                | -                         |
| <b>Balance carried to Balance Sheet</b>                             |              | 1,198,982,085             | 1,287,194,361             |
| <b>Earnings Per Share :</b>   |              |                           |                           |
| Basic   |              | 0.24                      | 0.35                      |
| Diluted   |              | 0.24                      | 0.35                      |
| Nominal Value of Equity Shares in ₹                                 |              | 2                         | 2                         |
| Notes to the Consolidated Financial Statements                      | 19           |                           |                           |

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss account.

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

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

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

**Kishor Kumar Mohanty**  
Managing Director

**C. C. Dayal**  
Director

**Parvez Umrigar**  
Director

**Sanjay Sachdev**  
Director

**Naresh Chandra**  
Director

**S. C. Tripathi**  
Director

**R. K. Malhotra**  
Director

**Kunal Shroff**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 19, 2011

Place : Mumbai  
Date : May 19, 2011

# Consolidated Cash Flow Statement

For the year ended March 31, 2011

(All amounts in Indian ₹)

|  | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
|--|---------------------------|---------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>            |                           |                           |
| Net Profit before Tax                                      | 267,815,132               | 417,519,018               |
| Adjustments for :  |                           |                           |
| Employees Stock Options                                    | (226,898)                 | 13,440,190                |
| Cash Alternative Settlement for ESOP Scheme                | 11,436,424                | 11,065,132                |
| Depreciation & Amortisation                                | 849,133,098               | 499,726,634               |
| Gratuity and leave encashment                              | 4,527,748                 | 1,174,244                 |
| Dividend Income  | (36,727,994)              | (54,758,859)              |
| (Profit) on sale of Investments                            | (12,148,354)              | (36,517,961)              |
| Interest (Net)   | 973,596,403               | 563,871,358               |
| Loss on sale of assets                                     | 1,898,849                 | 223,596                   |
| Share of Loss/(Profit) of Associate                        | (5,511,190)               | 3,342,488                 |
| Provision for diminution in value of investments           | -                         | (456,976)                 |
| Provisions for loans and advances/other assets written off | 45,621,421                | 17,002,682                |
| Preliminary and Share Issue Expenses written off           | 9,659,752                 | 6,623,123                 |
|  | 1,841,259,259             | 1,024,735,651             |
| <b>Operating Profit before Working Capital Changes</b>     | <b>2,109,074,391</b>      | <b>1,442,254,669</b>      |
| Adjustments for :  |                           |                           |
| Trade and Other Receivables                                | 32,426,210                | 63,822,852                |
| Trade Payables & Working Capital Finance                   | 116,547,045               | (174,356,850)             |
| Inventories  | (8,865,465)               | (23,846,845)              |
|  | 140,107,790               | (134,380,843)             |
| <b>Cash generated from the Operations</b>                  | <b>2,249,182,181</b>      | <b>1,307,873,826</b>      |
| Direct Taxes paid  | (233,524,146)             | (150,498,098)             |
| <b>Cash flow before extraordinary items</b>                | <b>2,015,658,035</b>      | <b>1,157,375,728</b>      |
| <b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>           |                           |                           |
| Capital Purchases after adjusting capital creditors        | (8,390,184,038)           | (6,231,632,605)           |
| Sale of Fixed Assets                                       | 2,359,327                 | 310,000                   |
| Purchase of Investments :                                  |                           |                           |
| - Mutual Funds   | (7,114,938,599)           | (9,737,284,418)           |
| Sale of Investments :                                      |                           |                           |
| - Mutual Funds   | 7,176,451,505             | 9,768,424,194             |
| - Market Investments                                       | 12,148,354                | 42,408,037                |
| Fixed Deposit with Banks (above 90 days)                   | (85,200,000)              | 20,600,000                |
| Intercompany Deposits given:                               |                           |                           |
| - Granted during the year                                  | (185,800,000)             | (10,585,000)              |
| - Repayments received during the year                      | 156,849,000               | -                         |
| Advances to Joint Venture Companies                        | (41,066,595)              | (2,792,402)               |
| Advances received from related parties                     | 150,000,000               | -                         |
| Acquisition of stake in subsidiaries / partnership firms   | (400,000,000)             | (359,826,086)             |
| Advance against capital commitment                         | -                         | (37,128,526)              |
| Interest received  | (722,425)                 | 11,149,386                |
| Dividend received  | 20,880                    | 726,074                   |
| <b>Net Cash used in Investment activities</b>              | <b>(8,720,082,591)</b>    | <b>(6,535,631,346)</b>    |

# Consolidated Cash Flow Statement (contd.)

For the year ended March 31, 2011

(All amounts in Indian ₹)

|   | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
|---|---------------------------|---------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>         |                           |                           |
| Proceeds from equity share capital                      | 66,072,757                | 7,409,592                 |
| Capital Grant received                                  | 164,280,000               | -                         |
| Proceeds from borrowings                                | 8,844,193,546             | 4,916,490,529             |
| Repayment of Loans                                      | (1,701,686,632)           | (66,670,481)              |
| Disposal/(Acquisition) of equity stake to/from minority | 504,730,305               | 4,412,500                 |
| Interest Paid   | (965,843,478)             | (563,734,958)             |
| Preliminary Expenses                                    | (812,469)                 | (3,594,727)               |
| Share Issue Expenses                                    | (8,886,283)               | -                         |
| <b>Net Cash from Financing Activities</b>               | <b>6,902,047,746</b>      | <b>4,294,312,455</b>      |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>        | <b>197,623,190</b>        | <b>(1,083,943,163)</b>    |
| Closing Balances of Cash / Cash Equivalents             | 1,407,051,589             | 1,209,428,399             |
| Opening Balances of Cash / Cash Equivalents             | 1,209,428,399             | 2,293,371,562             |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>        | <b>197,623,190</b>        | <b>(1,083,943,163)</b>    |
| <b>COMPONENTS OF CASH AND CASH EQUIVALENTS :</b>        |                           |                           |
| Cash and Cheques on hand                                | 3,586,319                 | 1,496,245                 |
| Funds in Transit  | -                         | -                         |
| With Banks :  |                           |                           |
| On Current Account                                      | 1,399,309,545             | 422,214,309               |
| On Current Account - IPO Proceeds                       | 593,007                   | 2,717,845                 |
| On Deposit Account                                      | 88,762,718                | 783,000,000               |
| <b>Total Components of Cash and Cash Equivalents</b>    | <b>1,492,251,589</b>      | <b>1,209,428,399</b>      |
| Less : Fixed Deposits above 90 days                     | 85,200,000                | -                         |
| Closing Balances of Cash/Cash Equivalents               | <b>1,407,051,589</b>      | <b>1,209,428,399</b>      |
| <i>Note : Figures in brackets denote outflows.</i>      |                           |                           |

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

**Himanshu Parikh**  
Vice Chairman

**Kishor Kumar Mohanty**  
Managing Director

**C. C. Dayal**  
Director

**Parvez Umrigar**  
Director

**Sanjay Sachdev**  
Director

**Naresh Chandra**  
Director

**S. C. Tripathi**  
Director

**R. K. Malhotra**  
Director

**Kunal Shroff**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 19, 2011

Place : Mumbai  
Date : May 19, 2011

# Schedules

## Schedules to Consolidated Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|  | As At March 31, 2011 | As At March 31, 2010 |
|--|----------------------|----------------------|
| <b>SCHEDULE '1': SHARE CAPITAL</b>   |                      |                      |
| <b>Authorised :</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>2,000,000,000</b> | <b>2,000,000,000</b> |
| <b>Issued and Subscribed:</b>  |                      |                      |
| 729,550,412 (Previous year : 725,250,000) equity shares of ₹ 2 each  | 1,459,100,824        | 1,450,500,000        |
| [Out of the above 528,000,000 (Previous year: 528,000,000) equity shares of ₹ 2 fully paid held by Gammon India Limited - the holding Company and 22,400,000 (Previous year: 22,400,000) equity shares of ₹ 2 each are held by Gactel Turnkeys Projects Limited]   |                      |                      |
|  | <b>1,459,100,824</b> | <b>1,450,500,000</b> |
| <b>Paid-up :</b>   |                      |                      |
| 729,550,412 (Previous year : 725,250,000) equity shares of ₹ 2 each  | 1,459,100,824        | 1,450,500,000        |
| Less : 162,050 (Previous year : 162,050) equity shares of ₹ 10/- each forfeited  | 1,620,500            | 1,620,500            |
|  | 1,457,480,324        | 1,448,879,500        |
| <b>Share Forfeiture Account :</b>  |                      |                      |
| Money received in respect of 162,050 (Previous year 162,050) equity shares forfeited   | 8,102,500            | 8,102,500            |
| [The Company has granted, Employee Stock Options to employees in the years 2007-08, 2008-09 and in 2009-10. During the current year, Nil (Previous year 210,000) options were granted. As at March 31, 2011, 966,918 options (Previous Year 2,070,000) were outstanding. 860,082 (Previous Year: 500,000) options were exercised, against which 4,300,412 (Previous Year: 2,500,000) equity shares @ ₹ 2 per equity share were allotted] |                      |                      |
|  | <b>1,465,582,824</b> | <b>1,456,982,000</b> |
| <b>SCHEDULE '2': EMPLOYEE STOCK OPTIONS OUTSTANDING :</b>  |                      |                      |
| Employee stock options outstanding   | 50,221,500           | 50,221,500           |
| Less : Employee Stock Options exercised  | 29,968,800           | 16,725,000           |
| Less : Forfeiture of Employee Stock Options offered  | 10,576,156           | 7,418,455            |
|  | 9,676,544            | 26,078,045           |
| Less : Deferred Employee Compensation outstanding  | 468,610              | 3,537,963            |
| For details of Stock Options Outstanding [refer note no. B (18) of Schedule 19]  |                      |                      |
|  | <b>9,207,934</b>     | <b>22,540,082</b>    |

## Schedules (contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|   | As At March 31, 2011  | As At March 31, 2010  |
|---|-----------------------|-----------------------|
| <b>SCHEDULE '3': RESERVES AND SURPLUS</b>   |                       |                       |
| General Reserve   | 220,300,000           | 18,200,000            |
| Capital Reserve :   |                       |                       |
| Capital Grant received [refer note no. B (8) of Schedule 19]  | 496,660,000           | 332,380,000           |
| Security Premium, at the beginning of the Year  | 3,440,969,045         | 3,429,686,290         |
| Add : Security Premium received / receivable on equity shares through Initial Public Offer                            | -                     | 19,999,605            |
| Add : Security Premium on exercising of Employee Stock Options  | 82,247,838            | 16,725,000            |
| Less: Nil (Previous year : 162,050) equity shares of ₹ 10 at premium of ₹ 157 per equity shares forfeited             | -                     | 25,441,850            |
|   | <b>3,523,216,883</b>  | <b>3,440,969,045</b>  |
| Less : Share issue expenses during the year   | 39,000                | -                     |
|   | 3,523,177,883         | 3,440,969,045         |
|   | 4,240,137,883         | 3,791,549,045         |
| Profit & Loss Account balance   | 1,198,982,085         | 1,287,194,361         |
|   | <b>5,439,119,968</b>  | <b>5,078,743,406</b>  |
| <b>SCHEDULE '4': SECURED LOANS</b>  |                       |                       |
| Term Loans from the Banks   | 23,956,296,454        | 18,612,207,570        |
| Cash Credit from Lenders  | 7,958,427             | 15,495,597            |
| Interest accrued and due on loans<br>[for security, refer note no. B (9) of Schedule 19]                              | 22,898,820            | 20,466,794            |
|   | <b>23,987,153,701</b> | <b>18,648,169,961</b> |
| <b>SCHEDULE '5': UNSECURED LOANS</b>  |                       |                       |
| Term Loans from Banks<br>[repayable within one year ₹ 650,000,000 Previous year ₹ 130,000,000]                        | 650,000,000           | 580,000,000           |
| Intercompany Loan received from Holding Company [repayable on demand]   | 736,200,000           | -                     |
| Short Term, Unsecured Loans from Body Corporates<br>[repayable within one year: ₹ 1,000,000,000, Previous year ₹ Nil] | 1,002,062,500         | 2,062,500             |
|   | <b>2,388,262,500</b>  | <b>582,062,500</b>    |

# Schedules

## Schedules to Consolidated Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

| PARTICULARS                           | GROSS BLOCK   |                                 |   | ACCUMULATED DEPRECIATION / AMORTISATION |                       |  |  | NET BLOCK   |                      |                       |
|---------------------------------------|---|---------------------------------|---|---|-----------------------|--|--|---|----------------------|-----------------------|
|                                       | As On<br>01.04.2010   | Additions<br>During The<br>Year | Deletions/<br>adjustments<br>during the<br>year on<br>consolidation | As On<br>31.03.2011                     | As On<br>01.04.2010   | Depreciation<br>due to increase<br>in holding<br>in group<br>companies (#) | Depreciation<br>on deletions<br>during the<br>year | Deletions/<br>adjustments<br>during the<br>year on<br>consolidation | As On<br>31.03.2011  | As On<br>31.03.2010   |
| <b>Tangible Assets :</b>              |   |                                 |   |   |                       |  |  |   |                      |                       |
| Buildings                             | 25,46,191   | 74,265,206                      | -   | 99,726,397                              | 5,929,779             | -  | 4,155,391  | -   | 10,085,170           | 89,641,227            |
| Project Road (*)                      | 6,025,982,312   | 5,175,984                       | -   | 6,031,158,296                           | 1,857,533,776         | -  | 540,423,613  | -   | 2,397,957,389        | 3,633,200,907         |
| Project Berths (**)                   | 2,240,749,416   | -                               | -   | 2,240,749,416                           | 379,765,917           | -  | 86,139,136   | -   | 465,905,053          | 1,774,844,363         |
| Project Bridge (***)                  | 257,438,683   | -                               | -   | 257,438,683                             | 117,131,714           | -  | 13,768,456   | -   | 130,900,170          | 126,538,513           |
| Freehold Land                         | 23,226,343  | 242,657,995                     | -   | 265,884,338                             | -                     | -  | -  | -   | -                    | 265,884,338           |
| Leasehold Land                        | 113,560,660   | 33,489,717                      | -   | 147,050,377                             | -                     | -  | -  | -   | -                    | 147,050,377           |
| Plant and Machinery                   | 890,163,850   | 265,554,219                     | 1,69,925  | 1,155,548,144                           | 1,68,332,346          | -  | 52,836,509   | 23,854  | 221,145,001          | 934,403,143           |
| Earth Moving Machinery                | 120,797   | -                               | -   | 120,797                                 | 23,881                | -  | 13,662   | -   | 37,543               | 83,254                |
| Electrical Equipments                 | -   | 37,736,380                      | -   | 37,736,380                              | -                     | -  | 638,418  | -   | 638,418              | 37,097,962            |
| Furniture & Fixtures                  | 14,234,826  | 1,605,335                       | 3,204,399   | 12,635,762                              | 2,792,479             | -  | 862,199  | 425,513   | 3,229,165            | 9,406,597             |
| Motor Vehicles                        | 20,958,289  | 7,473,336                       | 3,98,999  | 28,032,626                              | 3,461,567             | -  | 2,477,649  | 154,528   | 5,784,688            | 22,247,938            |
| Office Equipments                     | 10,331,210  | 2,803,803                       | 2,444,081   | 10,690,932                              | 1,371,104             | -  | 574,095  | 352,356   | 1,592,843            | 9,098,089             |
| Computers                             | 19,448,893  | 16,349,725                      | 2,696,340   | 33,102,278                              | 5,791,134             | -  | 5,099,851  | 843,445   | 10,047,540           | 23,054,738            |
| <b>Total Tangible Assets</b>          | <b>9,641,676,470</b>  | <b>687,111,700</b>              | <b>8,913,744</b>  | <b>10,319,874,426</b>                   | <b>2,542,133,697</b>  | <b>-</b>   | <b>706,988,979</b>                                 | <b>1,799,696</b>  | <b>3,247,322,980</b> | <b>7,072,551,446</b>  |
| <b>Intangible Assets :</b>            |   |                                 |   |   |                       |  |  |   |                      |                       |
| Toll Concession Rights                | -   | 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                             | 73,181,727            | -  | 18,282,909   | -   | 91,464,636           | 158,535,364           |
| Licence Fees                          | 125,000,000   | -                               | -   | 125,000,000                             | -                     | -  | -  | -   | -                    | 125,000,000           |
| <b>Total Intangible Assets</b>        | <b>375,000,000</b>  | <b>5,758,186,987</b>            | <b>-</b>  | <b>6,133,186,987</b>                    | <b>73,181,727</b>     | <b>-</b>   | <b>144,889,231</b>                                 | <b>-</b>  | <b>218,070,958</b>   | <b>5,915,116,029</b>  |
| <b>Total Fixed Assets</b>             | <b>10,016,676,470</b>   | <b>6,445,298,687</b>            | <b>8,913,744</b>  | <b>16,453,061,413</b>                   | <b>2,615,315,424</b>  | <b>-</b>   | <b>851,878,210</b>                                 | <b>1,799,696</b>  | <b>3,465,393,938</b> | <b>12,987,667,475</b> |
| <b>Expenses Capitalised :</b>         |   |                                 |   |   |                       |  |  |   |                      |                       |
| Advance for Capital expenditure       | -   | -                               | -   | -                                       | -                     | -  | -  | -   | -                    | 134,997,220           |
| Capital work in progress              | -   | -                               | -   | -                                       | -                     | -  | -  | -   | -                    | 20,325,434,446        |
| <b>Total Capital Work-in-progress</b> | <b>-</b>  | <b>-</b>                        | <b>-</b>  | <b>-</b>                                | <b>-</b>              | <b>-</b>   | <b>-</b>   | <b>-</b>  | <b>-</b>             | <b>20,460,431,666</b> |
| <b>Grand Total</b>                    | <b>10,016,676,470</b>   | <b>6,445,298,687</b>            | <b>8,913,744</b>  | <b>16,453,061,413</b>                   | <b>2,615,315,424</b>  | <b>-</b>   | <b>851,878,210</b>                                 | <b>1,799,696</b>  | <b>3,465,393,938</b> | <b>33,448,099,141</b> |
| <b>Previous year</b>                  | <b>7,190,785,761</b>  | <b>1,526,691,228</b>            | <b>1,301,818,316</b>  | <b>2,618,834</b>                        | <b>10,016,676,471</b> | <b>1,862,668,101</b>   | <b>221,421,798</b>                                 | <b>499,726,634</b>  | <b>1,016,706</b>     | <b>30,980,255</b>     |
|                                       |   |                                 |   |   |                       |  |  |   |                      | <b>24,944,642,158</b> |
| *                                     | Project Roads pertains to the costs incurred by Andhra Expressway Limited (AEL) and Rajahmundry Expressway Limited (REL) for the construction of highway on a road owned by the Government of India under the two separate concession agreements entered into between the said companies and the National Highways Authority of India. These agreements encompasses the construction, operation and maintenance of the highway on a Build, Operate, Transfer basis. The construction was completed in October, 2004 and September 2004 for AEL and REL respectively. The concession for both the companies is valid till November 29, 2019. During the year, the companies have incurred periodic maintenance costs as per the Concession Agreement entered into with the National Highways Authority of India for carrying out mandatory maintenance of the road project and capitalised the same. |                                 |   |   |                       |  |  |   |                      |                       |
| **                                    | 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 company and the Vizag Port Trust. These agreements encompasses the construction, operation and maintenance of the two berths on a Build, Operate, Transfer basis. The construction of the first berth was completed in July, 2004 and the second berth on September, 2005 and the concession is valid upto November, 2031.   |                                 |   |   |                       |  |  |   |                      |                       |
| ***                                   | Project Bridge pertains to the costs incurred by Cochin Bridge Infrastructure Company Limited for the construction of road bridge at Cochin as per the concession agreement entered into between the said company with the Greater Cochin Development Authority. This agreement encompasses the construction, operation and maintenance of the bridge on a Build, Operate, Transfer basis. The concession is valid till June 6, 2020.   |                                 |   |   |                       |  |  |   |                      |                       |
| #                                     | During the year 2009-10, the Company acquired additional stake in Vizag Seaport Pvt. Limited, increasing its total stake to 76.24%. Due to this increase in the Company's share in assets and depreciation thereon of Vizag Seaport Private Limited has been shown under "Additions on increase in holding in group companies" and "Additional Depreciation due to increase in holding in group companies" respectively.  |                                 |   |   |                       |  |  |   |                      |                       |

## Schedules (contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|   | As At March 31, 2011 | As At March 31, 2010 |
|---|----------------------|----------------------|
| <b>SCHEDULE '7': INVESTMENTS</b>  |                      |                      |
| <b>Long term Investments unless otherwise stated (at cost) :</b>  |                      |                      |
| Trade Investments in Associates (Fully paid-up unless otherwise stated)   |                      |                      |
| <b>Ordinary Shares: (Unquoted) of ₹ 10/- each, unless otherwise stated</b>  |                      |                      |
| [refer note no. B (3) of Schedule 19]   |                      |                      |
| 2,143,950 (Previous Year : 2,143,950) Eversun Sparkle Maritime Services Private Limited                             | 11,170,287           | 5,659,097            |
| 24,470 (Previous Year : 24,470) Modern Tollroads Limited  | 244,700              | 244,700              |
| 24,450 (Previous Year : 24,450) ATSL Infrastructure Projects Limited  | 206,025              | 206,025              |
|   | 11,621,012           | 6,109,822            |
| <b>Other Current Investments</b>  |                      |                      |
| Non Trade Quoted Current Investments :  |                      |                      |
| Mutual Fund Units   | -                    | 24,805,792           |
| <b>Non-Trade-Quoted Investments, in fully paid-up Secured, Redeemable, Non Convertible Debentures</b>               |                      |                      |
| 30 (Previous Year : 30) Deutsche Investments India Private Limited (₹ 1,000,000 per unit)                           | 30,000,000           | 30,000,000           |
|   | <b>41,621,012</b>    | <b>60,915,614</b>    |
| <b>SUMMARY OF INVESTMENTS :</b>   |                      |                      |
| Aggregate Book Value of Unquoted Investments  | 11,621,012           | 6,109,822            |
| Aggregate Book Value of Quoted Investments  | 30,000,000           | 30,000,000           |
| Aggregate Book Value of Other Investments   | -                    | 24,805,792           |
| Market Value of Quoted Investments  | -                    | 904,220              |
| During the year 1,160 equity shares in Tata Consultancy Services Limited received as bonus equity shares were sold. |                      |                      |
| <b>SCHEDULE '8': SUNDRY DEBTORS</b>   |                      |                      |
| (Unsecured)   |                      |                      |
| [refer note no. B (5) (b) of Schedule 19]   |                      |                      |
| Outstanding for over six months   |                      |                      |
| Considered good   | 147,348,857          | 287,239,726          |
| Considered doubtful   | 24,274,344           | 9,322,142            |
| Less : Provision for doubtful debts   | 24,274,344           | 9,322,142            |
|   | 147,348,857          | 287,239,726          |
| Other Debts :   |                      |                      |
| Considered good   | 157,575,001          | 216,729,062          |
|   | <b>304,923,858</b>   | <b>503,968,788</b>   |
| Sundry Debtors includes dues from companies under same management as under :  |                      |                      |
| Gammon India Limited, holding company   | 66,063,153           | 110,945,855          |
|   | <b>66,063,153</b>    | <b>110,945,855</b>   |

# Schedules

## Schedules to Consolidated Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|  | As At March 31, 2011 | As At March 31, 2010 |
|--|----------------------|----------------------|
| <b>SCHEDULE '9': CASH AND BANK BALANCES</b>  |                      |                      |
| Cash on Hand   | 3,586,319            | 1,496,245            |
| Balances with Scheduled Banks :  |                      |                      |
| in Current Accounts  | 1,399,309,545        | 422,214,309          |
| in Escrow Bank Accounts - IPO Proceeds   | 593,007              | 2,717,845            |
| in Fixed Deposits with Banks   | 88,762,718           | 783,000,000          |
|  | 1,488,665,270        | 1,207,932,154        |
|  | <b>1,492,251,589</b> | <b>1,209,428,399</b> |
| <b>SCHEDULE '10': LOANS AND ADVANCES</b>   |                      |                      |
| (Unsecured, considered good unless otherwise stated)                                   |                      |                      |
| Advances recoverable in cash or in kind for value to be received                       | 204,606,301          | 222,899,953          |
| Less : Provision made  | 1,891,408            | 5,546,985            |
|  | 202,714,893          | 217,352,968          |
| Interest accrued receivable  |                      |                      |
| Considered good  | 38,125,700           | 1,953,247            |
| Considered doubtful  | 692,183              | -                    |
| Less : Provision made  | 692,183              | -                    |
|  | 38,125,700           | 1,953,247            |
| Dues from holding company, Gammon India Limited  | 214,744,652          | 1,961,000            |
| Dues from and Loans to Joint Venture Companies and Associates                          |                      |                      |
| Loans / Deposits placed with Joint Stock Companies                                     | 70,834,659           | 28,762,500           |
| Other Dues   | 6,788,206            | 7,793,770            |
|  | 77,622,865           | 36,556,270           |
| Deposit with Joint Stock Companies   |                      |                      |
| Considered good  | 40,000,000           | 14,941,000           |
| Considered doubtful  | 3,892,000            | -                    |
| Less : Provision made  | 3,892,000            | -                    |
|  | 40,000,000           | 14,941,000           |
| Advance against equity commitment  | 12,994,800           | 12,994,800           |
| Advance Taxes Paid   | 718,146,137          | 564,970,473          |
| Less : Provision for Taxation  | 611,619,299          | 460,254,637          |
|  | 106,526,838          | 104,715,836          |
| MAT Credit Entitlement   | 147,558,463          | 9,890,983            |
| Security and Other Deposits  | 24,328,325           | 16,135,424           |
| Margin Money Deposit kept with holding company, Gammon India Limited                   | -                    | 7,500,000            |
| Cenvat/VAT/Service Tax   | 27,035,168           | 18,265,717           |
| Prepaid Expenses   | 32,930,334           | 26,095,601           |
|  | <b>924,582,038</b>   | <b>468,362,846</b>   |
| Loans and Advances includes dues from companies under the same management as follows : |                      |                      |
| Gammon India Limited, holding company  | 214,744,652          | 9,461,000            |
|  | <b>214,744,652</b>   | <b>9,461,000</b>     |

## Schedules (contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|  | As At March 31, 2011 | As At March 31, 2010 |
|--|----------------------|----------------------|
| <b>SCHEDULE '11': CURRENT LIABILITIES</b>                |                      |                      |
| Sundry Creditors :                                       |                      |                      |
| For Capital Expenses                                     | 4,887,383            | 6,053,019            |
| For Expenses   | 150,420,352          | 156,850,777          |
|  | 155,307,735          | 162,903,796          |
| Dues to holding company - Gammon India Limited           | 691,585,199          | 847,504,432          |
| Dues to Joint Venture Companies and/or Associates        | 55,776,133           | 21,208,848           |
| Dues to Partners in a Partnership Firm                   | -                    | -                    |
| Margin Money Deposit received from Joint Venture Company | 5,000,000            | 5,000,000            |
| Advance received from Related Parties                    | 176,520,000          | 26,520,000           |
| Advance received from Clients                            | 71,170,028           | 16,196,976           |
| Dues to Lenders  | -                    | 244,800              |
| Interest accrued payable                                 | 40,915,173           | 144,246              |
| Advance against equity commitment received               | 540,031,000          | 395,245,445          |
| Other Liabilities  | 165,314,034          | 150,929,234          |
|  | <b>1,901,619,302</b> | <b>1,625,897,777</b> |
| <b>SCHEDULE '12': PROVISIONS</b>                         |                      |                      |
| Provision for Staff Benefits against :                   |                      |                      |
| Cash Compensatory Scheme                                 | 16,804,235           | 17,038,466           |
| Leave Encashment   | 8,336,323            | 6,199,652            |
| Gratuity   | 4,497,122            | 3,149,507            |
|  | 29,637,680           | 26,387,625           |
|  | <b>29,637,680</b>    | <b>26,387,625</b>    |

# Schedules

Schedules to Consolidated Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|   | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
|---|---------------------------|---------------------------|
| <b>SCHEDULE '13': TURNOVER AND OPERATING INCOME</b> |                           |                           |
| Revenue from Road Maintenance                       | 172,266,647               | 1,053,512,547             |
| Revenue from Port Operations                        | 1,277,530,011             | 905,174,916               |
| Revenue from Annuity Projects                       | 1,166,020,000             | 1,166,020,000             |
| Revenue from Toll Collections                       | 550,148,651               | 38,728,275                |
| Revenue from Power Projects                         | 1,872,963                 | -                         |
| Revenue from Air Cargo Operations                   | 5,192,894                 | 109,846,865               |
| Other Operating Revenues                            | 185,527,090               | 4,539,596                 |
|   | <b>3,358,558,256</b>      | <b>3,277,822,199</b>      |
| <b>SCHEDULE '14': OTHER INCOME</b>                  |                           |                           |
| <b>Interest Income :</b>                            |                           |                           |
| Deposits with Joint Stock Companies                 | 7,042,696                 | 7,007,628                 |
| Others  | 28,407,332                | 3,663,335                 |
|   | 35,450,028                | 10,670,963                |
| <b>Miscellaneous Income :</b>                       |                           |                           |
| Dividend Income                                     | 36,727,994                | 54,758,859                |
| Profit on Sale of Investments                       | 12,148,354                | 36,517,961                |
| Miscellaneous Income                                | 16,104,533                | 15,208,408                |
|   | 64,980,881                | 106,485,228               |
|   | <b>100,430,909</b>        | <b>117,156,191</b>        |
| <b>SCHEDULE '15': OPERATIONAL EXPENSES</b>          |                           |                           |
| Road Operation & Maintenance Expenses               | 241,535,987               | 1,011,149,484             |
| Bridge Operations Expenses                          | 4,643,756                 | 6,895,599                 |
| Port Operational Expenses                           | 728,730,478               | 504,997,261               |
| Power Generation Expenses                           | 4,992,733                 | -                         |
| Air Cargo Operation Expenses                        | 5,202,830                 | 102,442,247               |
|   | <b>985,105,784</b>        | <b>1,625,484,591</b>      |

## Schedules (contd.)

Schedules to Consolidated Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|  | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
|--|---------------------------|---------------------------|
| <b>SCHEDULE '16': ESTABLISHMENT EXPENSES</b>                     |                           |                           |
| Administration Expenses  | 17,737,067                | 16,413,176                |
| Professional / Legal Expenses                                    | 54,702,998                | 29,080,352                |
| Travelling, Leave Passage and Motor Car Expenses                 | 13,022,062                | 14,041,820                |
| Office Rent  | 4,144,767                 | 6,070,990                 |
| Directors Fees   | 2,184,444                 | 2,256,000                 |
| Telephone Expenses   | 1,373,037                 | 1,967,790                 |
| Insurance Charges  | 193,027                   | 560,243                   |
| Tender Document Expenses   | 20,040,710                | 13,642,667                |
| Miscellaneous Expenses   | 34,758,054                | 11,609,253                |
| Auditors Remuneration :  |                           |                           |
| Audit Fees   | 6,661,787                 | 5,842,160                 |
| Provision for Doubtful debts and advances                        | 15,914,841                | 15,820,161                |
|  | 170,732,794               | 117,304,612               |
| Less : Transferred to Capital WIP                                | 3,312,834                 | 2,570,162                 |
|  | <b>167,419,960</b>        | <b>114,734,450</b>        |
| <b>SCHEDULE '17': PERSONNEL COSTS</b>                            |                           |                           |
| Salaries, wages and bonus  | 150,206,321               | 111,525,823               |
| Contributions to Provident Fund                                  | 5,556,991                 | 4,710,503                 |
| Director's Remuneration including contribution to Provident Fund | 11,343,479                | 16,811,206                |
| Staff Welfare Expenses   | 9,062,542                 | 5,287,469                 |
| Provision for Leave Encashment                                   | 2,230,841                 | 258,337                   |
| Provision for Gratuity   | 2,296,907                 | 915,907                   |
| Employees 'ESOP' compensation cost                               |                           |                           |
| Managing Director  | -                         | 13,121,336                |
| Employees  | (226,898)                 | 318,854                   |
|  | (226,898)                 | 13,440,190                |
| Cash Alternative Settlement of ESOP Scheme                       | 11,436,424                | 11,065,132                |
|  | 191,906,607               | 164,014,567               |
| Less : Transfer to Capital WIP                                   | 15,586,409                | 11,008,802                |
|  | <b>176,320,198</b>        | <b>153,005,765</b>        |
| <b>SCHEDULE '18': FINANCIAL COSTS</b>                            |                           |                           |
| <b>Interest Paid on :</b>  |                           |                           |
| On Fixed Period Loans  | 1,251,142,841             | 559,468,936               |
| Interest paid (Others)   | 675,637                   | 3,707,177                 |
|  | 1,251,818,478             | 563,176,113               |
| Other Finance Charges  | 21,717,659                | 11,366,208                |
|  | 1,273,536,137             | 574,542,321               |
| Less : Transfer to Capital WIP                                   | 264,489,706               | -                         |
|  | <b>1,009,046,431</b>      | <b>574,542,321</b>        |

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### SCHEDULE '19': NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### A. 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.

##### b) PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements comprise the financial statements of GAMMON INFRASTRUCTURE PROJECTS LTD. ("the Company") and its Subsidiary companies (the Company and its subsidiaries are hereinafter referred to as 'the Group'). 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 unrealized 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 Company over its share of equity in the Subsidiary is recognised as goodwill. The excess of share of equity of Subsidiary over the cost of investments is recognised as capital reserve.

##### Interests in Joint Ventures

The Company's interests in Joint Ventures in the nature of Jointly controlled entities are included in these consolidated financial statements using the proportionate consolidation method as per the Accounting Standard - 27 ('AS-27') "Financial Reporting of Interests in Joint Ventures" notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, on a line by line basis.

##### Investment in Associates

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

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

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

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

##### Use of estimates

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

##### c) REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### Infrastructure Development Business :

Toll Revenue from operations of Toll Roads is recognised on usage and recovery of the usage charge thereon.

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

The annuity income earned from Build, Operate, Transfer ('BOT') projects is recognised on a time basis over the period during which the annuity is earned. Revenues from bonus and other claims are recognised upon acceptance from customer / counterparty.

Revenue by way of berth hire charges, dust suppression charges, cargo handling charges, plot rent, wharfage, barge freight, other charges etc. are recognised on an accrual basis and is billed as per the terms of the contract with the customers at the rates approved by Tariff Authority for Marine Ports (TAMP) as the related services are performed.

Other operating income is recognised on an accrual basis when the same is due.

### Operations and Maintenance Revenues :

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

### Construction Contract Revenues :

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

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

### Cargo freight income :

Cargo freight income is recognized at the time of booking of the consignment and is being accounted net of rebates, discounts and booking commission.

### Interest income:

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

### Dividend income:

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

## d) FIXED ASSETS AND DEPRECIATION

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

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

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

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

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

assets also represents the concession rights in relation to toll roads to collect toll fees for improvement, operations and maintenance, rehabilitation and strengthening of existing 2 lane road and widening to 4 lane divided carriageway from Km. 539.500 to Km. 440.000 (Vadape-Gonde Section) of NH-3 on Build, Operate and Transfer (BOT) basis in the State of Maharashtra. Such costs include all construction costs including sub-contract costs and other costs attributable to the said project asset including borrowing costs and the proportionate cash payout (negative grant) at the end of concession period to NHAI.

Expenses incurred by the Company on periodic maintenance (required to be incurred by it in the 5th, 10th and 15th year as per the Contract with National Highways Authority of India ('NHAI')) are capitalised on completion of the said activity as the same enhances the useful life of the project. These costs are amortised over the period upto which the next periodic maintenance is due. The periodic maintenance of the 15th year is written off over the balance concession period.

Capital work in progress represents the costs incurred on project activity till completion of the project. It includes all direct material, labour and sub-contracting costs and those indirect costs related to constructions that are identifiable with or allocable to the project including borrowing costs.

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 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 amortization would be revised accordingly.

### e) IMPAIRMENT

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

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

### f) INVESTMENTS

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

### 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 FIFO method of inventory valuation is used to determine the cost.

### h) FOREIGN CURRENCY TRANSLATION

#### Initial recognition

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

#### Conversion

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

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### Exchange differences

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

### i) PROVISION FOR TAXATION

Tax expense comprises of current 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 Company is eligible for 100% tax holiday under section 80-IA of the Income Tax Act, 1961. As a result, timing differences arising and reversing during the tax holiday period are not recognized by the Company.

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.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### j) PRELIMINARY & SHARE ISSUE EXPENSES

Preliminary and Share Issue expenses incurred are charged to the Security Premium Account, if available, or to the Profit and Loss Account.

### k) OPERATING LEASE

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

### l) 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.

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### m) EMPLOYEE BENEFITS

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

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

Long Term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method..

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

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

### n) EMPLOYEE SHARE – BASED PAYMENTS (ESOP)

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

### o) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

Contingent Liabilities are not recognised but disclosed in notes to accounts. Contingent assets are neither recognised nor disclosed in financial statements.

### p) CASH AND CASH EQUIVALENTS

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

### q) GRANTS RECEIVED BY THE COMPANY :

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

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

### r) DEFERRED PAYMENT LIABILITY :

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

### s) BORROWING COSTS :

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred.

### t) MINORITY INTEREST :

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

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### B. Other Notes

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

#### 1. SUBSIDIARIES

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

| Details   | Voting power and beneficial interest as at March 31, 2011 | Voting power and beneficial interest as at March 31, 2010 |
|---|---|---|
| Andhra Expressway Limited ('AEL')   | 100.00%   | 100.00%   |
| Chittoor Infra Company Private Limited ('CICPL')  | 100.00%   | -   |
| Cochin Bridge Infrastructure Company Limited ('CBICL')  | 97.66%  | 97.66%  |
| Dohan Renewable Energy Private Limited ('DREPL')  | 100.00%   | -   |
| Gammon Logistics Limited ('GLL')  | 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%   |
| Gammon Projects Developers Limited ('GPDIL')  | 100.00%   | 100.00%   |
| Ghaggar Renewable Energy Private Limited ('GREPL')  | 100.00%   | -   |
| Gorakhpur Infrastructure Company Limited ('GICL')   | 96.53%  | 94.90%  |
| Indori Renewable Energy Private Limited ('IREPL')   | 100.00%   | -   |
| Jaguar Projects Developers Limited ('JPDL')   | 100.00%   | 100.00%   |
| Kasavati Renewable Energy Private Limited ('KREPL')   | 100.00%   | -   |
| Kosi Bridge Infrastructure Company Limited ('KBICL')  | 100.00%   | 100.00%   |
| Lilac Infraprojects Developers Limited ('LIDL')   | 100.00%   | -   |
| Markanda Renewable Energy Private Limited ('MREPL')   | 100.00%   | -   |
| Marine Project Services Limited ('MPSL')  | 100.00%   | 100.00%   |
| Mumbai Nasik Expressway Limited ('MNEL')  | 79.99%  | 79.99%  |
| Patna Highway Projects Limited ('PHPL')   | 100.00%   | 100.00%   |
| Pataliputra Highway Limited ('PHL')   | 100.00%   | 100.00%   |
| Pravara Renewable Energy Limited ('PREL')   | 100.00%   | 100.00%   |
| Rajahmundry Godavari Bridge Limited ('RGBL')  | 51.00%  | 99.29%  |
| Rajahmundry Expressway Limited ('REL')  | 100.00%   | 100.00%   |
| Ras Cities and Townships Private Limited ('RCTPL')  | 100.00%   | 100.00%   |
| Satluj Renewable Energy Private Limited ('SREPL')   | 100.00%   | -   |
| Satyavedu Infra Development Company Limited ('SICPL')   | 100.00%   | -   |
| Sikkim Hydro Power Ventures Limited ('SHVPL')   | 100.00%   | 100.00%   |
| Sirsa Renewable Energy Private Limited ('Sirsa REPL')   | 100.00%   | -   |
| Tada Infra Development Company Limited ('TIDCL') (previously known as Gammon Hospitality Limited ('GHL')) | 100.00%   | 100.00%   |
| Tada Sez Private Limited ('TSPL')   | 100.00%   | -   |
| Tangri Renewable Energy Private Limited ('TREPL')   | 100.00%   | -   |
| Tidong Hydro Power Limited ('THPL')   | 51.00%  | 51.00%  |

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

| Details   | Voting power and beneficial interest as at March 31, 2011 | Voting power and beneficial interest as at March 31, 2010 |
|---|---|---|
| Vizag Seaport Private Limited ('VSPL')            | 73.76%  | 73.76%  |
| Yamuna Renewable Energy Private Limited ('YREPL') | 100.00%   | -   |
| Youngthang Power Ventures Limited ('YPVL')        | 100.00%   | 100.00%   |

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

The details of the amounts paid and the resultant beneficial interest and voting rights are tabulated hereunder

| Details | As at March 31, 2011 |             |              | As at March 31, 2010 |             |              |
|---------|----------------------|-------------|--------------|----------------------|-------------|--------------|
|         | No. of shares        | Amount Paid | % of holding | No. of shares        | Amount Paid | % of 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%      | -                    | -           | -            |
| GICL    | 14,947,238           | 149,472,380 | 27.53%       | 95,96,923            | 95,969,230  | 26.01%       |
| 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%       |
| SICPL   | 10,000               | 100,000     | 100.00%      | -                    | -           | -            |
| TSPL    | 10,000               | 100,000     | 100.00%      | -                    | -           | -            |
| THPL    | 25,500               | 255,000     | 51.00%       | 25,500               | 255,000     | 51.00%       |

- During the year, CICPL, SICPL and TSPL were incorporated as 100% subsidiaries of GPD, a wholly owned subsidiary of the Company. The Company acquired beneficial, controlling interest and voting rights in respect of 10,000 equity shares each, in all these three entities from GPD. CICPL, SICPL and TSPL thereby became wholly owned subsidiaries of the Company.
- During the year, LIDL was incorporated as a wholly owned subsidiary of the Company. Further, during the year, SREPL was jointly incorporated as 100% subsidiary by the Company alongwith GPD and GREIL.
- Further during the year, DREPL, GREPL, IREPL, KREPL, MREPL, Sirsa REPL, TREPL, and YREPL were incorporated as subsidiaries by GPD, GREIL and GSIL, which are wholly owned subsidiaries of the Company.
- During the year, the Company has acquired further beneficial, controlling interest and voting rights in respect of 5,350,315 (Previous year Nil) equity shares in GICL.
- MNEL, a subsidiary of the Company, had received provisional completion certificate for a chainage of 50 Kms for the purposes of tolling vide certificate dated December 23, 2009 and a further provisional certificate for additional chainage of 14 Kms vide certificate dated May 11, 2010. MNEL has also received the tolling notification issued by Government of India dated April 21, 2010 for the entire stretch which enables MNEL to open the road to traffic and putting it for its intended use. Pursuant to this, the first stretch of road was opened for toll collection on May 29, 2010 after adherence to the requirements of the concession agreement and the cost attributable to it was capitalised as "Toll Concession Rights" on that date. The balance cost pertaining to the balance portion is being continued as a Capital work in progress and would be capitalised on completion.
- As per the terms of the concession agreement MNEL is required to make a cash payout ('Negative Grant') of ₹ 1,200,000,000 in the last year of the concession period. 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.

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

- g) During the year, KBICL, a wholly owned subsidiary of the Company, the Independent consultant jointly appointed by NHAI and KBICL has, as per the terms of the concession agreement, determined an extension of project completion date by 631 days. The original scheduled project completion date of the project was April 1, 2010, however the project due to reasons beyond the control of KBICL has been delayed and now is expected to be completed by December 31, 2011.
- h) Under the Concession Agreement with NHAI, the Scheduled Project Completion Date for completion of construction of the GICL's Project Road was September 4, 2009. The completion of construction has been delayed beyond this date. GICL believes this delay is not on account of any default by it and is in discussions with the NHAI for extension of this date to January 2012. Pending the outcome of the discussions, management believes no adjustments are required to be made to the financial statements in respect of this matter.
- i) Gammon Hospitality Limited ('GHL'), a wholly owned subsidiary of the Company was renamed as Tada Infra Development Company Limited ('TIDCL') during the year.
- j) Effect of acquisition of subsidiaries during the year on Financial Statements.

| Details                               | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|---------------------------------------|----------------------------|----------------------------|
| <b>Subsidiary</b>                     | -                          | VSPL                       |
| <b>Assets :</b>                       |                            |                            |
| Fixed Assets (incl. Capital WIP)      | -                          | 2,544,530,187              |
| Balances with Bank                    | -                          | 55,079,594                 |
| Other Current Assets                  | -                          | 259,632,268                |
| Miscellaneous Expenses                | -                          | -                          |
| <b>Liabilities :</b>                  |                            |                            |
| Current Liabilities                   | -                          | 166,287,159                |
| Profit and Loss A/c                   | -                          | (279,669,277)              |
| <b>Income/Expenses :</b>              |                            |                            |
| <b>Income</b>                         | -                          | 1,148,778,398              |
| <b>Expenses</b>                       | -                          | 1,007,052,556              |
| Profit/(Loss) Before Tax              | -                          | 141,725,842                |
| Provision for Tax                     | -                          | 334,017                    |
| <b>Profit/ (Loss) Brought forward</b> | -                          | <b>(421,061,102)</b>       |
| Balance c/f to Balance Sheet          | -                          | (279,669,277)              |

### 2. JOINTLY CONTROLLED 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, 2011.

- a. Details of Joint Ventures entered into by the Company :

| Details   | % of Interest<br>as at<br>March 31,<br>2011 | % of Interest<br>as at<br>March 31,<br>2010 |
|---|---|---|
| Blue Water Iron Ore Terminal Private Ltd ('BWIOTPL')* | 37.30%                                      | 37.30%                                      |
| Haryana Biomass Power Ltd ('HBPL')*                   | 50.00%                                      | 50.00%                                      |
| Indira Container Terminal Private Ltd ('ICTPL')       | 50.00%                                      | 50.00%                                      |
| Punjab Biomass Power Ltd ('PBPL')                     | 50.00%                                      | 50.00%                                      |
| SEZ Adityapur Ltd ('SEZAL')*                          | 38.00%                                      | 38.00%                                      |

\* - As per unaudited management accounts

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

During the year, 2009-10, the Company acquired beneficial, controlling interest and voting rights in respect of 26,407,160 equity shares of ICTPL from GIL. Due to this acquisition ICTPL had become a 50% joint venture of the Company.

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

|  | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|--|----------------------------|----------------------------|
| <b>Application of Funds :</b>                |                            |                            |
| Fixed Assets                                 | 550,934,970                | 275,299,417                |
| Less :Accumulated depreciation/amortisation  | (41,843,862)               | (24,117,749)               |
| Fixed Asset (Net )                           | 509,091,108                | 251,181,668                |
| Capital WIP                                  | 1,082,962,182              | 800,111,476                |
| <b>Current Assets :</b>                      |                            |                            |
| Inventories                                  | 25,496,861                 | 23,630,226                 |
| Sundry Debtors                               | 1,026,688                  | 937,633                    |
| Cash and Bank Balances                       | 11,233,612                 | 13,711,626                 |
| Loan and Advances                            | 30,355,903                 | 35,451,357                 |
| Total Current Assets (A)                     | 68,113,064                 | 73,730,842                 |
| Current Liabilities                          | 208,588,373                | 65,044,193                 |
| Provisions                                   | 1,849,131                  | 1,180,173                  |
| Total Current Liabilities & Provisions (B)   | 210,437,504                | 64,943,319                 |
| Net Current Assets (A-B)                     | (142,324,440)              | 8,787,523                  |
| <b>Total Application of Funds</b>            | <b>1,449,728,850</b>       | <b>1,060,080,667</b>       |
| <b>Sources of Funds :</b>                    |                            |                            |
| <b>Loan Funds :</b>                          |                            |                            |
| Secured Loans                                | 889,206,735                | 467,571,060                |
| Unsecured Loans                              | 2,062,500                  | 2,062,500                  |
| Reserves and Surplus                         | 15,000,000                 | (25,688,058)               |
| Add : Profit and Loss appropriation account  | (132,588,701)              | (30,567,556)               |
| <b>Total Liabilities</b>                     | <b>773,680,534</b>         | <b>413,377,946</b>         |
| <b>Income / Expenses :</b>                   |                            |                            |
| <b>Income :</b>                              |                            |                            |
| Turnover and Operating Income                | 41,718,694                 | 34,080,052                 |
| Other Income                                 | 937,694                    | 1,186,698                  |
| <b>Total Income</b>                          | <b>42,656,388</b>          | <b>35,266,750</b>          |
| <b>Expenses :</b>                            |                            |                            |
| Operation & Maintenance Expenses             | 50,765,193                 | 30,502,105                 |
| Establishment and Personnel Expenses         | 23,395,839                 | 7,515,550                  |
| Finance Cost                                 | 11,597,230                 | 525,663                    |
| Depreciation and Amortisation                | 15,604,814                 | 10,650,692                 |
| Preliminary/Share Issue Expenses Written Off | 374,170                    | 1,313,557                  |
| <b>Total Expenses</b>                        | <b>101,737,246</b>         | <b>50,507,567</b>          |
| Profit / (Loss) Before Tax                   | (59,080,858)               | (15,240,817)               |
| Provision for Tax                            | -                          | -                          |
| Deferred Tax Liability written back          | -                          | -                          |
| <b>Profit / (Loss) After Tax</b>             | <b>(59,080,858)</b>        | <b>(15,240,817)</b>        |
| Prior period items                           | (1,596,601)                | (554,293)                  |
| <b>Net Profit for the year</b>               | <b>(60,677,459)</b>        | <b>(15,795,111)</b>        |

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

The above figures pertaining to the Joint Venture Companies are based on the audited accounts for the year ended March 31, 2011 except for BWIOTPL, HBPL and SEZAL which is based on the un-audited management accounts. All the Joint Venture Companies were incorporated in India.

### 3. 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".

| Details   | % of Interest as at March 31, 2011 | % of Interest as at March 31, 2010 |
|---|------------------------------------|------------------------------------|
| Eversun Sparkle Maritime Services Pvt. Ltd ('ESMSPL') | 33.30%                             | 33.30%                             |
| Modern Toll Roads Ltd ('MTRL')                        | 48.94%                             | 48.94%                             |
| ATSL Infrastructure Projects Ltd ('AIPL')             | 48.90%                             | 48.90%                             |

| Details                            | Eversun Sparkle Maritime Services Pvt. Ltd ('ESMSPL') |                | Modern Toll Roads Ltd ('MTRL') |                | ATSL Infrastructure Projects Ltd ('AIPL') |                | Total          |                |
|------------------------------------|---|----------------|--------------------------------|----------------|---|----------------|----------------|----------------|
|                                    | March 31, 2011  | March 31, 2010 | March 31, 2011                 | March 31, 2010 | March 31, 2011                            | March 31, 2010 | March 31, 2011 | March 31, 2010 |
| Original Cost of Investment        | 21,439,500  | 21,439,500     | 244,700                        | 244,700        | 244,500                                   | 244,500        | 21,928,700     | 21,928,700     |
| Original Cost of Investment        | 21,439,500  | 21,439,500     | 244,700                        | 244,700        | 244,500                                   | 244,500        | 21,928,700     | 21,928,700     |
| Profit / (Loss) for the year ended | 5,511,190   | (3,333,572)    | -                              | -              | -   | (8,916)        | 5,511,190      | (3,342,488)    |
| Carrying amount of Investments     | 11,170,287  | 5,659,097      | 244,700                        | 244,700        | 206,025                                   | 206,025        | 11,621,012     | 6,109,822      |
| Capital Reserve on the investment  | (5,552,678)   | (5,552,678)    | -                              | -              | -   | -              | (5,552,678)    | (5,552,678)    |

The above figures pertaining to the Associate Companies are based on the audited accounts for the year ended March 31, 2011 except MTRL and AIPL which are based on the un-audited management accounts.

### 4. PARTNERSHIP FIRM

During the year, PHL alongwith JPDL, MPDL, PREL, RCTPL, TIDCL and YPVL, all subsidiaries of the Company together acquired 100% share in the Partnership firm Aparna InfraEnergy.

### 5. CAPITAL WIP, SUNDRY DEBTORS, INVENTORIES, LOANS AND ADVANCES

#### a) Capital work in progress

During the current year, MNEL, a subsidiary of the Company, has received provisional completion certificate for a chainage of 50 kms for the purposes of tolling vide certificate dated December 23, 2009 and a second provisional completion certificate dated May 11, 2010 for a further chainage of 14 kms. The Government also issued tolling notification dated April 21, 2010 for the entire stretch of 64 kms as part of Phase I. Pursuant to this, the first stretch of road was opened for toll collection on May 29, 2010 after adherence to the requirements of the concession agreement and the cost attributable to it was capitalised as Toll Concession Rights on that date. The balance cost pertaining to the balance portion is being continued as a Capital work in progress and would be capitalised on completion. Further, the negative grant payable to NHAI in the last year of the concession period has been capitalised as Toll Concession Rights and Capital work in progress on a proportionate basis.

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### b) Sundry Debtors

#### i. Early Completion Bonus ('the Bonus') recoverable from the NHAI

During the year, the NHAI has paid the Bonus of ₹ 46,520,000 and ₹ 111,078,000 alongwith interest thereon of ₹ 24,509,955 and ₹ 54,150,525 to the subsidiaries of the Company, AEL and REL, respectively, after their appeal was dismissed by the Honourable Supreme Court of India.

NHAI has paid the Bonus, alongwith interest on February 1, 2011 (the date, the said amount was electronically transferred by NHAI to these subsidiaries respective bank accounts). However, the interest on the Bonus was calculated by NHAI upto October 31, 2010. As per the Honourable Delhi High Court orders, interest was to be paid to AEL and REL, from May 30, 2005 to the date of realisation (i.e. February 1, 2011). Further NHAI has paid the interest @ 9% p.a. instead of the SBI PLR plus 3% rate as stated in the clause 19.2 of the Concession Agreements each signed separately between AEL and REL and NHAI. AEL and REL has filed an appeal with the Honourable Delhi High Court to address the aforesaid issues. During the year, AEL and REL has accounted for interest income as per the Honourable Delhi High Court order.

#### ii. Annuity receivable from Greater Cochin Development Authority ('GCDA')

Under the Concession Agreement dated 27th October, 1999, executed between Cochin Bridge Infrastructure Company Limited, Government of Kerala (GOK), Greater Cochin Development Authority (GCDA) and Gammon India Limited dated January 6th, 2001; the entire project has been assigned to the Company as a Concessionaire for the purpose of developing, operating and maintaining the infrastructure facility on BOT basis for 13 years and nine months.

Subsequently, a Supplementary Concession Agreement is to be executed as per the Government of Kerala's Order Nos. G.O. (M.S.) No. 11/2005/PWD dated 24th January, 2005 and G.O. (M.S) No. 16/2005/PWD dated 1st March, 2005 between the Government of Kerala, Greater Cochin Development Authority and the Company. In terms of the order, the period of concession has been increased by 6 years and the Company is entitled to yearly annuity receipts which it is accounting as Sundry Debtors. The annuities have not been collected till date. The Company has not made any provision against the said receivables.

#### iii. Sundry Debtors include ₹ 66,063,153 (Previous year ₹ 110,945,855) towards dues from holding company, Gammon India Limited.

### c) Inventories

Inventories comprise fuel stock, stores and spares.

| Details           | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|-------------------|----------------------------|----------------------------|
| Fuel Stock        | 24,551,843                 | 22,946,557                 |
| Stores and Spares | 53,153,914                 | 45,893,735                 |
| <b>Total</b>      | <b>77,705,757</b>          | <b>68,840,292</b>          |

## 6. DEFERRED TAX

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

| Details  | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|--|----------------------------|----------------------------|
| <b>Deferred Tax Liability :</b>                                  |                            |                            |
| On Account of Depreciation                                       | 34,582,012                 | 34,047,862                 |
| <b>Deferred Tax Asset :</b>                                      |                            |                            |
| On Account of Gratuity/Leave Encashment/Cash Compensation Scheme | 7,943,305                  | 7,521,904                  |
| <b>Net Deferred Tax Liability</b>                                | <b>26,638,707</b>          | <b>26,525,958</b>          |

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

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

### 7. CAPITAL RESERVE AND GOODWILL

The details of Goodwill and Capital Reserve are as under.

| Details   | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|---|----------------------------|----------------------------|
| <b>Goodwill :</b>                                 |                            |                            |
| - CBICL   | 13,425,584                 | 13,425,584                 |
| - PBPL  | 30,000,000                 | 30,000,000                 |
| - GICL  | 2,063,995                  | 2,063,995                  |
| - KBICL   | 1,246,874                  | 1,246,874                  |
| - VSPL  | 203,450,565                | 202,730,875                |
| - PHL   | 433,035                    | 433,035                    |
| - GLL   | 774                        | 774                        |
| - MPSTL   | 23                         | 23                         |
| Aparna InfraEnergy                                | 400,000,000                | -                          |
| <b>Total (A)</b>                                  | <b>650,620,850</b>         | <b>249,901,160</b>         |
| <b>Capital Reserve :</b>                          |                            |                            |
| - AEL   | 70,772,876                 | 70,772,876                 |
| - REL   | 59,733,321                 | 59,733,321                 |
| <b>Total (B)</b>                                  | <b>130,506,197</b>         | <b>130,506,197</b>         |
| <b>Net of Goodwill over Capital Reserve (A-B)</b> | <b>520,114,653</b>         | <b>119,394,963</b>         |
| Goodwill amortised upto September 30, 2007        | 3,729,475                  | 3,729,475                  |
| <b>Net Goodwill / (Capital reserve)</b>           | <b>516,385,178</b>         | <b>115,665,488</b>         |

During the year, goodwill of ₹ 400,000,000 has been accounted on acquisition of entire stake in the partnership firm Aparna InfraEnergy.

### 8. GOVERNMENT GRANT

As per terms of the concession agreement between MNEL and NHAI, MNEL is entitled to receive capital grant from NHAI of ₹ 510,000,000 during the construction period. During the year, MNEL has received capital grant amounting to ₹ 164,280,000 (Previous year ₹ 332,380,000). Total capital grant received from NHAI as on March 31, 2011 is ₹ 496,660,000 (Previous year ₹ 332,380,000). Capital Grant has been shown as Capital Reserve under Reserves and Surplus Account.

### 9. SECURITY FOR LOANS AVAILED BY THE GROUP COMPANIES :

#### A. Secured Loans in the Consolidated Financial Statements :

| Details                          | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|----------------------------------|----------------------------|----------------------------|
| <b>Long Term Secured Loans :</b> |                            |                            |
| AEL                              | 1,577,860,000              | 1,780,200,000              |
| CBICL                            | 136,800,000                | 144,600,000                |
| GICL                             | 4,637,200,000              | 2,822,500,000              |
| ICTPL                            | 704,750,000                | 262,105,000                |
| KBICL                            | 2,707,050,000              | 2,158,750,000              |

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

| Details                            | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|------------------------------------|----------------------------|----------------------------|
| MNEL                               | 6,106,762,709              | 6,330,062,719              |
| PHPL                               | 1,147,500,000              | -                          |
| REL                                | 1,767,745,300              | 1,996,265,300              |
| RGBL                               | 3,029,900,000              | 1,038,000,000              |
| PBPL                               | 176,498,308                | 189,970,463                |
| VSPL                               | 1,964,230,137              | 1,889,754,088              |
| <b>Total</b>                       | <b>23,956,296,454</b>      | <b>18,612,207,570</b>      |
| <b>Short Term Loans from Banks</b> |                            |                            |
| PBPL                               | 7,958,427                  | 15,495,598                 |
| <b>Total Secured Loans</b>         | <b>23,964,254,881</b>      | <b>18,627,703,168</b>      |

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

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

### AEL AND REL :

Term Loans availed from Banks are :

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

Secured by hypothecation / Charge over :

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

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### CBICL

- a) Secured against mortgage of residential property of CBICL.
- b) Assignment of all future receivables of CBICL.
- c) Pledge of shares of the CBICL.
- d) Guarantee of the holding company GIPL.

### GICL AND KBICL

The Loan together with all, interest, additional interest, liquidated damages, premium on pre payment, costs, expenses and other monies whatsoever stipulated in the Agreement ("Secured Obligations") shall be secured by:

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

### MNEL

The Senior Loan together with all upfront fee, interest, further interest, additional interest, liquidated damages, premium on prepayment, costs, expenses and other monies whatsoever stipulated in the Agreement ("Secured Obligations") shall be secured by :

- a) a first mortgage and charge on all MNEL's immovable properties, both present and future;
- b) a first charge by way of hypothecation of all MNEL's moveables, both present and future;
- c) a first charge on MNEL's Receivables except bonus;
- d) a first charge over all bank accounts of MNEL;
- e) a first charge on all intangibles of MNEL including but not limited to goodwill, rights, undertakings and uncalled capital, present and future;

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

- f) a first charge by way of assignment or otherwise creation of Security Interest in:
  - i. all the right, title, interest, benefits, claims and demands whatsoever of MNEL in the Project Documents, duly acknowledged and consented to by the relevant counter-parties to such Project Documents to the extent not expressly provided in each such Project Document, all as amended, varied or supplemented from time to time including all guarantees and bonds issued or to be issued in terms thereof;
  - ii. the right, title and interest of MNEL by way of first charge in, to and under all the Government Approvals;
  - iii. all the right, title, interest, benefits, claims and demands whatsoever of MNEL in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents;
  - iv. all insurance contracts/ insurance proceeds;
- g) Pledge of 51% of equity shares of MNEL held by GIL and GIPL.

### RGBL

The Loan together with all, interest, additional interest, liquidated damages, premium on pre payment, costs, expenses and other monies whatsoever stipulated in the Agreement ("Secured Obligations") shall be secured by: -

- a) a first mortgage and charge on all RGBL's immovable properties, both present and future;
- b) a first charge by way of hypothecation of all RGBL's tangible moveable assets, including, moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future;
- c) a first charge on RGBL's Receivables;
- d) a first charge over all bank accounts of RGBL including without limitation, the Escrow Account, the Debt Services Reserve Account, the Retention Accounts (or any account in substitution thereof) and such Other Bank Accounts that may be opened in terms hereof and of the Project Documents and in all funds from time to time deposited therein and in all Authorised Investments or other securities representing all amounts credited thereto save and except the sums lying to the credit of the Distributions Sub-Account and the gains and profits arising out of the Authorised Investments or investments made in any other securities from the Distribution Sub-Account.
- e) a first charge on all intangibles of RGBL including but not limited to goodwill, rights, undertakings and uncalled capital, present and future;
- f) a first charge by way of assignment or otherwise creation of Security Interest in:
  - i. all the right, title, interest, benefits, claims and demands whatsoever of RGBL in the Project Documents, duly acknowledged and consented to by the relevant counter-parties to such Project Documents to the extent not expressly provided in each such Project Document, all as amended, varied or supplemented from time to time;
  - ii. the right, title and interest of RGBL by way of first charge in, to and under all the Government Approvals;
  - iii. all the right, title, interest, benefits, claims and demands whatsoever of RGBL in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents;
  - iv. all insurance contracts/ insurance proceeds;
- g) Pledge of 51% of equity shares of the Company presently held by Gammon Infrastructure Projects Limited
- h) Corporate Guarantee of the Sponsor:
  - i. to cover the aggregate principal amounts of the loans in the event of termination of the Concession of the agreement pursuant to occurrence of any Concessionaire Default during the construction period, which shall stand discharged upon occurrence of the COD.
  - ii. to cover the shortfall in the DSRA as stipulated in Article 2.23 (i).

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### PBPL

1. The Gross Facility availed including interest thereon and all amounts in respect thereof shall be secured by :
  - i. first mortgage and charge covering:
  - ii. PBPL's immovable properties at Bhagaura for the generation unit of PBPL at Bhagaura;
  - iii. PBPL's moveable properties for the generation unit of PBPL at Bhagaura; assignment of all Project Agreements (including contractor guarantees, performance bonds and liquidated damages);
  - iv. Assignment of PBPL's receivables, insurance policies and government, approvals of PBPL pertaining only to the generation unit at Bhagaura including the proceeds from the CDM benefits accrued to PBPL.
  - v. Pledge of 30% of paid up and voting equity share capital of PBPL held by the promoters, GIPL and Bermaco Energy Systems Limited.
2. Vehicle loan is secured by hypothecation of car purchased.

### VSPL

Secured by hypothecation of moveable assets and receivables of VSPL.

### ICTPL

The Loan facility together with all, interest, additional interest, liquidated damages, fees, premia on prepayment, costs, charges, expenses and other monies including LC value from which LCs are issued from the LC facility, and all other amounts whatsoever stipulated in the Agreement ("Secured Obligations") shall be secured by :

- a) a first mortgage and charge by way of English mortgage on all ICTPL's immovable properties, both present and future;
- b) a first charge by way of hypothecation of all ICTPL's moveables, including current and non-current assets, moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future other than the Project Assets;
- c) a first floating charge on ICTPL's Receivables;
- d) a first charge over all bank accounts of ICTPL including without limitation, the Trust and Retention Accounts, Debt Service Reserve Account, Retention Accounts (or any account in substitution thereof) and such Other Bank Accounts that may be opened in terms hereof and of the Project Documents and in all funds from time to time deposited therein and in all Authorised Investments or other securities representing all amounts credited thereto;
- e) a first charge on all intangibles of ICTPL including but not limited to goodwill, rights, undertakings and uncalled capital, present and future;
- f) a first charge by way of assignment or otherwise creation of Security Interest in:
  - i. all the right, title, interest, benefits, claims and demands whatsoever of ICTPL in the Project Documents, duly acknowledged and consented to by the relevant counter-parties to such Project Documents to the extent not expressly provided in each such Project Document, all as amended, varied or supplemented from time to time;
  - ii. the right, title and interest of ICTPL by way of first charge in, to and under all the Government Approvals;
  - iii. all the right, title, interest, benefits, claims and demands whatsoever of ICTPL in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents;
  - iv. all insurance contracts;
  - v. pledge of 51% of paid up and voting equity share capital of ICTPL till the expiry of a period of 36 months from the Commercial Operations Date.

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### PHPL

The Secured Obligations shall be secured by:-

- a) a first mortgage and charge on all PHPL's immovable properties, both present and future, save and except the Project Assets;
- b) a first charge on all PHPL's tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future, save and except the Project Assets;
- c) a first charge over all accounts of PHPL including the Escrow Account and the Sub-Accounts (or any account in substitution thereof) save and except for PHPL's Sub-Account, that may be opened in accordance with this Agreement and the Supplementary Escrow Agreement, or any of the other Project Documents and all funds from time to time deposited therein, the Receivables and all Authorised Investments or other securities, provided that:
  - i. subject to the proviso (ii), the charge set out herein over all accounts of PHPL including the Escrow Account and the Sub-Accounts shall arise only after the proceeds or realization thereof, if any, have been received into the Escrow Account, and thereafter, for the purpose of being applied to the extent of waterfall of priority of payment as specified in Article 31 of the Concession Agreement and Article 4 of the Escrow Agreement and not beyond that;
  - ii. the charge over the Receivables shall be enforceable by the Lenders or on their behalf only for the purpose of ensuring that the Receivables are credited to the Escrow Account for the purpose of being applied to the extent of waterfall of priority of payment as specified in Article 31 of the Concession Agreement and Article 4 of the Escrow Agreement and not beyond that;
- d) a first charge on all intangibles assets including but not limited to goodwill, rights, undertaking and uncalled capital present and future excluding the Project Assets (provided that all amounts received on account of any of these shall be deposited in the Escrow Account that the charges on the same shall be subject to the extent permissible as per the priority specified in the Article 31 of the Concession Agreement and Article 4 of the Escrow Agreement). Further, a charge on uncalled capital, as set in above, shall be subject however to the provisions of Clauses 5.3 and 7.1 (k) and Article 31 of the Concession Agreement;
- e) a first charge on assignment by way of security in:
  - i. all the right, title, interest, benefits, claims and demands whatsoever of PHPL in the Project Documents;
  - ii. the right, title and interest of PHPL in, to and under all the Government Approvals;
  - iii. all the right, title, interest, benefits, claims and demands whatsoever of PHPL in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents;
  - iv. all the right, title, interest, benefits, claims and demands whatsoever of PHPL under all Insurance Contracts;
- f) pledge of 30% of equity shares of PHPL presently held by the Company.

### B. Borrowing Costs Capitalised :

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

|                       | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|-----------------------|---------------------------------|---------------------------------|
| <b>Subsidiaries :</b> |                                 |                                 |
| GICL                  | 389,422,061                     | 239,058,404                     |
| KBICL                 | 258,158,537                     | 184,789,030                     |
| MNEL                  | 264,489,707                     | 537,657,184                     |
| PHPL                  | 81,693,340                      | 297,828                         |

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

|                           | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|---------------------------|---------------------------------|---------------------------------|
| PREL                      | 8,863                           | 1,691                           |
| RCTPL                     | 1,055                           | 6,256                           |
| RGBL                      | 218,212,442                     | 51,454,966                      |
| SHPVL                     | 28,163,137                      | 1,249,751                       |
| YPVL                      | 45,678,929                      | 5,185,596                       |
| <b>Joint Ventures :</b>   |                                 |                                 |
| BWIOTPL                   | -                               | 61,970                          |
| HBPL                      | 32,237                          | 86,121                          |
| ICTPL                     | 61,585,700                      | 12,146,135                      |
| PBPL                      | 1,203,643                       | 18,912,936                      |
| <b>Partnership Firm :</b> |                                 |                                 |
| Aparna Infra Energy       | 15,632,511                      | -                               |
| <b>Total</b>              | <b>1,364,282,162</b>            | <b>1,050,907,868</b>            |

### 10. EARNINGS PER SHARE

Earnings Per Share (EPS) = Net Profit attributable to equity shareholders / Weighted Average number of equity shares outstanding.

| Details   | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|---|----------------------------|----------------------------|
| Net Profit for the year   | 171,686,174                | 256,227,507                |
| Outstanding equity shares at the end of the year                        | 728,740,162                | 724,439,750                |
| Weighted average Number of Shares outstanding during the year - Basic   | 727,527,130                | 722,934,381                |
| Weighted average Number of Shares outstanding during the year - Diluted | 728,045,403                | 724,306,516                |
| Earnings per Share-Basic (₹)  | 0.24                       | 0.35                       |
| Earnings per Share-Diluted (₹)  | 0.24                       | 0.35                       |

#### Reconciliation of weighted number of Equity Shares outstanding during the year

| Details  | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|--|----------------------------|----------------------------|
| 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   | 724,439,750                | 722,750,000                |
| Add : Issue of Equity Shares against options granted to employees  | 4,300,412                  | 1,689,750                  |
| Total number of equity shares outstanding at the end of year   | 728,740,162                | 724,439,750                |
| <b>Weighted average number of equity shares at the end of the year</b>   | <b>727,527,130</b>         | <b>722,934,381</b>         |
| <b>For Dilutive EPS :</b>  |                            |                            |
| Weighted average number of shares used in calculating basic EPS  | 727,527,130                | 722,934,381                |
| Add : Equity shares for no consideration arising on grant of stock options under ESOP                                      | 3,637,418                  | 1,544,862                  |
| Less : Equity shares for no consideration arising on grant of stock options under ESOP forfeited / lapsed (included above) | 3,119,145                  | 172,727                    |
| <b>Weighted average number of equity shares used in calculating diluted EPS</b>  | <b>728,045,403</b>         | <b>724,306,516</b>         |

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### 11. PLEDGE OF SHARES

The Company has pledged the following shares in favour of the lenders to the projects as part of the terms of financing agreements of the respective companies and for availing non fund based limits from the banks

| Company Name | No. of Equity shares pledged as at |                | Face Value (₹) |
|--------------|------------------------------------|----------------|----------------|
|              | March 31, 2011                     | March 31, 2010 |                |
| AEL          | 12,919,897                         | 9,135,010      | 10/-           |
| CBICL        | 1,664,019                          | 1,664,019      | 10/-           |
| REL          | 14,744,579                         | 14,266,318     | 10/-           |
| MNEL         | 16,120,000                         | 16,120,000     | 10/-           |
| GICL         | 9,593,233                          | 9,593,233      | 10/-           |
| KBICL        | 12,558,000                         | 6,281,730      | 10/-           |
| PBPL(*)      | 22,750,000                         | 15,250,000     | 1/-            |
| VSPL         | 20,589,729                         | 20,589,729     | 10/-           |
| PHPL         | 750,000                            | -              | 10/-           |
| RGBL         | 54,116,100                         | -              | 10/-           |

(\*) Includes 7,500,000 (Previous year Nil) equity shares pledged unconfirmed by the bank.

### 12. LEASE

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

VSPL, a subsidiary of the Company, leases land from Vizag Port Trust ('VPT') 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 ₹ 6,431,795 (Previous year ₹ 6,211,037) and under cancellable operating leases was ₹ 877,318 (Previous year ₹ 805,738) which has been disclosed as lease rentals in the profit and loss account.

During the year, the YPVL a subsidiary of the Company has obtained an office premises on operating lease (non-cancellable). The monthly lease rents amount to ₹ 836,000 + Service Tax (Previous year ₹ Nil). The disclosure as required to be provided as per Accounting Standard 19 "Lease" notified under the Companies (Accounting Standards) rules, 2006 is as under:

| Details  | As at March 31, 2011 |
|--|----------------------|
| Total of future minimum lease payments under non-cancellable operating leases for each of the following periods: |                      |
| Not later than one year  | 13,341,439           |
| Later than one year and not later than five years  | 52,253,971           |
| Later than five years  | -                    |
| Lease payment recognised in P&L account  | 1,047,850            |

### 13. SEGMENT REPORTING

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

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### Segment Composition :

#### a) Infrastructure Activities

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

#### b) Air Cargo Services

Providing air cargo services within the country.

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

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

### 14. REMUNERATION TO AUDITORS

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

### 15. DISCLOSURE UNDER ACCOUNTING STANDARD (AS-7)

| Details                         | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|---------------------------------|---------------------------------|---------------------------------|
| Contract Revenue recognized     | -                               | 891,054,175                     |
| Contract Expenditure recognized | -                               | 806,635,628                     |
| Contract Profit                 | -                               | 84,418,547                      |

### 16. CONTINGENT LIABILITY

Group's share in Contingent Liability not provided for in the books of accounts.

| Details   | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|---|----------------------------|----------------------------|
| Corporate Guarantees                            | 850,000,000                | 150,000,000                |
| Claims against Company not acknowledged as debt | 252,324,765                | 18,990,393                 |
| Counter Guarantees given to banks               | 2,433,276,800              | 1,629,939,000              |
| <b>Total</b>                                    | <b>3,535,601,565</b>       | <b>1,798,929,393</b>       |

a) The Contingent Liability detailed hereinabove includes the Group's share of contingent liability in the joint venture companies amounting to ₹ 23,953,692 (Previous year ₹ Nil).

b) Claims against the Company 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 AEL, a subsidiary of the Company. 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. AEL 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, apursuant to and Order dated March 15, 2005, as deficit stamp duty payable on the Concession Agreement entered into between REL, a subsidiary of the Company and NHAI, classifying the Concession Agreement as a 'lease' under Article 31(d) of the Indian Stamp Act. REL has impugned the Order by way of a writ petition before the High Court of Andhra Pradesh at Hyderabad. No provision is considered necessary in respect of the said demand, as the management believes that there is no contravention of the Indian Stamp Act.

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

- iii A winding up petition against GLL, a subsidiary of the Company has been filed by a creditor for recovery of ₹ 14,140,343. GLL 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 is of the view that the same would be settled and does not expect any additional liabilities towards the same
- iv Demand draft deposited with the Honorable Delhi High Court, for ₹ 6,985,000 (Previous year ₹ Nil) towards 5% of the bid security for a project of NHAI.
- v Under the License Agreement (LA), Mumbai Port Trust ('MbPt'), is entitled to recover electricity charges from ICTPL (a 50% joint venture of the Company), against the existing Ballard Pier Station ('BPS') terminal. Out of the total amount claimed by MbPT, ₹ 1,907,384 is disputed by the ICTPL. The matter requires resolution through an expert as per the LA. Management believes that no part of this ₹ 1,907,384 will need to be paid by ICTPL. The share in the contingent liability of the Company stands at ₹ 953,692.
- vi The penalty for non-achievement of Minimum Guaranteed Throughput of approximately ₹ 46,000,000 payable to the MbPT as per the License Agreement has not been provided for by ICTPL in their financial statements because under an arrangement this penalty would be borne by one of the shareholders in case this amount is ultimately determined to be payable to MbPT. The Company's share stands at ₹ 23,000,000.

### 17. COMMITMENTS

#### Capital commitments

The total capital commitment as on March 31, 2011 is ₹ 29,886,262,886 (Previous year ₹ 35,653,000,000). The capital commitments are in respect of projects where the concession agreements have been signed and does not include projects where only Letters of Intents are held.

#### Export obligations

| Details           | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|-------------------|----------------------------|----------------------------|
| Under EPCG Scheme | 208,953.728                | 185,354,219                |

### 18. 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 vesting period which ranges from one to three years. During the current year, 150,000 (Previous year 180,000) options were forfeited / lapsed. Out of the options granted, 715,250 (Previous year 1,555,000) are outstanding at the end of the year.

During the year 2008-09, the Compensation Committee of the Board of the Directors of the Company at its meeting held on October 1, 2008, instituted a new ESOP Scheme "GIPL ESOP 2008" scheme as per which the Company has further granted 490,000 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, 25,000 (Previous year 185,000) options were forfeited / lapsed. Out of the options granted, 126,668 (Previous year 305,000) 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, 68,000 (Previous year Nil) options were forfeited / lapsed. Out of the options granted, 125,000 (Previous year 210,000) are outstanding at the end of the year.

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

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

### ESOP Scheme 2007 :

|  | 2010-11  |                 |                 | 2009-10          |                 |                 |
|--|--|-----------------|-----------------|------------------|-----------------|-----------------|
|  | Fair Value (as on grant date) of equity shares (₹) | 99.00           | 124.00          | 63.95            | 99.00           | 124.00          |
| Market Price (as on grant date) of equity shares granted during the year (₹) | N.A.   | N.A.            | 63.95           | N.A.             | N.A.            | 63.95           |
| Exercise Price of Options granted during the year (₹)                        | 80.00  | 80.00           | 63.95           | 80.00            | 80.00           | 63.95           |
| Grant Dates  | July 1, 2007                                       | October 1, 2007 | October 1, 2008 | July 1, 2007     | October 1, 2007 | October 1, 2008 |
| Vesting commences from   | July 1, 2008                                       | October 1, 2008 | October 1, 2009 | July 1, 2008     | October 1, 2008 | October 1, 2009 |
| Options granted at the beginning of the year                                 | 1,260,000  | 25,000          | 270,000         | 1,440,000        | 25,000          | 270,000         |
| Options granted during the year  | -  | -               | -               | -                | -               | -               |
| Options lapsed /forfeited during the year                                    | 150,000  | -               | -               | 180,000          | -               | -               |
| Options exercised during the year  | 689,750  | -               | -               | -                | -               | -               |
| <b>Options granted and outstanding at the end of the year</b>                | <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>  |

### ESOP Scheme 2008:

|  | 2010-11  |                  |                 | 2009-10         |                  |                 |
|--|--|------------------|-----------------|-----------------|------------------|-----------------|
|  | Fair Value (as on grant date) of equity shares (₹) | 63.95            | 43.45           | 63.95           | 63.95            | 43.45           |
| Market Price (as on grant date) of equity shares granted during the year (₹) | 63.95  | 43.45            | 72.10           | 63.95           | 43.45            | 72.10           |
| Exercise Price of Options granted during the year (₹)                        | 63.95  | 10.00            | 63.95           | 63.95           | 10.00            | 63.95           |
| Grant Dates  | October 1, 2008                                    | December 5, 2008 | May 8, 2009     | October 1, 2008 | December 5, 2008 | May 8, 2009     |
| Vesting commences from   | October 1, 2009                                    | December 5, 2009 | October 1, 2010 | October 1, 2009 | December 5, 2009 | October 1, 2010 |
| Options granted at the beginning of the year                                 | 305,000  | -                | 210,000         | 490,000         | 500,000          | -               |
| Options granted during the year  | -  | -                | -               | -               | -                | 210,000         |
| Options lapsed /forfeited during the year                                    | 25,000   | -                | 68,000          | 185,000         | -                | -               |
| Options exercised during the year  | 153,332  | -                | 17,000          | -               | 500,000          | -               |
| <b>Options granted and outstanding at the end of the year</b>                | <b>126,668</b>                                     | <b>-</b>         | <b>125,000</b>  | <b>305,000</b>  | <b>-</b>         | <b>210,000</b>  |

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

| Particulars  | ESOP Scheme<br>2007   | ESOP Scheme<br>2008   | ESOP Scheme<br>2008   | ESOP Scheme<br>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<br>Option Pricing<br>Model  | Black Scholes<br>Option Pricing<br>Model  | Black Scholes<br>Option Pricing<br>Model  | Black Scholes<br>Option Pricing<br>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 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<br>GIPL(from the<br>date of listing)<br>and 4 previous<br>yrs average<br>of IVRCL and<br>Nagarjuna | Average of<br>GIPL(from the<br>date of listing)<br>and 4 previous<br>yrs average<br>of IVRCL and<br>Nagarjuna | Average of<br>GIPL(from the<br>date of listing)<br>and 2 previous<br>yrs average<br>of IVRCL and<br>Nagarjuna | Average of<br>GIPL(from the<br>date of listing)<br>and 2 previous<br>yrs average of<br>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 had 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:

| Details   | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|---|---------------------------------|---------------------------------|
| Net Income as reported  | 171,686,174                     | 256,227,507                     |
| Add: Stock based compensation expense included in the reported income                         | (226,898)                       | 13,440,190                      |
| Less: Stock based compensation expenses determined using fair value of options                | 9,787,067                       | 35,225,195                      |
| <b>Net Profit (adjusted)</b>  | <b>161,672,209</b>              | <b>234,442,502</b>              |
| Earnings Per Share :  |                                 |                                 |
| Basic earnings per share as reported  | 0.18                            | 0.35                            |
| Basic earnings per share (adjusted)   | 0.17                            | 0.32                            |
| Diluted earnings per share as reported  | 0.18                            | 0.35                            |
| Diluted earnings per share (adjusted)   | 0.17                            | 0.32                            |
| <b>Weighted average number of equity shares at the end of the year</b>                        | <b>727,527,130</b>              | <b>722,934,381</b>              |
| <b>Weighted average number of shares considered for diluted earnings per share (adjusted)</b> | <b>728,045,403</b>              | <b>724,306,516</b>              |

### 19. RETENTION BONUS FOR EMPLOYEES

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 ₹ 11,436,424 (Previous year ₹ 11,065,132) against Cash Compensation has been made in accordance with guidance note on accounting of employees share based payments.

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### 20. EMPLOYEE BENEFITS

#### Gratuity

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

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

| Details                                  | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|--|---------------------------------|---------------------------------|
| Net employee benefit expenses :          |                                 |                                 |
| Current service cost                     | 1,394,174                       | 1,213,379                       |
| Interest cost                            | 291,933                         | 221,312                         |
| Expected return on planned assets        | (50,210)                        | (20,905)                        |
| Actuarial (gain)/loss                    | 603,024                         | (500,704)                       |
| Past service cost                        | 153,058                         | -                               |
| (Excess)/Short provision of earlier year | -                               | 2,825                           |
|  | <b>2,391,979</b>                | <b>915,907</b>                  |
| Less : Gratuity capitalised              | 95,072                          | -                               |
| <b>Total</b>                             | <b>2,296,907</b>                | <b>915,907</b>                  |

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

| Details   | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|---|----------------------------|----------------------------|
| Defined benefit obligation, at beginning of the year  | 3,149,507                  | 2,190,761                  |
| Current service cost                                  | 1,394,174                  | 953,720                    |
| Interest cost   | 291,933                    | 480,971                    |
| Actuarial (gain)/loss                                 | 611,681                    | (475,945)                  |
| Past service cost                                     | 376,295                    | -                          |
| Less : Benefit paid                                   | 1,326,468                  | -                          |
| <b>Defined benefit obligation, at end of the year</b> | <b>4,497,122</b>           | <b>3,149,507</b>           |

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

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

|  |                |
|--|----------------|
| Discount rate                          | 8.25%          |
| Expected rate of return on plan assets | Not applicable |
| Attrition rate                         | 2%             |
| Retirement age                         | 60 years       |

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

### 21. MANAGERIAL REMUNERATION

The Managerial Remuneration incurred during the current year, amounts to ₹ 18,078,124 (Previous year ₹ 16,811,206).

Managerial remuneration computation does not include ESOP compensation cost of Managing Director ₹ 190,000 (Previous year ₹ 13,121,336).

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### 22. RELATED PARTY TRANSACTIONS

#### a) Relationships:

Entity where control exists :

1. Gammon India Limited - Holding Company

Associates and Joint Ventures :

1. Ansaldo Caldie Boilers (India) Private Limited
2. ATSL Infrastructure Projects Limited
3. Blue Water Iron Ore Terminal Private Limited
4. Eversun Sparkle Maritime Services Limited
5. Haryana Biomass Power Limited
6. Indira Container Terminal Private Limited
7. Modern Tollroads Limited
8. Punjab Biomass Power Limited
9. SEZ Adityapur Limited

Key Management Personnel :

1. Abhijit Rajan
2. Parvez Umrigar (upto July 3, 2010)
3. Himanshu Parikh (w.e.f July 3, 2010)

#### a) Related Party Transactions :

(Please refer to Annexure 1 for Related Party Transactions)

### 23. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

There are neither any derivative instruments outstanding as at March 31, 2011 nor any unhedged foreign currency exposure towards liability outstanding as at March 31, 2011

### 24. PRIOR PERIOD COMPARATIVES

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

As per our report of even date.

**For Natvarlal Vepari and Co.**  
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

**Himanshu Parikh**  
Vice Chairman

**Kishor Kumar Mohanty**  
Managing Director

**C. C. Dayal**  
Director

**Parvez Umrigar**  
Director

**Sanjay Sachdev**  
Director

**Naresh Chandra**  
Director

**S. C. Tripathi**  
Director

**R. K. Malhotra**  
Director

**Kunal Shroff**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 19, 2011

Place : Mumbai  
Date : May 19, 2011

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### ANNEXURE 1 : NOTES TO ACCOUNTS

#### RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2011

(Amounts in brackets relate to March 31, 2010)

| Transactions   | Holding Company                  | Associates | Key Management Personnel   | Total  |
|--|----------------------------------|------------|----------------------------|--|
| <b>Operations &amp; Maintenance Income :</b>   |                                  |            |                            |  |
| - Gammon India Ltd   | 170,803,405<br>(1,052,049,306)   | -<br>(-)   | -<br>(-)                   | <b>170,803,405</b><br><b>(1,052,049,306)</b>   |
| <b>Capital WIP (Supply of Materials) :</b>   |                                  |            |                            |  |
| - Gammon India Ltd   | 836,555,668<br>(506,748,687)     | -<br>(-)   | -<br>(-)                   | <b>836,555,668</b><br><b>(506,748,687)</b>     |
| <b>Cargo Income :</b>  |                                  |            |                            |  |
| - Gammon India Ltd   | -<br>(7,031,369)                 | -<br>(-)   | -<br>(-)                   | <b>-</b><br><b>(7,031,369)</b>                 |
| <b>Operations &amp; Maintenance Expenses :</b>   |                                  |            |                            |  |
| - Gammon India Ltd   | 170,803,406<br>(1,052,049,306)   | -<br>(-)   | -<br>(-)                   | <b>170,803,406</b><br><b>(1,052,049,306)</b>   |
| <b>Capital WIP (Contract Expenditure) :</b>  |                                  |            |                            |  |
| - Gammon India Ltd   | 5,596,159,010<br>(4,193,206,947) | -<br>(-)   | -<br>(-)                   | <b>5,596,159,010</b><br><b>(4,193,206,947)</b> |
| <b>Advances given against EPC contracts :</b>  |                                  |            |                            |  |
| - Gammon India Ltd   | 1,264,650,314<br>(1,399,785,642) | -<br>(-)   | -<br>(-)                   | <b>1,264,650,314</b><br><b>(1,399,785,642)</b> |
| <b>Advances recovered against EPC contracts :</b>  |                                  |            |                            |  |
| - Gammon India Ltd   | 821,122,962<br>(4,644,468,584)   | -<br>(-)   | -<br>(-)                   | <b>821,122,962</b><br><b>(4,644,468,584)</b>   |
| <b>Rent paid :</b>   |                                  |            |                            |  |
| - Gammon India Ltd   | 1,200,000<br>(1,323,600)         | -<br>(-)   | -<br>(-)                   | <b>1,200,000</b><br><b>(1,323,600)</b>         |
| <b>Insurance claims received</b>   |                                  |            |                            |  |
| - Gammon India Ltd   | 12,986,049<br>(16,449,780)       | -<br>(-)   | -<br>(-)                   | <b>12,986,049</b><br><b>(16,449,780)</b>       |
| <b>Insurance claims transferred</b>  |                                  |            |                            |  |
| - Gammon India Ltd   | -<br>(1,907,395)                 | -<br>(-)   | -<br>(-)                   | <b>-</b><br><b>(1,907,395)</b>                 |
| <b>Contribution received from Minority Shareholders :</b>                                  |                                  |            |                            |  |
| - Gammon India Ltd   | 73,503,150<br>(67,199,350)       | -<br>(-)   | -<br>(-)                   | <b>73,503,150</b><br><b>(67,199,350)</b>       |
| <b>Refund of Minority contribution / Conversion of Minority contribution into equity :</b> |                                  |            |                            |  |
| - Gammon India Ltd   | 203,503,150<br>(67,199,350)      | -<br>(-)   | -<br>(-)                   | <b>203,503,150</b><br><b>(67,199,350)</b>      |
| <b>Managerial Remuneration :</b>   |                                  |            |                            |  |
| - Mr. Himanshu Parikh  | -<br>(-)                         | -<br>(-)   | 11,343,479<br>(-)          | <b>11,343,479</b><br><b>(-)</b>                |
| - Mr. Parvez Umrigar   | -<br>(-)                         | -<br>(-)   | 6,734,645<br>(16,811,206)  | <b>6,734,645</b><br><b>(16,811,206)</b>        |
| <b>Gross value of stock options issued to:</b>   |                                  |            |                            |  |
| - Mr. Parvez Umrigar   | -<br>(-)                         | -<br>(-)   | -<br>(-)                   | <b>-</b><br><b>(-)</b>                         |
| <b>Gross value of stock options vested :</b>   |                                  |            |                            |  |
| - Parvez Umrigar   | -<br>(-)                         | -<br>(-)   | 47,520,000<br>(21,725,000) | <b>47,520,000</b><br><b>(21,725,000)</b>       |
| <b>Amortization of options issued to:</b>  |                                  |            |                            |  |
| - Mr. Parvez Umrigar   | -<br>(-)                         | -<br>(-)   | -<br>(13,121,336)          | <b>-</b><br><b>(13,121,336)</b>                |

## Schedules (contd.)

Annexed to and forming part of the Consolidated Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions   | Holding Company | Associates  | Key Management Personnel | Total                |
|--|-----------------|-------------|--------------------------|----------------------|
| <b>Finance provided (including Loans and Equity contribution in cash or in kind) :</b> |                 |             |                          |                      |
| - Gammon India Ltd   | -               | -           | -                        | -                    |
|  | (109,100,920)   | (-)         | (-)                      | <b>(109,100,920)</b> |
| <b>Finance provided for expenses and on account payments :</b>                         |                 |             |                          |                      |
| - Gammon India Ltd   | 25,450,230      | -           | -                        | <b>25,450,230</b>    |
|  | (710,079)       | (-)         | (-)                      | <b>(710,079)</b>     |
| <b>Amount liquidated towards the above finance :</b>                                   |                 |             |                          |                      |
| - Gammon India Ltd   | 19,472,322      | -           | -                        | <b>19,472,322</b>    |
|  | (-)             | (-)         | (-)                      | <b>(-)</b>           |
| <b>Interest income during the period :</b>   |                 |             |                          |                      |
| - Gammon India Limited   | -               | -           | -                        | -                    |
|  | (782,466)       | (-)         | (-)                      | <b>(782,466)</b>     |
| <b>Finance received (including Loans and Equity contribution in cash or in kind) :</b> |                 |             |                          |                      |
| - Gammon India Ltd   | 736,200,000     | -           | -                        | <b>736,200,000</b>   |
|  | (4,412,500)     | (-)         | (-)                      | <b>(4,412,500)</b>   |
| - Mr Parvez Umrigar  | -               | -           | 38,400,000               | <b>38,400,000</b>    |
|  | (-)             | (-)         | (5,000,000)              | <b>(5,000,000)</b>   |
| <b>Finance received for expenses &amp; on account payments :</b>                       |                 |             |                          |                      |
| - Gammon India Ltd   | 2,337,933       | -           | -                        | <b>2,337,933</b>     |
|  | (1,544,212)     | (-)         | (-)                      | <b>(1,544,212)</b>   |
| <b>Amount liquidated towards the above finance :</b>                                   |                 |             |                          |                      |
| - Gammon India Ltd   | 2,337,100       | -           | -                        | <b>2,337,100</b>     |
|  | (858,351)       | (-)         | (-)                      | <b>(858,351)</b>     |
| <b>Interest paid during the year :</b>   |                 |             |                          |                      |
| - Gammon India Ltd   | 40,561,611      | -           | -                        | <b>40,561,611</b>    |
|  | (-)             | (-)         | (-)                      | <b>(-)</b>           |
| <b>Deposit towards purchase of Beneficial Interest of equity shares :</b>              |                 |             |                          |                      |
| - Gammon India Ltd   | 53,503,150      | -           | -                        | <b>53,503,150</b>    |
|  | (264,071,600)   | (-)         | (-)                      | <b>(264,071,600)</b> |
| <b>Advance received for purchase of land :</b>   |                 |             |                          |                      |
| - Ansaldo Caldie Boilers (India) Pvt Ltd   | -               | 150,000,000 | -                        | <b>150,000,000</b>   |
|  | (-)             | (-)         | (-)                      | <b>(-)</b>           |
| <b>Guarantee &amp; Collaterals O/s</b>   |                 |             |                          |                      |
| - Gammon India Ltd   | -               | -           | -                        | -                    |
|  | (190,000,000)   | (-)         | (-)                      | <b>(190,000,000)</b> |
| <b>Retention Money recovered :</b>   |                 |             |                          |                      |
| - Gammon India Ltd   | 329,883,844     | -           | -                        | <b>329,883,844</b>   |
|  | (154,411,709)   | (-)         | (-)                      | <b>(154,411,709)</b> |
| <b>Retention Money refunded :</b>  |                 |             |                          |                      |
| - Gammon India Ltd   | 326,371,041     | -           | -                        | <b>326,371,041</b>   |
|  | (142,268,467)   | (-)         | (-)                      | <b>(142,268,467)</b> |
| <b>Oustanding Balances Receivable :</b>  |                 |             |                          |                      |
| - Gammon India Ltd   | -               | -           | -                        | -                    |
|  | (647,858,399)   | (-)         | (-)                      | <b>(647,858,399)</b> |
| <b>Oustanding Balances Payable :</b>   |                 |             |                          |                      |
| - Gammon India Ltd   | 685,628,426     | -           | -                        | <b>685,628,426</b>   |
|  | (-)             | (-)         | (-)                      | <b>(-)</b>           |
| - Ansaldo Caldie Boilers (India) Pvt Ltd   | -               | 150,000,000 | -                        | <b>150,000,000</b>   |
|  | (-)             | (-)         | (-)                      | <b>(-)</b>           |

# 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, 2011 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books;
  - iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v) On the basis of the written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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 require and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of Balance Sheet of the state of affairs of the Company as at March 31, 2011;
    - (b) in the case of Profit and Loss Account of the profit for the year ended on that date; and
    - (c) in the case of the 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 19, 2011

per Hemal Shah  
Partner  
M. No. 42650  
Mumbai, Dated : May 19, 2011

# 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (e) The Company had 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 ₹ 1,436,200,000 and the year-end balance of loans taken from such parties was ₹ 736,200,000.
- (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.
- (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) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five Lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year under review, and consequently the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax and other material statutory dues applicable to it *though there has been slight delay in a few cases*.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (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, excise duty cess and other material statutory dues 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.
- (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. The Company did not have any outstanding dues towards any bank or debenture holders during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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 the 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 ₹.574,648,385 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 Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xix) The Company did not have any outstanding debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xx) We have verified the end use of money raised by public issues as disclosed in the note C 3 (b) of schedule 19 to the financial statements.
- (xxi) Based 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 course of our audit.

For Natvarlal Vepari & Co.  
Firm Registration Number: 106971W  
Chartered Accountants

N Jayendran  
Partner  
M. No. 40441  
Mumbai, Dated : May 19, 2011

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

per Hemal Shah  
Partner  
M. No. 42650  
Mumbai, Dated : May 19, 2011

# Balance Sheet

As At March 31, 2011

(All amounts in Indian ₹)

|   | Schedule No. | As At March 31, 2011 | As At March 31, 2010 |
|---|--------------|----------------------|----------------------|
| <b>SOURCES OF FUNDS</b>                   |              |                      |                      |
| <b>Shareholders' Funds</b>                |              |                      |                      |
| Share Capital                             | 1            | 1,465,582,824        | 1,456,982,000        |
| Employee Stock Options outstanding        | 2            | 9,207,934            | 22,540,082           |
| Reserves and Surplus                      | 3            | 4,354,193,135        | 3,914,681,912        |
|   |              | 5,828,983,893        | 5,394,203,994        |
| <b>Unsecured Loans</b>                    | 4            | 1,736,200,000        | -                    |
| <b>Deferred Tax Liability, Net</b>        |              | 25,977,575           | 26,029,413           |
| [Refer note C (4) of Schedule 19]         |              |                      |                      |
|   |              | <b>7,591,161,468</b> | <b>5,420,233,407</b> |
| <b>APPLICATION OF FUNDS</b>               |              |                      |                      |
| <b>Fixed Assets (Net)</b>                 |              |                      |                      |
| Gross Block                               | 5            | 268,108,235          | 266,588,956          |
| Accumulated Depreciation and Amortisation |              | 96,921,385           | 77,236,136           |
| Net Block                                 |              | 171,186,850          | 189,352,820          |
| <b>Investments</b>                        | 6            | 4,365,924,143        | 4,230,308,518        |
| <b>Current Assets, Loans and Advances</b> |              |                      |                      |
| Inventories                               | 7            | 2,799,382            | 3,940,222            |
| Sundry Debtors                            | 8            | 201,270,353          | 117,529,722          |
| Cash and Bank Balances                    | 9            | 269,554,838          | 116,711,084          |
| Loans and Advances                        | 10           | 2,706,478,158        | 845,476,857          |
|   | (A)          | 3,180,102,731        | 1,083,657,885        |
| <b>Current Liabilities and Provisions</b> |              |                      |                      |
| Current Liabilities                       | 11           | 102,454,583          | 61,514,497           |
| Provisions                                | 12           | 23,597,673           | 21,571,319           |
|   | (B)          | 126,052,256          | 83,085,816           |
| <b>Net Current Assets</b>                 | (A-B)        | 3,054,050,475        | 1,000,572,069        |
|   |              | <b>7,591,161,468</b> | <b>5,420,233,407</b> |
| <b>Notes to Accounts</b>                  | 19           |                      |                      |

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

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

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

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

**Kishor Kumar Mohanty**  
Managing Director

**C. C. Dayal**  
Director

**Parvez Umrigar**  
Director

**Sanjay Sachdev**  
Director

**Naresh Chandra**  
Director

**S. C. Tripathi**  
Director

**R. K. Malhotra**  
Director

**Kunal Shroff**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 19, 2011

Place : Mumbai  
Date : May 19, 2011

# Profit and Loss Account

For the year ended March 31, 2011

(All amounts in Indian ₹)

|   | Schedule No. | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
|---|--------------|---------------------------|---------------------------|
| <b>INCOME</b>   |              |                           |                           |
| Turnover  | 13           | 512,040,941               | 1,176,199,199             |
| Operating Income  | 13A          | 348,000,000               | -                         |
| Other Income  | 14           | 51,541,860                | 52,968,660                |
|   |              | 911,582,801               | 1,229,167,859             |
| <b>EXPENDITURE</b>  |              |                           |                           |
| Road Projects Maintenance Expenses                          | 15           | 43,941,129                | 850,154,352               |
| Establishment Expenses                                      | 16           | 176,497,024               | 57,760,881                |
| Personnel Cost  | 17           | 102,606,108               | 85,483,193                |
| Finance Costs   | 18           | 109,441,119               | 11,263,820                |
| Depreciation and Amortisation                               | 5            | 19,839,777                | 19,891,391                |
|   |              | 452,325,157               | 1,024,553,637             |
| <b>PROFIT BEFORE TAX</b>                                    |              | 459,257,644               | 204,614,222               |
| Less: Provision for Taxation                                |              |                           |                           |
| Current Tax   |              | 102,000,000               | 66,200,000                |
| Deferred Tax  |              | (51,838)                  | (1,658,405)               |
| Wealth Tax  |              | 7,097                     | 35,000                    |
|   |              | 101,955,259               | 64,576,595                |
| <b>PROFIT AFTER TAX</b>                                     |              | 357,302,385               | 140,037,627               |
| Add : Excess Provision for earlier years                    |              | -                         | 3,229                     |
| <b>NET PROFIT FOR THE YEAR</b>                              |              | 357,302,385               | 140,040,856               |
| Add: Balance at the beginning of the year                   |              | 488,712,867               | 348,672,011               |
| <b>BALANCE CARRIED TO THE BALANCE SHEET</b>                 |              | <b>846,015,252</b>        | <b>488,712,867</b>        |
| <b>Earnings Per Share</b> [Refer note C (6) of Schedule 19] |              |                           |                           |
| Basic   |              | 0.49                      | 0.19                      |
| Diluted   |              | 0.49                      | 0.19                      |
| Nominal Value of Equity Shares in ₹                         |              | 2                         | 2                         |
| <b>Notes to Accounts</b>                                    | 19           |                           |                           |

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

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

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

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

**Kishor Kumar Mohanty**  
Managing Director

**C. C. Dayal**  
Director

**Parvez Umrigar**  
Director

**Sanjay Sachdev**  
Director

**Naresh Chandra**  
Director

**S. C. Tripathi**  
Director

**R. K. Malhotra**  
Director

**Kunal Shroff**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 19, 2011

Place : Mumbai  
Date : May 19, 2011

# Cash Flow Statement

For the year ended March 31, 2011

(All amounts in Indian ₹)

|  | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
|--|---------------------------|---------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>  |                           |                           |
| Net Profit before Tax  | 459,257,644               | 204,614,222               |
| Adjustments for :  |                           |                           |
| Depreciation & Amortisation  | 19,839,777                | 19,891,391                |
| Dividend Income  | (1,808,309)               | (6,877,277)               |
| (Profit)/loss on Sale of Investments   | (1,352,219)               | (36,517,961)              |
| Interest (Net)   | 56,496,572                | (4,836,742)               |
| Employee Stock Options   | (226,898)                 | 13,440,190                |
| Cash Alternative Settlement for ESOP Scheme  | 11,436,424                | 11,065,132                |
| Write Back of provision for diminution in the value of investments   | -                         | (456,976)                 |
| Loss on sale of assets   | 62,471                    | 223,596                   |
| Provisions for investment in / advance to subsidiaries and other assets written off  | 99,857,418                | 9,265,050                 |
|  | 184,305,236               | 5,196,403                 |
| <b>Operating Profit before Working Capital Changes</b>   | <b>643,562,880</b>        | <b>209,810,625</b>        |
| Movement in working capital :  |                           |                           |
| (Increase) / Decrease in Trade and Other Receivables   | (89,200,462)              | 46,789,081                |
| (Increase) / Decrease in Inventories   | 1,140,840                 | (1,970,903)               |
| Increase in Trade Payables   | 7,652,446                 | 317,554                   |
|  | (80,407,176)              | 45,135,732                |
| Cash Generated from the Operations   | 563,155,704               | 254,946,357               |
| Direct Taxes paid  | (83,499,827)              | (50,167,903)              |
| <b>Net Cash from Operating Activities</b>  | <b>479,655,877</b>        | <b>204,778,454</b>        |
| <b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>   |                           |                           |
| Purchase of Fixed Assets   | (1,918,278)               | (1,664,809)               |
| Proceeds from sale of Fixed Assets   | 182,000                   | 310,000                   |
| Investments :  |                           |                           |
| Subscription towards share capital:  |                           |                           |
| Subsidiaries   | (374,927,500)             | (867,156,590)             |
| Joint Ventures   | (1,053,820)               | (101,670,080)             |
| Proceeds from sale of Investments :  |                           |                           |
| Subsidiaries   | 515,526,440               | -                         |
| Joint Ventures   | 5,920                     | 1,000                     |
| Market Investments   | 1,352,219                 | 42,408,037                |
| Deposit for acquisition of controlling interest in subsidiaries equity shares transferred against deposits for acquisition of controlling interest in subsidiaries : |                           |                           |
| Subsidiaries   | (53,803,150)              | (139,364,496)             |
| Joint Ventures   | -                         | (264,071,600)             |
| Purchase of Other Investments :  |                           |                           |
| Mutual Fund Units  | (1,181,000,000)           | (1,759,094,886)           |
| Sale of Other Investments :  |                           |                           |
| Mutual Fund Units  | 1,181,000,000             | 1,759,094,885             |
| Share Application Money Pending Allotment  | (1,447,385,710)           | 136,717,200               |
| Intercorporate Deposits :  |                           |                           |
| Granted  | (756,691,318)             | (187,640,000)             |
| Refunds received   | 31,305,351                | 118,700,426               |

# Cash Flow Statement (contd.)

For the year ended March 31, 2011

(All amounts in Indian ₹)

|   | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
|---|---------------------------|---------------------------|
| Advances to Subsidiaries and Joint Ventures                   | -                         | (736,783)                 |
| Loan to Subsidiaries  | -                         | 432,525,000               |
| Advances to Other Companies                                   | (1,545,011)               | (10,652,562)              |
| Interest received   | 16,484,049                | 3,604,275                 |
| Dividend received   | 1,808,309                 | 6,877,277                 |
| <b>Net Cash (used for) Investing Activities</b>               | <b>(2,070,660,499)</b>    | <b>(831,813,706)</b>      |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>               |                           |                           |
| Proceeds from issue/allotment of equity shares                | 66,072,757                | 7,409,592                 |
| Proceeds from borrowings                                      | 1,736,200,000             | -                         |
| Interest Paid   | (58,385,381)              | (289,042)                 |
| Share Issue Expenses  | (39,000)                  | -                         |
| <b>Net Cash from Financing Activities</b>                     | <b>1,743,848,376</b>      | <b>7,120,550</b>          |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>152,843,754</b>        | <b>(619,914,702)</b>      |
| Closing Balances *  | 269,554,838               | 116,711,084               |
| Opening Balances  | 116,711,084               | 736,625,786               |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>152,843,754</b>        | <b>(619,914,702)</b>      |
| Note : Figures in brackets denote outflows.                   |                           |                           |
| <b>Components of Cash and Cash Equivalents</b>                |                           |                           |
| Cash on hand  | 79,240                    | 833,276                   |
| Cheques on hand   | 28,104,528                | -                         |
| With Banks :  |                           |                           |
| On Current Account  | 239,279,804               | 111,670,527               |
| On Bank Overdraft (Debit Balance)                             | 1,498,259                 | 1,489,436                 |
| On Escrow Account - IPO Proceeds                              | 593,007                   | 2,717,845                 |
|   | <b>269,554,838</b>        | <b>116,711,084</b>        |

\* Includes ₹ 593,007 (previous year : ₹ 2,717,845) not available for use by the company as it represents unutilised IPO proceeds.

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

**Kishor Kumar Mohanty**  
Managing Director

**Parvez Umrigar**  
Director

**Naresh Chandra**  
Director

**R. K. Malhotra**  
Director

**G. Sathis Chandran**  
Company Secretary

**Himanshu Parikh**  
Vice Chairman

**C. C. Dayal**  
Director

**Sanjay Sachdev**  
Director

**S. C. Tripathi**  
Director

**Kunal Shroff**  
Director

Place : Mumbai  
Date : May 19, 2011

Place : Mumbai  
Date : May 19, 2011

## Schedules

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|   | As At March 31, 2011 | As At March 31, 2010 |
|---|----------------------|----------------------|
| <b>SCHEDULE '1': SHARE CAPITAL</b>  |                      |                      |
| <b>Authorised :</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>2,000,000,000</b> | <b>2,000,000,000</b> |
| <b>Issued and Subscribed:</b>   |                      |                      |
| 729,550,412 (Previous Year : 725,250,000) Equity Shares of ₹ 2 each   | 1,459,100,824        | 1,450,500,000        |
| [Out of the above 528,000,000 (Previous Year: 528,000,000) Equity shares of ₹ 2 fully paid held by Gammon India Limited - the holding Company and 22,400,000 (Previous Year 22,400,000) equity shares of ₹ 2 each are held by Gactel Turnkeys Projects Limited]   |                      |                      |
|   | <b>1,459,100,824</b> | <b>1,450,500,000</b> |
| <b>Paid-up :</b>  |                      |                      |
| 729,550,412 (Previous Year : 725,250,000) Equity Shares of ₹ 2 each   | 1,459,100,824        | 1,450,500,000        |
| Less: 162,050 (Previous Year : 162,050) equity shares of ₹ 10 each forfeited  | 1,620,500            | 1,620,500            |
|   | 1,457,480,324        | 1,448,879,500        |
| <b>Share Forfeiture Account :</b>   |                      |                      |
| Money received in respect of 162,050 equity shares forfeited  | 8,102,500            | 8,102,500            |
| The Company has granted, Employee Stock Options to employees in the years 2007-08, 2008-09 and in 2009-10. During the current year, Nil (Previous year 210,000) options were granted. As at March 31, 2011, 966,918 options (Previous Year 2,070,000) were outstanding. 860,082 (Previous Year: 500,000) options were exercised, against which 4,300,412 (Previous Year: 2,500,000) equity shares @ ₹ 2 per equity share were allotted. |                      |                      |
|   | <b>1,465,582,824</b> | <b>1,456,982,000</b> |
| <b>SCHEDULE '2': EMPLOYEE STOCK OPTIONS OUTSTANDING</b>   |                      |                      |
| Employee Stock Options outstanding  | 50,221,500           | 50,221,500           |
| Less : Employee Stock Options Exercised   | 29,968,800           | 16,725,000           |
| Less : Forfeiture of Employee Stock Options offered   | 10,576,156           | 7,418,455            |
|   | 9,676,544            | 26,078,045           |
| Less : Deferred Employee compensation outstanding   | 468,610              | 3,537,963            |
| For details of Stock Options Outstanding [refer note C (17) of Schedule 19]   |                      |                      |
|   | <b>9,207,934</b>     | <b>22,540,082</b>    |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|   | As At March 31, 2011 | As At March 31, 2010 |
|---|----------------------|----------------------|
| <b>SCHEDULE '3': RESERVES AND SURPLUS</b>   |                      |                      |
| Security Premium, beginning of the Year   | 3,425,969,045        | 3,414,686,290        |
| Add : Security Premium received / receivable on equity shares through the Initial Public Offer            | -                    | 19,999,605           |
| Add : Security Premium on issue of shares on exercise of Employee Stock Options                           | 82,247,838           | 16,725,000           |
| Less : Nil (Previous year : 162,050) Equity shares of ₹ 10 at premium of ₹ 157 per equity share forfeited | -                    | 25,441,850           |
|   | <b>82,247,838</b>    | <b>11,282,755</b>    |
| Less : Share issue expenses during the year   | 39,000               | -                    |
|   | 82,208,838           | 11,282,755           |
|   | <b>3,508,177,883</b> | <b>3,425,969,045</b> |
| Profit & Loss Account balance   | 846,015,252          | 488,712,867          |
|   | <b>4,354,193,135</b> | <b>3,914,681,912</b> |
| <b>SCHEDULE '4': UNSECURED LOANS</b>  |                      |                      |
| Intercorporate Loan received from Holding Company (repayable on demand)                                   | 736,200,000          | -                    |
| Unsecured Loan from L&T Infrastructure Finance Company Limited  | 1,000,000,000        | -                    |
| (Repayable within one year: ₹ 1,000,000,000, Previous year : Nil)   |                      |                      |
|   | <b>1,736,200,000</b> | <b>-</b>             |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

| SCHEDULE '5': FIXED ASSETS | PARTICULARS               | GROSS BLOCK         |                                 |                                 | ACCUMULATED DEPRECIATION / AMORTISATION |                     |                   | NET BLOCK                    |                     |                     |                    |
|----------------------------|---------------------------|---------------------|---------------------------------|---------------------------------|---|---------------------|-------------------|------------------------------|---------------------|---------------------|--------------------|
|                            |                           | As On<br>01.04.2010 | Additions<br>During The<br>Year | Deletions<br>During The<br>Year | As On<br>31.03.2011                     | As On<br>01.04.2010 | For The<br>Year   | Deletions<br>For The<br>Year | As On<br>31.03.2011 | As On<br>31.03.2010 |                    |
|                            | <b>Tangible Assets :</b>  |                     |                                 |                                 |   |                     |                   |                              |                     |                     |                    |
|                            | Office Equipments         | 1,686,864           | 243,674                         | -                               | 1,930,538                               | 217,580             | 83,664            | -                            | 301,244             | 1,629,294           | 1,469,284          |
|                            | Furniture & Fixtures      | 4,901,819           | 27,162                          | -                               | 4,928,981                               | 1,221,317           | 296,307           | -                            | 1,517,624           | 3,411,357           | 3,680,502          |
|                            | Computers                 | 2,755,280           | 654,270                         | -                               | 3,409,550                               | 1,057,717           | 524,066           | -                            | 1,581,783           | 1,827,767           | 1,697,563          |
|                            | Motor Cars                | 5,773,616           | 993,172                         | 398,999                         | 6,367,789                               | 1,421,780           | 575,016           | 154,528                      | 1,842,268           | 4,525,521           | 4,351,836          |
|                            | Earth Moving Machinery    | 120,797             | -                               | -                               | 120,797                                 | 23,881              | 13,662            | -                            | 37,543              | 83,254              | 96,916             |
|                            | Plant and Machinery       | 1,350,580           | -                               | -                               | 1,350,580                               | 112,134             | 64,153            | -                            | 176,287             | 1,174,293           | 1,238,446          |
|                            | <b>Total</b>              | <b>16,588,956</b>   | <b>1,918,278</b>                | <b>398,999</b>                  | <b>18,108,235</b>                       | <b>4,054,409</b>    | <b>1,556,868</b>  | <b>154,528</b>               | <b>5,456,749</b>    | <b>12,651,486</b>   | <b>12,534,547</b>  |
|                            | <b>Intangible Asset :</b> |                     |                                 |                                 |   |                     |                   |                              |                     |                     |                    |
|                            | Purchase of O & M Rights  | 250,000,000         | -                               | -                               | 250,000,000                             | 73,181,727          | 18,282,909        | -                            | 91,464,636          | 158,535,364         | 176,818,273        |
|                            | <b>Total</b>              | <b>250,000,000</b>  | <b>-</b>                        | <b>-</b>                        | <b>250,000,000</b>                      | <b>73,181,727</b>   | <b>18,282,909</b> | <b>-</b>                     | <b>91,464,636</b>   | <b>158,535,364</b>  | <b>176,818,273</b> |
|                            | <b>Grand Total</b>        | <b>266,588,956</b>  | <b>1,918,278</b>                | <b>398,999</b>                  | <b>268,108,235</b>                      | <b>77,236,136</b>   | <b>19,839,777</b> | <b>154,528</b>               | <b>96,921,385</b>   | <b>171,186,850</b>  | <b>189,352,820</b> |
|                            | <b>Previous year</b>      | <b>265,727,774</b>  | <b>1,664,806</b>                | <b>803,624</b>                  | <b>266,588,956</b>                      | <b>57,614,773</b>   | <b>19,891,391</b> | <b>270,028</b>               | <b>77,236,136</b>   | <b>189,352,820</b>  |                    |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

|  | Face Value<br>₹ | Nos. as on<br>March 31,<br>2011 | Nos. as on<br>March 31,<br>2010 | As At March 31, 2011 | As At March 31, 2010 |
|--|-----------------|---------------------------------|---------------------------------|----------------------|----------------------|
| <b>SCHEDULE '6' : INVESTMENTS</b>  |                 |                                 |                                 |                      |                      |
| Long term Investments unless otherwise stated (at cost) :                              |                 |                                 |                                 |                      |                      |
| Trade Investments, in Subsidiary Companies:<br>(Fully paid-up unless otherwise stated) |                 |                                 |                                 |                      |                      |
| Ordinary Shares: (Unquoted)  |                 |                                 |                                 |                      |                      |
| Andhra Expressway Limited  | 10              | 21,459,950                      | 21,459,950                      | 256,969,000          | 256,969,000          |
| Cochin Bridge Infrastructure Company Limited   | 10              | 6,250,070                       | 6,250,070                       | 62,500,700           | 62,500,700           |
| Gammon Logistics Limited   | 10              | 2,550,000                       | 2,550,000                       | 25,500,000           | 25,500,000           |
| Gammon Projects Developers Limited   | 10              | 250,000                         | 250,000                         | 2,500,000            | 2,500,000            |
| Gammon Renewable Energy Infrastructure Limited   | 10              | 50,000                          | 50,000                          | 500,000              | 500,000              |
| Gammon Road Infrastructure Limited   | 10              | 50,000                          | 50,000                          | 500,000              | 500,000              |
| Gammon Seaport Infrastructure Limited  | 10              | 50,000                          | 50,000                          | 500,000              | 500,000              |
| Gorakhpur Infrastructure Company Limited   | 10              | 37,458,063                      | 25,418,378                      | 374,580,630          | 254,183,780          |
| Jaguar Projects Developers Limited   | 10              | 50,000                          | 50,000                          | 500,000              | 500,000              |
| Kosi Bridge Infrastructure Company Limited   | 10              | 35,737,169                      | 35,737,169                      | 357,371,690          | 357,371,690          |
| Lilac Infra Projects Developers Limited  | 10              | 50,000                          | -                               | 500,000              | -                    |
| Marine Project Services Limited  | 10              | 50,000                          | 50,000                          | 500,000              | 500,000              |
| Mumbai Nasik Expressway Limited  | 10              | 41,595,000                      | 41,595,000                      | 415,950,000          | 415,950,000          |
| Pataliputra Highway Limited (formerly Gammon Metro Transport Limited)                  | 100             | 15,000                          | 15,000                          | 1,033,850            | 1,033,850            |
| Patna Highway Projects Limited   | 10              | 2,500,000                       | 50,000                          | 25,000,000           | 500,000              |
| Pravara Renewable Energy Limited   | 10              | 7,000,000                       | 7,000,000                       | 70,000,000           | 70,000,000           |
| Rajahmundry Expressway Limited   | 10              | 21,459,950                      | 21,459,950                      | 256,969,000          | 256,969,000          |
| Rajahmundry Godavari Bridge Limited  | 10              | 54,116,106                      | 61,680,000                      | 541,161,060          | 616,800,000          |
| Satluj Renewable Energy Private Limited  | 10              | 4,000                           | -                               | 40,000               | -                    |
| Sikkim Hydro Power Ventures Limited  | 10              | 3,173,900                       | 3,173,900                       | 31,739,000           | 31,739,000           |
| Tada Infra Development Company Limited (formerly Gammon Hospitality Limited)           | 10              | 50,000                          | 50,000                          | 500,000              | 500,000              |
| Vizag Seaport Private Limited  | 10              | 64,313,847                      | 64,313,847                      | 698,080,277          | 698,080,277          |
| Youngthang Power Ventures Limited  | 10              | 9,610,000                       | 9,610,000                       | 96,100,000           | 96,100,000           |
|  |                 |                                 |                                 | 3,218,995,207        | 3,149,197,297        |
| Acquisition of Controlling Interest in Equity Shares :                                 |                 |                                 |                                 |                      |                      |
| - Andhra Expressway Limited  | 10              | 7,540,050                       | 7,540,050                       | 126,651,866          | 126,651,866          |
| - Chitoor Infra Company Private Limited  | 10              | 10,000                          | -                               | 100,000              | -                    |
| - Gorakhpur Infrastructure Company Limited   | 10              | 14,947,238                      | 9,596,923                       | 149,472,380          | 95,969,230           |
| - Kosi Bridge Infrastructure Company Limited   | 10              | 12,562,831                      | 12,562,831                      | 125,628,310          | 125,628,310          |
| - Rajahmundry Expressway Limited   | 10              | 7,540,050                       | 7,540,050                       | 119,575,780          | 119,575,780          |
| - Satyavedu Infra Company Private Limited  | 10              | 10,000                          | -                               | 100,000              | -                    |
| - Tada Sez Private Limited   | 10              | 10,000                          | -                               | 100,000              | -                    |
| - Tidong Hydro Power Limited   | 10              | 25,500                          | 25,500                          | 255,000              | 255,000              |
|  |                 |                                 |                                 | 521,883,336          | 468,080,186          |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|  | Face Value<br>₹ | Nos. as on<br>March 31,<br>2011 | Nos. as on<br>March 31,<br>2010 | As At March 31, 2011 | As At March 31, 2010 |
|--|-----------------|---------------------------------|---------------------------------|----------------------|----------------------|
| Trade Investments in Jointly Controlled Entities :   |                 |                                 |                                 |                      |                      |
| (Fully paid-up unless otherwise stated)  |                 |                                 |                                 |                      |                      |
| Ordinary Shares: (Unquoted)  |                 |                                 |                                 |                      |                      |
| Joint Controlled Entities :  |                 |                                 |                                 |                      |                      |
| Blue Water Iron Ore Terminal Private Limited (formerly Bedi Seaport Limited)   | 10              | 1,534,690                       | 199,900                         | 15,346,900           | 1,999,000            |
| Haryana Biomass Power Limited  | 10              | 25,000                          | 25,000                          | 250,000              | 250,000              |
| Indira Container Terminal Private Limited  | 10              | 24,375,840                      | 24,375,840                      | 243,758,400          | 243,758,400          |
| Punjab Biomass Power Limited   | 1               | 75,000,000                      | 50,833,335                      | 105,000,000          | 80,833,335           |
| SEZ Adityapur Limited  | 10              | 19,000                          | 19,000                          | 190,000              | 190,000              |
|  |                 |                                 |                                 | 364,545,300          | 327,030,735          |
| Acquisition of Controlling Interest in Equity Shares :   |                 |                                 |                                 |                      |                      |
| - Indira Container Terminal Private Limited  | 10              | 26,407,160                      | 26,407,160                      | 264,071,600          | 264,071,600          |
|  |                 |                                 |                                 | 264,071,600          | 264,071,600          |
| Trade Investments in Associates :  |                 |                                 |                                 |                      |                      |
| (Fully paid-up unless otherwise stated)  |                 |                                 |                                 |                      |                      |
| Ordinary Shares: (Unquoted)  |                 |                                 |                                 |                      |                      |
| Associates :   |                 |                                 |                                 |                      |                      |
| ATSL Infrastructure Projects Limited   | 10              | 24,450                          | 24,450                          | 244,500              | 244,500              |
| Eversun Sparkle Maritimes Services Private Limited   | 10              | 2,143,950                       | 2,143,950                       | 21,439,500           | 21,439,500           |
| Modern Tollroads Limited   | 10              | 24,470                          | 24,470                          | 244,700              | 244,700              |
|  |                 |                                 |                                 | 21,928,700           | 21,928,700           |
| Non-Trade Investments :  |                 |                                 |                                 |                      |                      |
| (Fully paid-up unless otherwise stated)  |                 |                                 |                                 |                      |                      |
| Non-Trade-Quoted Investments, in fully paid-up Equity Shares otherwise stated (Current Investments) (lower of cost and market value) : |                 |                                 |                                 |                      |                      |
| Tata Consultancy Services Limited  | 1               | -                               | 1,160                           | -                    | -                    |
|  |                 |                                 |                                 | -                    | -                    |
| Less: Provision for Diminution in value of investments   |                 |                                 |                                 | 25,500,000           | -                    |
|  |                 |                                 |                                 | 4,365,924,143        | 4,230,308,518        |
| Aggregate Book Value of Unquoted Investments   |                 |                                 |                                 | 4,391,424,143        | 4,230,308,518        |
| Aggregate Book Value of Quoted Investments   |                 |                                 |                                 | -                    | -                    |
| Market Value of Quoted Investments   |                 |                                 |                                 | -                    | 904,220              |
| [Refer note C 1(e) & C (20) of Schedule 19]  |                 |                                 |                                 |                      |                      |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

|   | As At March 31, 2011 | As At March 31, 2010 |
|---|----------------------|----------------------|
| <b>SCHEDULE '7': INVENTORIES</b>  |                      |                      |
| (at lower of cost and net realisable value)                               |                      |                      |
| Stores and Materials at site  | 2,799,382            | 3,940,222            |
|   | <b>2,799,382</b>     | <b>3,940,222</b>     |
| <b>SCHEDULE '8': SUNDRY DEBTORS</b>                                       |                      |                      |
| [Refer note C (2) of Schedule 19]   |                      |                      |
| (Unsecured - Considered Good)   |                      |                      |
| Outstanding for more than six months                                      | 8,275,398            | -                    |
| Other Debts   | 192,994,955          | 117,529,722          |
|   | <b>201,270,353</b>   | <b>117,529,722</b>   |
| Sundry Debtors includes due from companies under same management as under |                      |                      |
| Gammon India Limited  | 65,870,353           | 109,196,389          |
| Kosi Bridge Infrastructure Company Limited                                | -                    | 8,333,333            |
| Patna Highway Projects Ltd  | 42,300,000           | -                    |
| Mumbai Nasik Expressway Limited   | 93,100,000           | -                    |
|   | <b>201,270,353</b>   | <b>117,529,722</b>   |
| <b>SCHEDULE '9': CASH AND BANK BALANCES</b>                               |                      |                      |
| Cash on hand  | 79,240               | 833,276              |
| Cheques on hand   | 28,104,528           | -                    |
| Balances with Scheduled Banks :   |                      |                      |
| in Current Accounts   | 239,279,804          | 111,670,527          |
| In Bank O/D Account - Debit Balance                                       | 1,498,259            | 1,489,436            |
| in Escrow Bank Accounts - IPO Proceeds                                    | 593,007              | 2,717,845            |
|   | <b>269,554,838</b>   | <b>116,711,084</b>   |
| <b>SCHEDULE '10': LOANS AND ADVANCES</b>                                  |                      |                      |
| (Unsecured - Considered Good)   |                      |                      |
| Advances recoverable in cash or in kind or for value to be received       | 3,807,543            | 25,779,799           |
| Interest Accrued Receivable   | 20,253,906           | 1,972,510            |
| Dues from / Advances to Subsidiary Companies :                            |                      |                      |
| - Aparna Infra Energy   | 4,514,690            | -                    |
| - Chitoor Infra Energy Private Limited                                    | 725                  | -                    |
| - Cochin Bridge Infrastructure Company Limited                            | 14,391               | -                    |
| - Dohan Renewable Energy Private Limited                                  | 10,900               | -                    |
| - Gammon Logistics Limited  | -                    | 276,239              |
| - Ghaggar Renewable Energy Private Limited                                | 900                  | -                    |
| - Gorakhpur Infrastructure Projects Limited                               | -                    | 11,859               |
| - Indoori Renewable Energy Private Limited                                | 10,900               | -                    |
| - Kasavati Renewable Energy Private Limited                               | 10,900               | -                    |
| - Kosi Bridge Infrastructure Company Limited                              | 7,355                | 3,119                |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|  | As At March 31, 2011 | As At March 31, 2010 |
|--|----------------------|----------------------|
| - Markanda Renewable Energy Private Limited    | 10,000               | -                    |
| - Mumbai Nasik Expressway Limited              | -                    | 171,764              |
| - Patna Highway Projects Limited               | 713,078              | 319,848              |
| - Pravara Renewable Energy Limited             | 19,341               | -                    |
| - Rajahmundry Godavari Bridge Limited          | 101,833              | 615,685              |
| - Satluj Renewable Energy Limited              | 2,937                | -                    |
| - Sikkim Hydro Power Ventures Limited          | -                    | 1,784                |
| - Sirsa Renewable Energy Private Limited       | 10,000               | -                    |
| - Tada Sez Private Limited                     | 725                  | -                    |
| - Tangri Renewable Energy Private Limited      | 900                  | -                    |
| - Tidong Hydro Power Limited                   | -                    | 15,139               |
| - Vizag Seaport Private Limited                | 76,739               | -                    |
| - Yamuna Renewable Energy Private Limited      | 10,000               | -                    |
|  | 5,516,314            | 1,415,437            |
| Dues from Joint Ventures and Associates :      |                      |                      |
| - ATSL Infrastructure Projects Limited         | 25,051               | -                    |
| - Blue Water Iron Ore Terminal Private Limited | 49,424               | 1,467,141            |
| - Haryana Biomass Power Limited                | 9,429,411            | 9,245,254            |
| - Indra Container Terminal Private Limited     | 3,622,232            | 3,509,483            |
| - Modern Tollroads Limited                     | 48,271               | 48,271               |
| - Punjab Biomass Power Limited                 | 1,375,659            | 296,894              |
|  | 14,550,048           | 14,567,043           |
| Advance towards equity commitment              | 1,892,498,860        | 691,976,665          |
| Service Tax Credit Receivable / VAT deposited  | 991,281              | 1,056,807            |
| Intercorporate Deposits :                      |                      |                      |
| - Subsidiary Companies :                       |                      |                      |
| Cochin Bridge Infrastructure Company Limited   | 5,300,000            | -                    |
| Gammon Logistics Limited                       | -                    | 50,145,000           |
| Gammon Projects Developers Limited             | 970,000              | -                    |
| Gammon Renewable Energy Infrastructure Limited | 462,000              | -                    |
| Pravara Renewable Energy Limited               | 450,000              | -                    |
| Youngthang Power Ventures Limited              | 200,000              | -                    |
| Pataliputra Highway Limited                    | 634,859,649          | -                    |
| - Joint Venture / Associate Companies :        |                      |                      |
| Punjab Biomass Power Limited                   | 141,669,318          | 57,525,000           |
| - Others                                       | -                    | 3,892,000            |
|  | 783,910,967          | 111,562,000          |
| Advance Taxes Paid                             | 318,159,347          | 230,442,920          |
| Less :   |                      |                      |
| Provision for Taxation                         | 346,789,219          | 244,782,122          |
|  | (28,629,872)         | (14,339,202)         |
| Other Deposits                                 | 5,514,933            | 2,282,349            |
| Prepaid Expenses                               | 8,064,178            | 9,203,449            |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

|  | As At March 31, 2011 | As At March 31, 2010 |
|--|----------------------|----------------------|
| <b>Loans and Advances</b>  |                      |                      |
| (Unsecured - Considered doubtful)  |                      |                      |
| Advances recoverable in cash or in kind or for value to be received                  | 1,891,408            | 5,546,985            |
| Intercompany Deposits :  |                      |                      |
| - Gammon Logistics Limited   | 49,145,000           | -                    |
| - Others (including interest accrued receivable)                                     | 4,584,183            | -                    |
| Less : Provision made against above  | 55,620,591           | 5,546,985            |
|  | <b>2,706,478,158</b> | <b>845,476,857</b>   |
|  |                      |                      |
| <b>SCHEDULE '11': CURRENT LIABILITIES</b>  |                      |                      |
| Dues to Holding Company, Gammon India Limited  | 3,074,842            | 630,339              |
| Dues to subsidiaries   | 7,577,420            | 439,233              |
| Interest Accrued but not due   | 37,381,729           | 288,493              |
| Sundry Creditors :   |                      |                      |
| - Micro, small and medium enterprises [Refer note C (23) of schedule 19]             | -                    | -                    |
| - Others   | 4,482,765            | 15,475,022           |
|  | 4,482,765            | 15,475,022           |
| Advance received from Modern Tollroads Limited for purchase of equity shares         | 26,520,000           | 26,520,000           |
| Deposit received from Indira Container Terminal Private Limited towards Margin Money | 10,000,000           | 10,000,000           |
| Duties and Taxes payable   | 10,744,023           | 5,553,128            |
| Other Liabilities  | 2,673,804            | 2,608,282            |
|  | <b>102,454,583</b>   | <b>61,514,497</b>    |
|  |                      |                      |
| <b>SCHEDULE '12': PROVISIONS</b>   |                      |                      |
| Provision for Staff Benefits against :   |                      |                      |
| - Cash Compensatory Scheme   | 16,804,235           | 17,038,466           |
| - Leave Encashment   | 5,221,505            | 3,370,420            |
| - Gratuity   | 1,571,933            | 1,162,433            |
|  | 23,597,673           | 21,571,319           |
|  | <b>23,597,673</b>    | <b>21,571,319</b>    |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|  | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
|--|---------------------------|---------------------------|
| <b>SCHEDULE '13': TURNOVER</b>   |                           |                           |
| Income from Professional services rendered :   |                           |                           |
| Developer's Fees   | 246,237,534               | 124,149,892               |
| Operating & Maintenance Income   | 265,803,407               | 1,052,049,307             |
|  | <b>512,040,941</b>        | <b>1,176,199,199</b>      |
| <b>SCHEDULE '13'A: OPERATING INCOME</b>  |                           |                           |
| Dividend from Subsidiary Companies   | 348,000,000               | -                         |
|  | <b>348,000,000</b>        | <b>-</b>                  |
| <b>SCHEDULE '14': OTHER INCOME</b>   |                           |                           |
| Dividend Income (comprises entirely dividend from short-term, non-trade investments)                 | 1,808,309                 | 6,877,277                 |
| <b>Interest Income :</b>   |                           |                           |
| - On Intercompany Deposits placed<br>(Tax Deducted at Source ₹ 4,216,600 ; Previous year ₹ 307,593 ) | 38,447,059                | 4,438,472                 |
| - On delays in receipt of dues against allotment of equity shares                                    | -                         | 322,891                   |
| - On Loans given to staff  | 534,986                   | 648,168                   |
| - Others   | 9,399,287                 | 4,747                     |
|  | 48,381,332                | 5,414,278                 |
| <b>Other Income :</b>  |                           |                           |
| Insurance claims received  | -                         | 3,702,068                 |
| Profit on Sale of Investments  | 1,352,219                 | 36,517,961                |
| Miscellaneous Income   | -                         | 457,076                   |
|  | 1,352,219                 | 40,677,105                |
|  | <b>51,541,860</b>         | <b>52,968,660</b>         |
| <b>SCHEDULE '15': ROAD PROJECTS MAINTENANCE EXPENSES</b>   |                           |                           |
| Opening Stock of Materials   | 3,940,222                 | 1,969,319                 |
| Project Administration Expenses  | 1,701,596                 | 4,139,047                 |
| Electricity Charges  | 5,705,151                 | 7,949,092                 |
| Fuel Charges   | 1,817,691                 | 2,081,410                 |
| Hire Charges   | 2,406,507                 | 1,454,064                 |
| Sub contract expenses  | 24,098,288                | 829,054,807               |
| Insurance Charges  | 4,971,535                 | 4,850,159                 |
| Conveyance, Motor Car and Travelling Expenses  | 505,277                   | 499,060                   |
| VAT Paid   | 53,675                    | 705,459                   |
| Security Charges   | 1,540,569                 | 1,392,157                 |
|  | 42,800,289                | 852,125,255               |
| Less : Closing Stock of Materials  | 2,799,382                 | 3,940,222                 |
|  | <b>43,941,129</b>         | <b>850,154,352</b>        |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|  | Year Ended March 31, 2011 |                    | Year Ended March 31, 2010 |                   |
|--|---------------------------|--------------------|---------------------------|-------------------|
| <b>SCHEDULE '16': ESTABLISHMENT EXPENSES</b>                           |                           |                    |                           |                   |
| Administration Expenses  |                           | 6,647,330          |                           | 3,995,974         |
| Insurance Charges  |                           | 39,922             |                           | 51,246            |
| Motor Car Expenses   |                           | 921,350            |                           | 2,525,639         |
| Professional, Consultancy and Legal Fees                               |                           | 31,561,716         |                           | 13,412,050        |
| Rent   |                           | 1,200,000          |                           | 1,200,000         |
| Telephone Expenses   |                           | 958,665            |                           | 696,662           |
| Tender Document Expenses   |                           | 20,040,710         |                           | 13,642,667        |
| Franking, Stamping and Notarisation Expenses                           |                           | 194,439            |                           | 568,903           |
| Travelling Expenses  |                           | 6,749,321          |                           | 4,927,066         |
| Directors' Sitting Fees and Commission                                 |                           | 2,184,444          |                           | 2,256,000         |
| Auditors' Remuneration :   |                           |                    |                           |                   |
| - Audit Fees including Limited Review                                  | 3,341,586                 |                    | 2,756,972                 |                   |
| - Tax Audit Fees   | 50,000                    |                    | 50,000                    |                   |
| - Other Services   | 710,000                   |                    | 872,068                   |                   |
| - Out of Pocket Expenses   | 95,016                    |                    | 10,916                    |                   |
|  |                           | 4,196,602          |                           | 3,689,956         |
| Miscellaneous Expenses   |                           | 1,882,636          |                           | 1,306,072         |
| Loss on sale of Fixed Assets   |                           | 62,471             |                           | 223,596           |
| Sundry Balances written off  | 23,106,475                |                    | 116,434                   |                   |
| Less: Provisions against Current Assets, Loans & Advances written back | 5,546,985                 | 17,559,490         | -                         | 116,434           |
| Provision made for dues from subsidiaries                              |                           | -                  |                           | 2,535,544         |
| Provisions against Current Assets, Loans & Advances                    |                           | 55,620,591         |                           | 5,546,985         |
| Service Tax Input Credit written off                                   |                           | 1,177,337          |                           | 1,066,087         |
| Provision for Diminution in the Value of Investment                    |                           | 25,500,000         |                           | -                 |
|  |                           | <b>176,497,024</b> |                           | <b>57,760,881</b> |
| <b>SCHEDULE '17': PERSONNEL COSTS</b>                                  |                           |                    |                           |                   |
| Salaries, wages and bonus  |                           | 62,950,363         |                           | 40,644,065        |
| Contributions to Provident Fund  |                           | 2,599,988          |                           | 1,435,536         |
| Director's Remuneration including contribution to Provident Fund       |                           | 18,078,124         |                           | 16,811,206        |
| Staff Welfare Expenses   |                           | 4,607,522          |                           | 2,281,796         |
| Provision for Leave Encashment   |                           | 1,851,085          |                           | (467,682)         |
| Provision for Gratuity   |                           | 1,309,500          |                           | 272,950           |
| Employees 'ESOP' compensation cost                                     |                           |                    |                           |                   |
| - Managing Director  | 190,000                   |                    | 13,121,336                |                   |
| - Employee   | (416,898)                 |                    | 318,854                   |                   |
|  |                           | (226,898)          |                           | 13,440,190        |
| Cash Alternative Settlement of ESOP Scheme                             |                           | 11,436,424         |                           | 11,065,132        |
|  |                           | <b>102,606,108</b> |                           | <b>85,483,193</b> |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|   | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
|---|---------------------------|---------------------------|
| <b>SCHEDULE '18': FINANCE COST</b>          |                           |                           |
| Interest Paid On :                          |                           |                           |
| Intercorporate Loans                        |                           |                           |
| - To Holding Company - Gammon India Limited | 40,561,610                | -                         |
| - To Other Group Companies                  | 22,312,190                | -                         |
| - To Others                                 | 31,908,218                | -                         |
|   | 94,782,018                | -                         |
| Interest on Margin Money Deposit            | 600,000                   | 320,548                   |
| Others                                      | 122,813                   | 3,623,034                 |
|   | 722,813                   | 3,943,582                 |
| Other Finance Costs                         | 13,936,288                | 7,320,238                 |
|   | <b>109,441,119</b>        | <b>11,263,820</b>         |

# Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

## SCHEDULE 19 : NOTES TO THE FINANCIAL STATEMENTS

### A. Background

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

### B. Significant Accounting Policies

#### BASIS OF PREPARATION

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

#### USE OF ESTIMATES

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

#### a) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

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

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

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

Revenue on Developer Fees is recognized on the accrual basis.

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

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

#### b) Fixed Assets and depreciation

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

Depreciation on Fixed Assets is provided on the Straight Line Method ('SLM') at the rates and in the manner laid down in Schedule XIV of the Companies Act, 1956. Depreciation on assets purchased / installed during the year 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.

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

### c) Impairment

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

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

### d) Investments

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

### e) Inventories

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

### f) Provision for Taxation

Tax expense comprises of current 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.

### g) Operating Lease

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

### h) 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.

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

### i) 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.

### j) Share Issue Expenses

Share Issue Expenses are charged off to the Security Premium Account, if available, or to the Profit and Loss Account.

### k) Employee Benefits

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

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

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

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

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

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

### m) Foreign currency translation

#### FOREIGN CURRENCY TRANSACTIONS

Initial recognition :

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

Conversion :

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

Exchange differences :

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

### n) 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.

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

### C. OTHER NOTES

#### 1. INVESTMENTS

- The Company has over and above its legal ownership of 37,458,063 (Previous year: 25,418,378) equity shares, in Gorakhpur Infrastructure Company Limited ('GICL'), acquired beneficial, controlling interest and voting rights in respect of 14,947,238 (Previous year: 9,596,923) equity shares.
- During the year the Company acquired beneficial, controlling interest and voting rights in respect of 10,000 equity shares of Chitoor Infrastructure Company Private Ltd, Satyavedu Infra Company Private Limited and Tada Sez Private Limited each.
- The Company has incorporated two new companies namely Lilac Infra Projects Developers Limited ('LIPDL') and Satluj Renewable Energy Private Limited ('SREPL') as subsidiary, in the current year under review.
- Gammon Hospitality Ltd ('GHL'), a wholly owned subsidiary of the Company was renamed as Tada Infra Development Company Ltd ('TIDCL') during the year.
- During the year, the Company has invested in and/or sold the following investments in equity shares.

| Company                                    | Year Ended March 31, 2011   |                    |                       |                    | Year Ended March 31, 2010   |                    |                       |          |
|--|-----------------------------|--------------------|-----------------------|--------------------|-----------------------------|--------------------|-----------------------|----------|
|  | Investment in Equity Shares |                    | Sale of Equity Shares |                    | Investment in Equity Shares |                    | Sale of Equity Shares |          |
|  | Nos.                        | ₹                  | Nos.                  | ₹                  | Nos.                        | ₹                  | Nos.                  | ₹        |
| <b>Subsidiary Companies :</b>              |                             |                    |                       |                    |                             |                    |                       |          |
| Gammon Projects Developers Ltd             | -                           | -                  | -                     | -                  | 200,000                     | 2,000,000          | -                     | -        |
| Gammon Renewable Energy Infrastructure Ltd | -                           | -                  | -                     | -                  | 50,000                      | 500,000            | -                     | -        |
| Gammon Road Infrastructure Ltd             | -                           | -                  | -                     | -                  | 50,000                      | 500,000            | -                     | -        |
| Gammon Seaport Infrastructure Ltd          | -                           | -                  | -                     | -                  | 50,000                      | 500,000            | -                     | -        |
| Gorakhpur Infrastructure Company Limited   | 12,039,685                  | 120,396,850        | -                     | -                  | -                           | -                  | -                     | -        |
| Kosi Bridge Infrastructure Company Ltd     | -                           | -                  | -                     | -                  | 17,860,815                  | 178,608,150        | -                     | -        |
| Lilac Infra Projects Developers Limited    | 50,000                      | 500,000            | -                     | -                  | -                           | -                  | -                     | -        |
| Pataliputra Highway Ltd                    | -                           | -                  | -                     | -                  | 50,000                      | 500,000            | -                     | -        |
| Patna Highway Projects Ltd                 | 2,450,000                   | 24,500,000         | -                     | -                  | 50,000                      | 500,000            | -                     | -        |
| Pravara Renewable Energy Ltd               | -                           | -                  | -                     | -                  | 6,950,000                   | 69,500,000         | -                     | -        |
| Rajahmundry Godavari Bridge Ltd            | 43,988,750                  | 439,887,500        | 51,552,644            | 515,526,440        | 23,570,000                  | 235,700,000        | -                     | -        |
| Satluj Renewable Energy Private Limited    | 4,000                       | 40,000             | -                     | -                  | -                           | -                  | -                     | -        |
| Vizag Seaport Private Ltd                  | -                           | -                  | -                     | -                  | 22,877,500                  | 283,248,440        | -                     | -        |
| Youngthang Power Ventures Ltd              | -                           | -                  | -                     | -                  | 9,560,000                   | 95,600,000         | -                     | -        |
| <b>Total</b>                               |                             | <b>585,324,350</b> |                       | <b>515,526,440</b> |                             | <b>867,156,590</b> |                       | <b>-</b> |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

| Company                                  | Year Ended March 31, 2011   |                   |                       |              | Year Ended March 31, 2010   |                    |                       |              |
|--|-----------------------------|-------------------|-----------------------|--------------|-----------------------------|--------------------|-----------------------|--------------|
|  | Investment in Equity Shares |                   | Sale of Equity Shares |              | Investment in Equity Shares |                    | Sale of Equity Shares |              |
|  | Nos.                        | ₹                 | Nos.                  | ₹            | Nos.                        | ₹                  | Nos.                  | ₹            |
| <b>Joint Ventures Companies:</b>         |                             |                   |                       |              |                             |                    |                       |              |
| Blue Water Iron Ore Terminal Private Ltd | 1,335,382                   | 13,353,820        | 592                   | 5,920        | -                           | -                  | 100                   | 1,000        |
| Indira Container Terminal Private Ltd    | -                           | -                 | -                     | -            | 10,167,008                  | 101,670,080        | -                     | -            |
| Punjab Biomass Power Ltd                 | 24,166,665                  | 24,166,665        | -                     | -            | -                           | -                  | -                     | -            |
| <b>Total</b>                             |                             | <b>37,520,485</b> |                       | <b>5,920</b> |                             | <b>101,670,080</b> |                       | <b>1,000</b> |

The details of beneficial and controlling interest in the equity shares of subsidiary and joint venture companies acquired by the Company are as under:

| Company                                 | Year Ended March 31, 2011 |                   | Year Ended March 31, 2010 |                    |
|---|---------------------------|-------------------|---------------------------|--------------------|
|   | Purchase of Equity Shares |                   | Purchase of Equity Shares |                    |
|   | Nos.                      | ₹                 | Nos.                      | ₹                  |
| <b>Subsidiary Companies :</b>           |                           |                   |                           |                    |
| Andhra Expressway Ltd                   | -                         | -                 | 1,885,000                 | 41,826,866         |
| Chitoor Infra Company Private Ltd       | 10,000                    | 100,000           | -                         | -                  |
| Gorakhpur Infrastructure Company Ltd    | 5,350,315                 | 53,503,150        | -                         | -                  |
| Kosi Bridge Infrastructure Company Ltd  | -                         | -                 | 12,562,831                | 62,786,850         |
| Rajahmundry Expressway Ltd              | -                         | -                 | 1,885,000                 | 34,750,780         |
| Satyavedu Infra Company Private Limited | 10,000                    | 100,000           | -                         | -                  |
| Tada Sez Private Limited                | 10,000                    | 100,000           | -                         | -                  |
| <b>Total</b>                            | <b>-</b>                  | <b>53,803,150</b> | <b>-</b>                  | <b>139,364,496</b> |
| <b>Joint Ventures Companies:</b>        |                           |                   |                           |                    |
| Indira Container Terminal Private Ltd   | -                         | -                 | 26,407,160                | 264,071,600        |
| <b>Total</b>                            | <b>-</b>                  | <b>-</b>          | <b>-</b>                  | <b>264,071,600</b> |

- f) During the year the Company sold 1,160 bonus equity shares in Tata Consultancy Services Limited. The Company earned a long term capital gain of ₹ 1,352,219 (Previous year ₹ 36,517,961)
- g) During the year, the Company had purchased and sold the following investments in Mutual Fund schemes

| Mutual Fund      | Purchase / Dividend Reinvested |                      | Dividend / Profit | Redemption Proceeds |                      | Closing Balance |
|------------------|--------------------------------|----------------------|-------------------|---------------------|----------------------|-----------------|
|                  | No. of Units                   | ₹                    |                   | No. of Units        | ₹                    |                 |
| ICICI Prudential | 11,169,433                     | 1,181,000,000        | 1,787,429         | 1,1186,338          | 1,182,787,428        | -               |
|                  | (-)                            | (-)                  | (-)               | (-)                 | (-)                  | (-)             |
| <b>Total</b>     | <b>11,169,433</b>              | <b>1,181,000,000</b> | <b>1,787,429</b>  | <b>1,1186,338</b>   | <b>1,182,787,428</b> | <b>-</b>        |
|                  | (-)                            | (-)                  | (-)               | (-)                 | (-)                  | (-)             |

(Previous year figures are in brackets)

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

### 2. SUNDRY DEBTORS

Sundry Debtors as at March 31, 2011, represents amounts due from the holding company, GIL in respect of the Operations and Maintenance Contract, from subsidiary, Mumbai Nasik Expressway Limited in respect of the Maintenance contract and from Patna Highway Projects Limited in respect of Developer Fees.

### 3. INITIAL PUBLIC OFFER ('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 20,825) equity shares were fully paid on receipt of the balance allotment money. The total number of partly paid equity shares was Nil (Previous year 162,050) 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 utilization of IPO proceeds upto March 31, 2011 are as under :

|   | Amount to be utilized as per Prospectus | Amount utilized upto March 31, 2011 | Amount utilized upto March 31, 2010 |
|---|---|-------------------------------------|-------------------------------------|
| <b>Investments in Subsidiaries :</b>  |   |                                     |                                     |
| 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                             | 381,741,585                         | 379,058,400                         |
| 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>2,744,855,490</b>                | <b>2,742,172,305</b>                |
| Less :  |   |                                     |                                     |
| 162,050 equity shares of ₹ 167/- each forfeited on non receipt of allotment money                                     | 27,062,350                              | -                                   | -                                   |
| <b>Add :</b>  |   |                                     |                                     |
| 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>2,744,855,490</b>                | <b>2,742,172,305</b>                |

In terms of the approval of the members in the General Meeting held on September 15, 2008, authorizing the Company to utilize the IPO proceeds for investments in other infrastructure projects of the Company including, acquisition of any such projects and repayment of loans availed by the Company, for any such purpose in addition to the purpose already specified in the prospectus, the Company has utilized a sum of ₹ 1,695,613,940 (Previous year ₹ 1,695,613,940 as of March 31, 2011 as follows :

|   | Upto March 31, 2011 | Upto March 31, 2010 |
|---|---------------------|---------------------|
| <b>Investments in Subsidiaries / Joint Venture Companies:</b> |                     |                     |
| 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         |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

|   | Upto<br>March 31,<br>2011 | Upto<br>March 31,<br>2010 |
|---|---------------------------|---------------------------|
| Punjab Biomass Power Limited ('PBPL')                                       | 34,100,000                | 34,100,000                |
| Gammon Projects Developers Ltd ('GPDL')                                     | 1,600,000                 | 1,600,000                 |
| Blue Water Iron Ore Terminal Private Ltd ('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 utilization, the funds are temporarily held in :

|                                  | Upto<br>March 31,<br>2011 | Upto<br>March 31,<br>2010 |
|----------------------------------|---------------------------|---------------------------|
| Bank Balances                    | 559,502                   | 2,683,185                 |
| Escrow Accounts                  | 33,505                    | 34,660                    |
| <b>Total (refer note below)*</b> | <b>593,007</b>            | <b>2,717,845</b>          |

\* This represents the balance with bank which is not freely remissible to the Company because of restrictions laid down by SEBI (Disclosure of Protection) Guidelines, 2000 (as amended).

Summary of proceeds received/receivable from IPO and their utilization upto March 31, 2011 :

|  | Upto<br>March 31,<br>2011 | Upto<br>March 31,<br>2010 |
|--|---------------------------|---------------------------|
| 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  | 2,744,890,150             | 2,744,890,150             |
| IPO proceeds utilized  | 2,744,297,143             | 2,742,172,305             |
| Unutilised proceeds held in bank accounts                            | 593,007                   | 2,717,845                 |
| <b>Total</b>   | <b>2,744,890,150</b>      | <b>2,744,890,150</b>      |

#### 4. DEFERRED TAX LIABILITY

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

|  | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|--|----------------------------|----------------------------|
| Deferred Tax Liability on account of :                   |                            |                            |
| - Depreciation   | 33,816,132                 | 33,194,866                 |
| Deferred Tax Asset on account of :                       |                            |                            |
| - Gratuity / Leave Encashment / Cash Compensation Scheme | 7,838,557                  | 7,165,453                  |
| <b>Net Difference (Deferred Tax Liability)</b>           | <b>25,977,575</b>          | <b>26,029,413</b>          |

#### 5. SUB-DIVISION OF EQUITY SHARES :

During the year ended March 31, 2010, the Company had with the approval of shareholders, sub-divided the face value of its equity shares from ₹ 10 per equity share to ₹ 2 per equity share. The record date for effecting the sub-division was October 27, 2009.

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

### 6. 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:

|   | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|---|----------------------------|----------------------------|
| Net Profit as per Profit & Loss account                                 | 357,302,385                | 140,040,856                |
| Outstanding equity shares at year end                                   | 728,740,162                | 724,439,750                |
| Weighted average Number of Shares outstanding during the year - Basic   | 727,527,130                | 722,934,381                |
| Weighted average Number of Shares outstanding during the year - Diluted | 728,045,403                | 724,306,516                |
| Earnings per Share - Basic (₹)  | 0.49                       | 0.19                       |
| Earnings per Share - Diluted(₹)   | 0.49                       | 0.19                       |

Reconciliation of weighted number of outstanding during the year

|   | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|---|----------------------------|----------------------------|
| 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                                    | 724,439,750                | 722,750,000                |
| Add : Issue of Equity Shares against options granted to employees   | 4,300,412                  | 1,689,750                  |
| Total number of equity shares outstanding at the end of year  | 728,740,162                | 724,439,750                |
| Weighted average number of equity shares at the end of the year   | 727,527,130                | 722,934,381                |
| <b>For Dilutive EPS :</b>   |                            |                            |
| Weighted average number of shares used in calculating basic EPS   | 727,527,130                | 722,934,381                |
| Add : Equity shares for arising on grant of stock options under ESOP                                      | 3,637,418                  | 1,544,862                  |
| Less : Equity shares for arising on grant of stock options under ESOP forfeited / lapsed (included above) | 3,119,145                  | 172,727                    |
| Weighted average number of equity shares used in calculating diluted EPS                                  | 728,045,403                | 724,306,516                |

### 7. EXPENSES IN FOREIGN CURRENCY (on cash basis)

|  | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|--|---------------------------------|---------------------------------|
| Travelling Expenses                          | 1,188,137                       | 377,437                         |
| Professional Fees (Net of TDS & Service Tax) | 1,482,373                       | 2,752,169                       |
| <b>Total</b>                                 | <b>2,670,510</b>                | <b>3,129,606</b>                |

### 8. MANAGERIAL REMUNERATION

a) Details of managerial remuneration:

|   | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|---|---------------------------------|---------------------------------|
| Managerial Remuneration for Directors included in the Profit and Loss Account |                                 |                                 |
| Salary and Incentives   | 14,181,288                      | 15,143,040                      |
| Company's Contribution to Provident Fund                                      | 477,294                         | 449,280                         |
| Gratuity and Leave Encashment provision                                       | 3,419,542                       | 1,218,886                       |
| <b>Directors Remuneration</b>   | <b>18,078,124</b>               | <b>16,811,206</b>               |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

- b) Computation of remuneration payable to managerial personnel as per Schedule XIII of the Companies Act, 1956

|   | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|---|---------------------------------|---------------------------------|
| Profit after taxation as per the Profit & Loss Account                      | 357,302,385                     | 14,037,627                      |
| Add :   |                                 |                                 |
| Provision for Tax expense   | 101,955,259                     | 64,576,595                      |
| Directors Fees and Commission   | 2,184,444                       | 2,256,000                       |
| Directors Remuneration  | 18,078,124                      | 16,811,206                      |
| Depreciation and Amortisation   | 19,839,777                      | 19,891,391                      |
| Assets written off  | 62,471                          | 533,596                         |
| Provision for doubtful loans and advances                                   | 55,620,591                      | -                               |
| Less :  |                                 |                                 |
| Depreciation u/s 350 of the Companies Act, 1956                             | 19,839,777                      | 19,891,391                      |
| Profit on sale of Investments   | 1,352,219                       | -                               |
| <b>Net Profit u/s 349 of the Companies Act, 1956</b>                        | <b>533,831,055</b>              | <b>224,215,024</b>              |
| <b>Remuneration to Managing and Whole-Time directors</b>                    |                                 |                                 |
| Maximum Managerial Remuneration u/s 309 of Companies Act, 1956 @ 5% thereof | 26,692,553                      | 11,210,751                      |
| Restricted as per service agreements to                                     | 18,078,124                      | 16,811,206                      |
| <b>Commission to other directors</b>  |                                 |                                 |
| Maximum commission u/s 309 of Companies Act, 1956 @ 1% thereof              | 5,338,311                       | 2,242,150                       |
| Restricted as per shareholders' approval to                                 | 1,644,444                       | 1,416,000                       |

Managerial remuneration computation does not include ESOP compensation cost of Managing Director ₹ 190,000 (Previous year ₹ 13,121,336).

### 9. DETAILS OF LOANS AND ADVANCES IN THE NATURE OF LOANS

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

| Particulars                                    | Balance as<br>on March 31,<br>2011 | Maximum<br>Amount<br>Outstanding<br>during the<br>year |
|--|------------------------------------|--|
| <b>Subsidiaries :</b>                          |                                    |  |
| Chitoor Infra Company Private Limited          | 725                                | 6,475  |
|  | (-)                                | (-)  |
| Cochin Bridge Infrastructure Company Limited   | 5,314,391                          | 5,314,391  |
|  | (-)                                | (-)  |
| Dohan Renewable Energy Private Limited         | 10,900                             | 10,900   |
|  | (-)                                | (-)  |
| Gammon Logistics Limited                       | 49,121,839                         | 52,921,239   |
|  | (50,421,239)                       | (50,421,239)   |
| Gammon Project Developers Limited              | 970,000                            | 970,000  |
|  | (-)                                | (-)  |
| Gammon Renewable Energy Infrastructure Limited | 462,000                            | 462,000  |
|  | (-)                                | (-)  |
| Ghaggar Renewable Energy Private Limited       | 900                                | 900  |
|  | (-)                                | (-)  |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

| Particulars                                | Balance as on March 31, 2011 | Maximum Amount Outstanding during the year |
|--|------------------------------|--|
| Gorakhpur Infrastructure Company Limited   | -                            | -  |
|  | (11,859)                     | (61,329)                                   |
| Indori Renewable Energy Private Limited    | 10,900                       | 10,900                                     |
|  | (-)                          | (-)  |
| Kasavati Renewable Energy Private Limited  | 10,900                       | 10,900                                     |
|  | (-)                          | (-)  |
| Kosi Bridge Infrastructure Company Limited | 7,355                        | 56,270                                     |
|  | (3,119)                      | (949,104)                                  |
| Markanda Renewable Energy Private Limited  | 10,000                       | 10,000                                     |
|  | (-)                          | (-)  |
| Mumbai Nasik Expressway Limited            | -                            | 486,637                                    |
|  | (171,764)                    | (619,732)                                  |
| Pataliputra Highway Limited                | 634,700,727                  | 634,700,727                                |
|  | (-)                          | (425,192)                                  |
| Patna Highway Projects Limited             | 713,078                      | 1,510,588                                  |
|  | (319,848)                    | (319,848)                                  |
| Pravara Renewable Energy Limited           | 469,341                      | 469,341                                    |
|  | (-)                          | (-)  |
| Rajahmundry Godavari Bridge Limited        | 101,833                      | 5,653,219                                  |
|  | (615,685)                    | (1,434,062)                                |
| Ras Cities and Townships Private Limited   | -                            | -  |
|  | (-)                          | (435,158)                                  |
| Satluj Renewable Energy Private Limited    | 2,937                        | 35,625                                     |
|  | (-)                          | (-)  |
| Sikkim Hydro Power Ventures Limited        | -                            | 17,745                                     |
|  | (1,784)                      | (22,936)                                   |
| Sirsa Renewable Energy Private Limited     | 10,000                       | 10,000                                     |
|  | (-)                          | (-)  |
| Tada Sez Private Limited                   | 725                          | 6,475                                      |
|  | (-)                          | (-)  |
| Tada Infra Development Company Limited     | -                            | 1,460                                      |
|  | (-)                          | (2,543,026)                                |
| Tangri Renewable Energy Private Limited    | 900                          | 900  |
|  | (-)                          | (-)  |
| Tidong Hydro Power Limited                 | -                            | -  |
|  | (15,139)                     | (155,075)                                  |
| Vizag Seaport Private Limited              | 76,739                       | 439,233                                    |
|  | (-)                          | (-)  |
| Yamuna Renewable Energy Private Limited    | 10,000                       | 10,000                                     |
|  | (-)                          | (-)  |
| Youngthang Power Ventures Limited          | 200,000                      | 200,000                                    |
|  | (-)                          | (439,071,994)                              |

(Previous year figures in brackets)

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

| Particulars                                     | Balance as on March 31, 2011 | Maximum Amount Outstanding during the year |
|---|------------------------------|--|
| <b>Associates and Joint Venture Companies :</b> |                              |  |
| Blue Water Iron Ore Terminal Private Limited    | 49,424                       | 1,493,286                                  |
|   | (1,467,141)                  | (1,467,141)                                |
| Haryana Biomass Power Limited                   | 9,429,411                    | 9,429,411                                  |
|   | (9,245,254)                  | (9,245,254)                                |
| Indira Container Terminal Private Limited       | 3,622,232                    | 3,727,251                                  |
|   | (3,509,483)                  | (3,509,483)                                |
| Punjab Biomass Power Limited                    | 143,044,977                  | 143,044,977                                |
|   | (57,821,894)                 | (62,827,320)                               |
| Modern Tollroads Limited                        | 48,271                       | 48,271                                     |
|   | (48,271)                     | (48,271)                                   |
| ATSL Infrastructure Projects Limited            | 25,051                       | 25,051                                     |
|   | (-)                          | (-)  |

(Previous year figures in brackets)

None of the loanees hold any shares in the Company.

### 10. LEASE

The Company has obtained its registered premises on operating lease from its holding company, GIL. It is a cancellable, non-renewable agreement with no escalation clause. The annual lease rentals are ₹ 1,200,000 plus service tax (Previous year ₹ 1,200,000). There are no restrictions imposed on the Company by the lease agreement and there are no sub-leases.

### 11. DISCLOSURE UNDER ACCOUNTING STANDARD (AS)-7

| Particulars                      | Year ended March 31, 2011 | Year ended March 31, 2010 |
|----------------------------------|---------------------------|---------------------------|
| Contract Revenue recognised      | -                         | 891,054,175               |
| Aggregate Expenditure recognized | -                         | 806,635,629               |
| Aggregate Profit                 | -                         | 84,418,546                |

### 12. 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.

### 13. RELATED PARTY DISCLOSURE

#### a. Relationships :

Entity where control exists :

1. Gammon India Limited - Holding Company

Subsidiaries:

1. Andhra Expressway Limited
2. Chitoor Infrastructure Company Private Limited
3. Cochin Bridge Infrastructure Company Limited

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

4. Dohan Renewable Energy Private Limited
5. Gammon Logistics Limited
6. Gammon Projects Developers Limited
7. Gammon Renewable Energy Infrastructure Limited
8. Gammon Road Infrastructure Limited
9. Gammon Seaport Infrastructure Limited
10. Ghaggar Renewable Energy Private Limited
11. Gorakhpur Infrastructure Company Limited
12. Indori Renewable Energy Private Limited
13. Jaguar Projects Developers Limited
14. Kasavati Renewable Energy Private Limited
15. Kosi Bridge Infrastructure Company Limited
16. Lilac Infraprojects Developers Limited
17. Markanda Renewable Energy Private Limited
18. Marine Projects Services Limited
19. Mumbai Nasik Expressway Limited
20. Pataliputra Highway Limited
21. Patna Highway Projects Limited
22. Pravara Renewable Energy Limited
23. Ras Cities and Townships Private Limited
24. Rajahmundry Expressway Limited
25. Rajahmundry Godavari Bridge Limited
26. Satluj Renewable Energy Private Limited
27. Satyavedu Infra Company Private Limited
28. Sikkim Hydro Power Ventures Limited
29. Sirsa Renewable Energy Private Limited
30. Tada Infra Development Company Limited (formerly known as Gammon Hospitality Limited)
31. Tada Sez Private Limited
32. Tangri Renewable Energy Private Limited
33. Tidong Hydro Power Limited
34. Vizag Seaport Private Limited
35. Yamuna Renewable Energy Private Limited
36. Youngthang Power Ventures Limited

### Associates and Joint Ventures:

1. Blue Water Iron Ore Terminal Private Limited
2. Eversun Sparkle Maritime Services Limited
3. Haryana Biomass Power Limited
4. Indira Container Terminal Private Limited
5. Modern Tollroads Limited
6. Punjab Biomass Power Limited
7. SEZ Adityapur Limited
8. ATSL Infrastructure Projects Limited

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### Key Management Personnel:

1. Abhijit Rajan
  2. Parvez Umrigar (upto July 3, 2010)
  3. Himanshu Parikh (w.e.f. July 3, 2010)
- b. Details of related parties transactions for the year ended on March 31, 2011.  
- Please refer to the Annexure -

### 14. DETAILS OF JOINT VENTURES

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

| Sr. no. | Name of the Joint Venture                | % of Interest as at March 31, 2011 | % of Interest as at March 31, 2010 |
|---------|--|------------------------------------|------------------------------------|
| 1       | Blue Water Iron Ore Terminal Private Ltd | 37.30%                             | 37.30%                             |
| 2       | Haryana Biomass Power Ltd                | 50%                                | 50%                                |
| 3       | Indira Container Terminal Private Ltd    | 50%                                | 50%                                |
| 4       | Punjab Biomass Power Ltd                 | 50%                                | 50%                                |
| 5       | SEZ Adityapur Ltd                        | 38%                                | 38%                                |

All the above jointly controlled entities are incorporated in India

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

| Name of the Joint Venture                | Share of Assets                | Share of Liability           | Share of Income            | Share of Expenditure       | Share of Capital Commitment      | Contingent Liabilities       |
|--|--------------------------------|------------------------------|----------------------------|----------------------------|----------------------------------|------------------------------|
| Blue Water Iron Ore Terminal Private Ltd | 22,547,411<br>(14,451,778)     | 15,078,922<br>(946,223)      | 12,265<br>(-)              | 7,555,294<br>(334,826)     | 2,182,050,000<br>(1,931,505,900) | -<br>(-)                     |
| Haryana Biomass Power Ltd                | 5,452,919<br>(5,213,538)       | 5,236,961<br>(4,963,538)     | -<br>(-)                   | 6,730<br>(27,312)          | 561,250,000<br>(561,542,903)     | -<br>(-)                     |
| Indira Container Terminal Private Ltd    | 1,234,442,150<br>(732,257,107) | 831,940,737<br>(557,010,119) | 40,450,355<br>(35,266,750) | 75,300,820<br>(65,056,816) | 1,121,418,804<br>(1,554,862,500) | 211,453,692<br>(187,500,000) |
| Punjab Biomass Power Ltd                 | 412,228,237<br>(375,285,205)   | 341,365,605<br>(277,735,205) | 1,872,963<br>(-)           | 20,439,495<br>(570,838)    | -<br>(270,521,725)               | -<br>(-)                     |
| Sez Adityapur Limited                    | 127,065<br>(148,022)           | 147,913<br>(-41,978)         | -<br>(-)                   | 31,508<br>(179,339)        | -<br>(-)                         | -<br>(-)                     |

(Previous year figures in brackets)

The above figures pertaining to the Joint Venture Companies are based on the audited accounts for the year ended March 31, 2011, except for Blue Water Iron Ore Terminal Private Ltd, Haryana Biomass Power Limited and Sez Adityapur Limited.

### 15. CURRENT ASSETS, LOANS AND ADVANCES

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

### 16. CAPITAL COMMITMENTS

The total capital commitments of the Company as on March 31, 2011 are ₹ 4,414,375,955 (inclusive of share of capital commitment in joint ventures). Total capital commitment as on March 31, 2010, was ₹ 4,924,620,870. The capital commitment is in respect of projects where the concession agreements have been signed and does not include projects where the Company holds a Letter of Intent.

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

### 17. 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 vesting period which ranges from one to three years. During the current year, 150,000 (Previous year 180,000) options were forfeited / lapsed. Out of the options granted, 715,250 (Previous year 1,555,000) are outstanding at the end of the year.

During the year 2008-09, the Compensation Committee of the Board of the Directors of the Company at its meeting held on October 1, 2008, instituted a new ESOP Scheme "GIPL ESOP 2008" scheme as per which the Company has further granted 490,000 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, 25,000 (Previous year 185,000) options were forfeited / lapsed. Out of the options granted, 126,668 (Previous year 305,000) 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, 68,000 (Previous year Nil) options were forfeited / lapsed. Out of the options granted, 125,000 (Previous year 210,000) are outstanding at the end of the year.

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

#### ESOP Scheme 2007 :

|  | 2010-11        |                 |                 | 2009-10          |                 |                 |
|--|----------------|-----------------|-----------------|------------------|-----------------|-----------------|
|  |                |                 |                 |                  |                 |                 |
| Fair Value (as on grant date) of equity shares (₹)                           | 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 (₹) | N.A.           | N.A.            | 63.95           | N.A.             | N.A.            | 63.95           |
| Exercise Price of Options granted during the year (₹)                        | 80.00          | 80.00           | 63.95           | 80.00            | 80.00           | 63.95           |
| Grant Dates  | July 1, 2007   | October 1, 2007 | October 1, 2008 | July 1, 2007     | October 1, 2007 | October 1, 2008 |
| Vesting commences from   | July 1, 2008   | October 1, 2008 | October 1, 2009 | July 1, 2008     | October 1, 2008 | October 1, 2009 |
| Options granted at the beginning of the year                                 | 1,260,000      | 25,000          | 270,000         | 1,440,000        | 25,000          | 270,000         |
| Options granted during the year  | -              | -               | -               | -                | -               | -               |
| Options lapsed /forfeited during the year                                    | 150,000        | -               | -               | 180,000          | -               | -               |
| Options exercised during the year  | 689,750        | -               | -               | -                | -               | -               |
| <b>Options granted and outstanding at the end of the year</b>                | <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>  |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

### ESOP Scheme 2008:

|  | 2010-11  |                  |                 | 2009-10         |                  |                 |
|--|--|------------------|-----------------|-----------------|------------------|-----------------|
|  | Fair Value (as on grant date) of equity shares (₹) | 63.95            | 43.45           | 63.95           | 63.95            | 43.45           |
| Market Price (as on grant date) of equity shares granted during the year (₹) | 63.95  | 43.45            | 72.10           | 63.95           | 43.45            | 72.10           |
| Exercise Price of Options granted during the year (₹)                        | 63.95  | 10.00            | 63.95           | 63.95           | 10.00            | 63.95           |
| Grant Dates  | October 1, 2008                                    | December 5, 2008 | May 8, 2009     | October 1, 2008 | December 5, 2008 | May 8, 2009     |
| Vesting commences from   | October 1, 2009                                    | December 5, 2009 | October 1, 2010 | October 1, 2009 | December 5, 2009 | October 1, 2010 |
| Options granted at the beginning of the year                                 | 305,000  | -                | 210,000         | 490,000         | 500,000          | -               |
| Options granted during the year  | -  | -                | -               | -               | -                | 210,000         |
| Options lapsed /forfeited during the year                                    | 25,000   | -                | 68,000          | 185,000         | -                | -               |
| Options exercised during the year  | 153,332  | -                | 17,000          | -               | 500,000          | -               |
| <b>Options granted and outstanding at the end of the year</b>                | <b>126,668</b>                                     | <b>-</b>         | <b>125,000</b>  | <b>305,000</b>  | <b>-</b>         | <b>210,000</b>  |

| 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   | 10.00   | 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 |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

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<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|--|---------------------------------|---------------------------------|
| Net Income as reported   | 357,302,385                     | 140,040,856                     |
| Add: Stock based compensation expense included in the reported income                  | (226,898)                       | 13,440,190                      |
| Less: Stock based compensation expenses determined using fair value of options         | 9,787,067                       | 35,225,195                      |
| <b>Net profit (adjusted)</b>   | <b>347,288,420</b>              | <b>118,255,851</b>              |
| Basic earnings per share as reported   | 0.49                            | 0.19                            |
| Basic earnings per share (adjusted)  | <b>0.48</b>                     | <b>0.16</b>                     |
| Diluted earnings per share as reported   | 0.49                            | 0.19                            |
| Diluted earnings per share (adjusted)  | <b>0.48</b>                     | <b>0.16</b>                     |
| Weighted average number of equity shares at the end of the year                        | 727,527,130                     | 722,934,381                     |
| Weighted average number of shares considered for diluted earnings per share (adjusted) | 728,045,403                     | 724,306,516                     |

### 18. RETENTION BONUS FOR EMPLOYEES

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 ₹ 11,436,424 (Previous year ₹ 11,065,132) against Cash Compensation in accordance with guidance note on accounting of employees share based payments.

### 19. EMPLOYEE BENEFITS

#### Gratuity

Gratuity is a defined benefit plan under which employees who have completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The gratuity liability is unfunded.

The following table summarises the components of net benefit expense recognized in the Profit and Loss account and amounts recognized in the balance sheet :

| Particulars  | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|--|---------------------------------|---------------------------------|
| Net employees benefit expense (recognized in Personnel Cost) |                                 |                                 |
| Current Service Cost   | 496,878                         | 359,584                         |
| Interest Cost  | 96,745                          | 99,925                          |
| Actuarial (Gain)/Loss  | 715,877                         | (186,559)                       |
| <b>Total</b>   | <b>1,309,500</b>                | <b>272,950</b>                  |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

| Particulars                      | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|----------------------------------|---------------------------------|---------------------------------|
| Actuarial (Gain)/Loss            | 715,877                         | (186,559)                       |
| Experience adjustment            | 767,540                         | (186,559)                       |
| Changes in Actuarial assumptions | (51,663)                        | -                               |

The provision for gratuity as at March 31, 2011 is ₹ 1,571,933 (Previous year: ₹ 1,162,433).

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

| Particulars   | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|---|---------------------------------|---------------------------------|
| Defined benefit obligation as at March 31, 2010               | 1,162,433                       | 889,483                         |
| Current Service Cost  | 496,878                         | 359,584                         |
| Interest Cost   | 96,745                          | 99,925                          |
| Actuarial (Gain)/Loss (on account of experience adjustments)* | 715,877                         | (186,559)                       |
| Less : Benefit Paid   | (900,000)                       | -                               |
| <b>Defined Benefit Obligation as at March 31, 2011</b>        | <b>1,571,933</b>                | <b>1,162,433</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.

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

| Particulars                            | Year ended<br>March 31,<br>2011 | Year ended<br>March 31,<br>2010 |
|--|---------------------------------|---------------------------------|
| Discount rate                          | 8.25%                           | 8%                              |
| Expected rate of return on plan 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.

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### 20. PLEDGE OF SHARES

The Company has pledged the following shares in favour of the lenders to the projects as part of the terms of financing agreements of the respective companies and for availing non fund based limits from the banks:

| Company Name                                 | No. of Equity shares pledged as at |                | Face Value (₹) |
|--|------------------------------------|----------------|----------------|
|  | March 31, 2011                     | March 31, 2010 |                |
| Andhra Expressway Limited                    | 12,919,897                         | 9,135,010      | 10/-           |
| Cochin Bridge Infrastructure Company Limited | 1,664,019                          | 1,664,019      | 10/-           |
| Rajahmundry Expressway Limited               | 14,744,579                         | 14,266,318     | 10/-           |
| Mumbai Nasik Expressway Limited              | 16,120,000                         | 16,120,000     | 10/-           |
| Gorakhpur Infrastructure Company Limited     | 9,593,233                          | 9,593,233      | 10/-           |
| Kosi Bridge Infrastructure Company Limited   | 12,558,000                         | 6,281,730      | 10/-           |
| Punjab Biomass Power Limited *               | 22,750,000                         | 15,250,000     | 1/-            |
| Vizag Seaport Private Limited                | 20,589,729                         | 20,589,729     | 10/-           |
| Patna Highway Projects Limited               | 750,000                            | -              | 10/-           |
| Rajahmundry Godavari Bridge Limited          | 54,116,100                         | -              | 10/-           |

\* Includes 7,500,000 (Previous year: Nil) equity shares pledged unconfirmed by the bank.

### 21. CONTINGENT LIABILITIES

- The Company has issued a Corporate Guarantee of ₹ 150,000,000 (Previous year ₹ 150,000,000) in favour of Bank of Maharashtra, as a security for loan availed by Cochin Bridge Infrastructure Company Limited, a subsidiary.
- Counter Guarantees given to the bankers for the guarantees given by them on our behalf ₹ 2,395,797,800 (Previous year ₹ 1,579,310,000).
- The Company has extended corporate guarantees on behalf of its two subsidiaries, Sikkim Hydro Power Ventures Limited for ₹ 250,000,000 (Previous year : ₹ 250,000,000) and Youngthang Power Ventures Limited for ₹ 450,000,000 (Previous year : ₹ 450,000,000) for availing unsecured loans from the banks.
- Disputed demand of ₹ 6,985,000 (Previous year: Nil) towards encashment of 5% of bid security for a project by NHAI.

### 22. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

There are neither any derivative instruments outstanding as at March 31, 2011 nor any unhedged foreign currency exposure towards liability outstanding as at March 31, 2011. In the previous year there were unhedged foreign currency exposures of US \$ 4,696 (₹ 211,977) and of British Sterling Pound 126,035 (₹ 8,574,514) of liability outstanding towards legal services. Further, there was an unhedged foreign currency exposure of US\$ 50,000 (₹ 2,257,000) towards advance paid.

### 23. 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.

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

### 24. QUANTITATIVE INFORMATION

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

### 25. PRIOR PERIOD COMPARATIVES

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

As per our report of even date.

**For Natvarlal Vepari and Co.**  
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

**Kishor Kumar Mohanty**  
Managing Director

**Parvez Umrigar**  
Director

**Naresh Chandra**  
Director

**R. K. Malhotra**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : May 19, 2011

**Himanshu Parikh**  
Vice Chairman

**C. C. Dayal**  
Director

**Sanjay Sachdev**  
Director

**S. C. Tripathi**  
Director

**Kunal Shroff**  
Director

Place : Mumbai  
Date : May 19, 2011

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

### ANNEXURE : NOTES TO ACCOUNTS

#### RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2011

(Amounts in brackets relate to March 31, 2010)

| Transactions                                 | Holding Company | Subsidiaries | Associates / Joint Ventures & Partnerships | Key Management Personnel | Total           |
|--|-----------------|--------------|--|--------------------------|-----------------|
| <b>Operations &amp; Maintenance Income :</b> |                 |              |  |                          |                 |
| - Gammon India Ltd                           | 170,803,405     | -            | -  | -                        | 170,803,405     |
|  | (1,052,049,306) | (-)          | (-)  | (-)                      | (1,052,049,306) |
| - Mumbai Nasik Expressway Ltd                | -               | 95,000,000   | -  | -                        | 95,000,000      |
|  | (-)             | (-)          | (-)  | (-)                      | (-)             |
| <b>Purchase of Assets</b>                    |                 |              |  |                          |                 |
| - Gammon Logistics Limited                   | -               | 329,371      | -  | -                        | 329,371         |
|  | (-)             | (-)          | (-)  | (-)                      | (-)             |
| <b>Developer's Fees :</b>                    |                 |              |  |                          |                 |
| - Gorakhpur Infrastructure Company Ltd       | -               | -            | -  | -                        | -               |
|  | (-)             | (18,132,366) | (-)  | (-)                      | (18,132,366)    |
| - Kosi Bridge Infrastructure Company Ltd     | -               | -            | -  | -                        | -               |
|  | (-)             | (30,220,608) | (-)  | (-)                      | (30,220,608)    |
| - Mumbai Nasik Expressway Ltd                | -               | -            | -  | -                        | -               |
|  | (-)             | (3,626)      | (-)  | (-)                      | (3,626)         |
| - Patna Highway Projects Ltd                 | -               | 170,444,244  | -  | -                        | 170,444,244     |
|  | (-)             | (-)          | (-)  | (-)                      | -               |
| - Rajahmundry Godavari Bridge Ltd            | -               | 75,793,292   | -  | -                        | 75,793,292      |
|  | (-)             | (75,793,292) | (-)  | (-)                      | (75,793,292)    |
| <b>Insurance Claims received :</b>           |                 |              |  |                          |                 |
| - Gammon India Ltd                           | -               | -            | -  | -                        | -               |
|  | (2,671,318)     | (-)          | (-)  | (-)                      | (2,671,318)     |
| <b>Rent Paid :</b>                           |                 |              |  |                          |                 |
| - Gammon India Ltd                           | 1,200,000       | -            | -  | -                        | 1,200,000       |
|  | (1,323,600)     | (-)          | (-)  | (-)                      | (1,323,600)     |
| <b>Share Application Money Paid :</b>        |                 |              |  |                          |                 |
| - Blue Water Iron Ore Terminal Private Ltd   | -               | -            | 8,825,000                                  | -                        | 8,825,000       |
|  | (-)             | (-)          | (12,000,000)                               | (-)                      | (12,000,000)    |
| - Gammon Projects Developers Ltd             | -               | 1,576,000    | -  | -                        | 1,576,000       |
|  | (-)             | (4,100,000)  | (-)  | (-)                      | (4,100,000)     |
| - Gammon Renewable Energy Infrastructure Ltd | -               | 51,198,000   | -  | -                        | 51,198,000      |
|  | (-)             | (-)          | (-)  | (-)                      | (-)             |
| - Gorakhpur Infrastructure Company Ltd       | -               | 352,900,000  | -  | -                        | 352,900,000     |
|  | (-)             | (98,300,000) | (-)  | (-)                      | (98,300,000)    |
| - Indira Container Terminal Pvt Ltd          | -               | -            | 2,500,000                                  | -                        | 2,500,000       |
|  | (-)             | (-)          | (98,410,080)                               | (-)                      | (98,410,080)    |
| - Kosi Bridge Infrastructure Company Ltd     | -               | 298,700,000  | -  | -                        | 298,700,000     |
|  | (-)             | (-)          | (-)  | (-)                      | (-)             |
| - Marine Projects Services Ltd               | -               | -            | -  | -                        | -               |
|  | (-)             | (500,000)    | (-)  | (-)                      | (500,000)       |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions   | Holding Company | Subsidiaries  | Associates / Joint Ventures & Partnerships | Key Management Personnel | Total         |
|--|-----------------|---------------|--|--------------------------|---------------|
| - Mumbai Nasik Expressway Ltd  | -               | 270,000,000   | -  | -                        | 270,000,000   |
|  | (-)             | (177,620,000) | (-)  | (-)                      | (177,620,000) |
| - Pataliputra Highway Ltd  | -               | 500,000       | -  | -                        | 500,000       |
|  | (-)             | (500,000)     | (-)  | (-)                      | (500,000)     |
| - Patna Highway Projects Ltd   | -               | 469,750,000   | -  | -                        | 469,750,000   |
|  | (-)             | (-)           | (-)  | (-)                      | -             |
| - Pravara Renewable Energy Ltd   | -               | 17,708,680    | -  | -                        | 17,708,680    |
|  | (-)             | (89,500,000)  | (-)  | (-)                      | (89,500,000)  |
| - Rajahmundry Godavari Bridge Ltd  | -               | 685,387,500   | -  | -                        | 685,387,500   |
|  | (-)             | (316,017,800) | (-)  | (-)                      | (316,017,800) |
| - Sikkim Hydro Power Ventures Ltd  | -               | 49,100,000    | -  | -                        | 49,100,000    |
|  | (-)             | (125,500,000) | (-)  | (-)                      | (125,500,000) |
| - Youngthang Power Ventures Ltd  | -               | 58,135,000    | -  | -                        | 58,135,000    |
|  | (-)             | (13,500,000)  | (-)  | (-)                      | (13,500,000)  |
| <b>Refund received against Share Application Money Paid / Conversion into equity :</b> |                 |               |  |                          |               |
| - Blue Water Iron Ore Terminal Private Ltd   | -               | -             | 13,353,820                                 | -                        | 13,353,820    |
|  | (-)             | (-)           | (-)  | (-)                      | (-)           |
| - Gammon Projects Developers Ltd   | -               | -             | -  | -                        | -             |
|  | (-)             | (2,000,000)   | (-)  | (-)                      | (2,000,000)   |
| - Gammon Renewable Energy Infrastructure Ltd   | -               | 550,000       | -  | -                        | 550,000       |
|  | (-)             | (-)           | (-)  | (-)                      | (-)           |
| - Gorakhpur Infrastructure Company Ltd   | -               | 206,900,000   | -  | -                        | 206,900,000   |
|  | (-)             | (98,300,000)  | (-)  | (-)                      | (98,300,000)  |
| - Indira Container Terminal Pvt Ltd  | -               | -             | 2,500,000                                  | -                        | 2,500,000     |
|  | (-)             | (-)           | (101,670,080)                              | (-)                      | (101,670,080) |
| - Kosi Bridge Infrastructure Company Ltd   | -               | 188,400,000   | -  | -                        | 188,400,000   |
|  | (-)             | (241,395,000) | (-)  | (-)                      | (241,395,000) |
| - Marine Projects Services Ltd   | -               | 5,500,000     | -  | -                        | 5,500,000     |
|  | (-)             | (45,000,000)  | (-)  | (-)                      | (45,000,000)  |
| - Pataliputra Highway Ltd  | -               | -             | -  | -                        | -             |
|  | (-)             | (500,000)     | (-)  | (-)                      | (500,000)     |
| - Patna Highway Projects Ltd   | -               | 24,500,000    | -  | -                        | 24,500,000    |
|  | (-)             | (-)           | (-)  | (-)                      | (-)           |
| - Pravara Renewable Energy Ltd   | -               | -             | -  | -                        | -             |
|  | (-)             | (69,500,000)  | (-)  | (-)                      | (69,500,000)  |
| - Punjab Biomass Power Ltd   | -               | -             | 24,166,665                                 | -                        | 24,166,665    |
|  | (-)             | (-)           | (-)  | (-)                      | (-)           |
| - Rajahmundry Godavari Bridge Ltd  | -               | 514,887,500   | -  | -                        | 514,887,500   |
|  | (-)             | (235,700,000) | (-)  | (-)                      | (235,700,000) |
| - Sikkim Hydro Power Ventures Ltd  | -               | -             | -  | -                        | -             |
|  | (-)             | (125,500,000) | (-)  | (-)                      | (125,500,000) |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions   | Holding Company | Subsidiaries  | Associates / Joint Ventures | Key Management & Partnerships Personnel | Total         |
|--|-----------------|---------------|-----------------------------|---|---------------|
| - Vizag Seaport Private Ltd  | -               | 85,000,000    | -                           | -                                       | 85,000,000    |
|  | (-)             | (45,000,000)  | (-)                         | (-)                                     | (45,000,000)  |
| - Youngthang Power Ventures Ltd  | -               | -             | -                           | -                                       | -             |
|  | (-)             | (108,100,000) | (-)                         | (-)                                     | (108,100,000) |
| <b>Managerial Remuneration :</b>   |                 |               |                             |   |               |
| - Mr. Himanshu Parikh  | -               | -             | -                           | 11,343,479                              | 11,343,479    |
|  | (-)             | (-)           | (-)                         | (-)                                     | (-)           |
| - Mr. Parvez Umrigar   | -               | -             | -                           | 6,734,645                               | 6,734,645     |
|  | (-)             | (-)           | (-)                         | (16,811,206)                            | (16,811,206)  |
| Gross value of stock options vested :  |                 |               |                             |   |               |
| - Mr. Parvez Umrigar   | -               | -             | -                           | 47,520,000                              | 47,520,000    |
|  | (-)             | (-)           | (-)                         | (21,725,000)                            | (21,725,000)  |
| Amortization of options issued to:   |                 |               |                             |   |               |
| - Mr. Parvez Umrigar   | -               | -             | -                           | -                                       | -             |
|  | (-)             | (-)           | (-)                         | (13,121,336)                            | (13,121,336)  |
| <b>Finance provided (including Loans and Equity contribution in cash or in kind) :</b> |                 |               |                             |   |               |
| - Blue Water Iron Ore Terminal Private Ltd   | -               | -             | -                           | -                                       | -             |
|  | (-)             | (-)           | (-)                         | (-)                                     | (-)           |
| - Cochin Bridge Infrastructure Co Ltd  | -               | 5,300,000     | -                           | -                                       | 5,300,000     |
|  | (-)             | (-)           | (-)                         | (-)                                     | -             |
| - Gammon Logistics Ltd   | -               | 10,900,000    | -                           | -                                       | 10,900,000    |
|  | (-)             | (14,245,000)  | (-)                         | (-)                                     | (14,245,000)  |
| - Gammon Projects Developers Ltd   | -               | 970,000       | -                           | -                                       | 970,000       |
|  | (-)             | (2,000,000)   | (-)                         | (-)                                     | (2,000,000)   |
| - Gammon Renewable Energy Infrastructure Ltd   | -               | 462,000       | -                           | -                                       | 462,000       |
|  | (-)             | (500,000)     | (-)                         | (-)                                     | (500,000)     |
| - Gammon Road Infrastructure Ltd   | -               | -             | -                           | -                                       | -             |
|  | (-)             | (500,000)     | (-)                         | (-)                                     | (500,000)     |
| - Gammon Seaport Infrastructure Ltd  | -               | -             | -                           | -                                       | -             |
|  | (-)             | (500,000)     | (-)                         | (-)                                     | (500,000)     |
| - Haryana Biomass Power Ltd  | -               | -             | -                           | -                                       | -             |
|  | (-)             | (-)           | (40,000,000)                | (-)                                     | (40,000,000)  |
| - Indira Container Terminal Ltd  | -               | -             | 10,000,000                  | -                                       | 10,000,000    |
|  | (-)             | (-)           | (101,670,080)               | (-)                                     | (101,670,080) |
| - Kosi Bridge Infrastructure Company Ltd   | -               | -             | -                           | -                                       | -             |
|  | (-)             | (178,608,150) | (-)                         | (-)                                     | (178,608,150) |
| - Lilac Infraprojects Developers Ltd   | -               | -             | -                           | -                                       | -             |
|  | (-)             | (-)           | (-)                         | (-)                                     | (-)           |
| - Pataliputra Highway Ltd  | -               | 644,265,000   | -                           | -                                       | 644,265,000   |
|  | (-)             | (500,000)     | (-)                         | (-)                                     | (500,000)     |
| - Patna Highway Projects Ltd   | -               | -             | -                           | -                                       | -             |
|  | (-)             | (500,000)     | (-)                         | (-)                                     | (500,000)     |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions  | Holding Company | Subsidiaries  | Associates / Joint Ventures & Partnerships | Key Management & Personnel | Total         |
|---|-----------------|---------------|--|----------------------------|---------------|
| - Pravara Renewable Energy Ltd  | -               | 450,000       | -  | -                          | 450,000       |
|   | (-)             | (69,500,000)  | (-)  | (-)                        | (69,500,000)  |
| - Punjab Biomass Power Ltd  | -               | -             | 84,144,318                                 | -                          | 84,144,318    |
|   | (-)             | (-)           | (126,895,000)                              | (-)                        | (126,895,000) |
| - Rajahmundry Godavari Bridge Ltd   | -               | -             | -  | -                          | -             |
|   | (-)             | (235,700,000) | (-)  | (-)                        | (235,700,000) |
| - Satluj Renewable Energy Pvt Ltd   | -               | -             | -  | -                          | -             |
|   | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Youngthang Power Ventures Ltd   | -               | 200,000       | -  | -                          | 200,000       |
|   | (-)             | (102,100,000) | (-)  | (-)                        | (102,100,000) |
| <b>Repayment in respect of finance provided including equity contribution :</b> |                 |               |  |                            |               |
| - Associated Transrail Structures Ltd   | -               | -             | -  | -                          | -             |
|   | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Gammon Logistics Ltd  | -               | 11,900,000    | -  | -                          | 11,900,000    |
|   | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Haryana Biomass Power Ltd   | -               | -             | -  | -                          | -             |
|   | (-)             | (-)           | (40,000,000)                               | (-)                        | (40,000,000)  |
| - Indira Container Terminal Ltd   | -               | -             | 10,000,000                                 | -                          | 10,000,000    |
|   | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Punjab Biomass Power Ltd  | -               | -             | -  | -                          | -             |
|   | (-)             | (-)           | (72,200,426)                               | (-)                        | (72,200,426)  |
| - Youngthang Power Ventures Ltd   | -               | -             | -  | -                          | -             |
|   | (-)             | (439,025,000) | (-)  | (-)                        | (439,025,000) |
| <b>Finance provided for expenses and on account payments :</b>                  |                 |               |  |                            |               |
| - Andhra Expressway Ltd   | -               | 2,497,233     | -  | -                          | 2,497,233     |
|   | (-)             | (4,061,107)   | (-)  | (-)                        | (4,061,107)   |
| - Aparna InfraEnergy  | -               | -             | 4,541,720                                  | -                          | 4,541,720     |
|   | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - ATSL Infrastructure Projects Ltd  | -               | -             | 25,051                                     | -                          | 25,051        |
|   | (-)             | (-)           | (754)                                      | (-)                        | (754)         |
| - Blue Water Iron Ore Terminal Private Ltd                                      | -               | -             | 1,156,915                                  | -                          | 1,156,915     |
|   | (-)             | (-)           | (2,471,789)                                | (-)                        | (2,471,789)   |
| - Chittoor Infra Company Pvt Ltd  | -               | 7,200         | -  | -                          | 7,200         |
|   | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Cochin Bridge Infrastructure Co. Ltd  | -               | 3,004,510     | -  | -                          | 3,004,510     |
|   | (-)             | (5,018,989)   | (-)  | (-)                        | (5,018,989)   |
| - Dohan Renewable Energy Pvt Ltd  | -               | 10,900        | -  | -                          | 10,900        |
|   | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Gammon India Ltd  | -               | -             | -  | -                          | -             |
|   | (697,000)       | (-)           | (-)  | (-)                        | (697,000)     |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions                                 | Holding Company | Subsidiaries | Associates / Joint Ventures & Partnerships | Key Management & Personnel | Total        |
|--|-----------------|--------------|--|----------------------------|--------------|
| - Gammon Logistics Ltd                       | -               | 1,298,426    | -  | -                          | 1,298,426    |
|  | (-)             | (5,994,208)  | (-)  | (-)                        | (5,994,208)  |
| - Gammon Projects Developers Ltd             | -               | 26,990       | -  | -                          | 26,990       |
|  | (-)             | (6,600)      | (-)  | (-)                        | (6,600)      |
| - Gammon Renewable Energy Infrastructure Ltd | -               | 33,389       | -  | -                          | 33,389       |
|  | (-)             | (31,016)     | (-)  | (-)                        | (31,016)     |
| - Gammon Road Infrastructure Ltd             | -               | 1,685        | -  | -                          | 1,685        |
|  | (-)             | (31,016)     | (-)  | (-)                        | (31,016)     |
| - Gammon Seaport Infrastructure Ltd          | -               | 1,685        | -  | -                          | 1,685        |
|  | (-)             | (30,926)     | (-)  | (-)                        | (30,926)     |
| - Ghaggar Renewable Energy Pvt Ltd           | -               | 900          | -  | -                          | 900          |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Gorakhpur Infrastructure Company Ltd       | -               | 30,884,365   | -  | -                          | 30,884,365   |
|  | (-)             | (18,620,604) | (-)  | (-)                        | (18,620,604) |
| - Haryana Biomass Power Ltd                  | -               | -            | 240,969                                    | -                          | 240,969      |
|  | (-)             | (-)          | (180,356)                                  | (-)                        | (180,356)    |
| - Indira Container Terminal Pvt Ltd          | -               | -            | 220,524                                    | -                          | 220,524      |
|  | (-)             | (-)          | (72,195)                                   | (-)                        | (72,195)     |
| - Indori Renewable Energy Pvt Ltd            | -               | 10,900       | -  | -                          | 10,900       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Jaguar Projects Developers Ltd             | -               | 1,406        | -  | -                          | 1,406        |
|  | (-)             | (1,016)      | (-)  | (-)                        | (1,016)      |
| - Kasavati Renewable Energy Pvt Ltd          | -               | 10,900       | -  | -                          | 10,900       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Kosi Bridge Infrastructure Company Ltd     | -               | 10,297,368   | -  | -                          | 10,297,368   |
|  | (-)             | (19,739,906) | (-)  | (-)                        | (19,739,906) |
| - Lilac Infraprojects Developers Ltd         | -               | 508,349      | -  | -                          | 508,349      |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Markanda Renewable Energy Pvt Ltd          | -               | 10,900       | -  | -                          | 10,900       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Marine Projects Services Ltd               | -               | 1,820        | -  | -                          | 1,820        |
|  | (-)             | (502,316)    | (-)  | (-)                        | (502,316)    |
| - Mumbai Nasik Expressway Ltd                | -               | 26,365,018   | -  | -                          | 26,365,018   |
|  | (-)             | (31,361,867) | (-)  | (-)                        | (31,361,867) |
| - Pataliputra Highway Ltd                    | -               | 4,625,207    | -  | -                          | 4,625,207    |
|  | (-)             | (45,572)     | (-)  | (-)                        | (45,572)     |
| - Pravara Renewable Energy Ltd               | -               | 1,780,277    | -  | -                          | 1,780,277    |
|  | (-)             | (4,405,597)  | (-)  | (-)                        | (4,405,597)  |
| - Patna Highway Projects Ltd                 | -               | 45,995,310   | -  | -                          | 45,995,310   |
|  | (-)             | (652,483)    | (-)  | (-)                        | (652,483)    |
| - Punjab Biomass Power Ltd                   | -               | -            | 1,442,678                                  | -                          | 1,442,678    |
|  | (-)             | (-)          | (314,886)                                  | (-)                        | (314,886)    |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions                                       | Holding Company | Subsidiaries | Associates / Joint Ventures & Partnerships | Key Management Personnel | Total        |
|--|-----------------|--------------|--|--------------------------|--------------|
| - Rajahmundry Godavari Bridge Ltd                  | -               | 44,002,809   | -  | -                        | 44,002,809   |
|  | (-)             | (24,895,443) | (-)  | (-)                      | (24,895,443) |
| - Rajahmundry Expressway Ltd                       | -               | 42,493       | -  | -                        | 42,493       |
|  | (-)             | (2,898,872)  | (-)  | (-)                      | (2,898,872)  |
| - Ras Cities and Townships Pvt Ltd                 | -               | 1,162        | -  | -                        | 1,162        |
|  | (-)             | (409,424)    | (-)  | (-)                      | (409,424)    |
| - Satluj Renewable Energy Pvt Ltd                  | -               | 171,316      | -  | -                        | 171,316      |
|  | (-)             | (-)          | (-)  | (-)                      | (-)          |
| - Satyavedu Infrastructure Company Pvt Ltd         | -               | 7,200        | -  | -                        | 7,200        |
|  | (-)             | (-)          | (-)  | (-)                      | (-)          |
| - Sikkim Hydro Power Ventures Ltd                  | -               | 5,926,654    | -  | -                        | 5,926,654    |
|  | (-)             | (467,118)    | (-)  | (-)                      | (467,118)    |
| - Sirsa Renewable Energy Pvt Ltd                   | -               | 10,900       | -  | -                        | 10,900       |
|  | (-)             | (-)          | (-)  | (-)                      | (-)          |
| - Tada Infra Development Company Ltd               | -               | 1,460        | -  | -                        | 1,460        |
|  | (-)             | (42,457)     | (-)  | (-)                      | (42,457)     |
| - Tada SEZ Pvt Ltd                                 | -               | 7,200        | -  | -                        | 7,200        |
|  | (-)             | (-)          | (-)  | (-)                      | -            |
| - Tangri Renewable Energy Pvt Ltd                  | -               | 900          | -  | -                        | 900          |
|  | (-)             | (-)          | (-)  | (-)                      | -            |
| - Tidong Hydro Power Ltd                           | -               | 15,439       | -  | -                        | 15,439       |
|  | (-)             | (170,914)    | (-)  | (-)                      | (170,914)    |
| - Vizag Seaport Pvt Ltd                            | -               | 515,972      | -  | -                        | 515,972      |
|  | (-)             | (183,029)    | (-)  | (-)                      | (183,029)    |
| - Yamuna Renewable Energy Pvt Ltd                  | -               | 10,900       | -  | -                        | 10,900       |
|  | (-)             | (-)          | (-)  | (-)                      | (-)          |
| - Youngthang Power Ventures Ltd                    | -               | 501,533      | -  | -                        | 501,533      |
|  | (-)             | (1,429,073)  | (-)  | (-)                      | (1,429,073)  |
| <b>Amount received towards the above finance :</b> |                 |              |  |                          |              |
| - Andhra Expressway Ltd                            | -               | 2,497,233    | -  | -                        | 2,497,233    |
|  | (-)             | (4,061,107)  | (-)  | (-)                      | (4,061,107)  |
| - ATSL Infrastructure Projects Ltd                 | -               | -            | 25,051                                     | -                        | 25,051       |
|  | (-)             | (-)          | (754)                                      | (-)                      | (754)        |
| - Blue Water Iron Ore Terminal Private Ltd         | -               | -            | 2,574,632                                  | -                        | 2,574,632    |
|  | (-)             | (-)          | (1,004,648)                                | (-)                      | (1,004,648)  |
| - Chitoor Infra Company Pvt Ltd                    | -               | 6,475        | -  | -                        | 6,475        |
|  | (-)             | (-)          | (-)  | (-)                      | (-)          |
| - Cochin Bridge Infrastructure Company Ltd         | -               | 2,990,119    | -  | -                        | 2,990,119    |
|  | (-)             | (5,018,989)  | (-)  | (-)                      | (5,018,989)  |
| - Gammon India Ltd                                 | -               | -            | -  | -                        | -            |
|  | (-)             | (-)          | (-)  | (-)                      | -            |
| - Gammon Logistics Ltd                             | -               | 1,597,826    | -  | -                        | 1,597,826    |
|  | (-)             | (5,743,567)  | (-)  | (-)                      | (5,743,567)  |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions                                 | Holding Company | Subsidiaries | Associates / Joint Ventures & Partnerships | Key Management & Personnel | Total        |
|--|-----------------|--------------|--|----------------------------|--------------|
| - Gammon Metro Transport Ltd                 | -               | -            | -  | -                          | -            |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Gammon Projects Developers Ltd             | -               | 26,990       | -  | -                          | 26,990       |
|  | (-)             | (6,600)      | (-)  | (-)                        | (6,600)      |
| - Gammon Renewable Energy Infrastructure Ltd | -               | 33,389       | -  | -                          | 33,389       |
|  | (-)             | (31,016)     | (-)  | (-)                        | (31,016)     |
| - Gammon Road Infrastructure Ltd             | -               | 1,685        | -  | -                          | 1,685        |
|  | (-)             | (31,016)     | (-)  | (-)                        | (31,016)     |
| - Gammon Seaport Infrastructure Ltd          | -               | 1,685        | -  | -                          | 1,685        |
|  | (-)             | (30,926)     | (-)  | (-)                        | (30,926)     |
| - Gorakhpur Infrastructure Company Ltd       | -               | 30,896,224   | -  | -                          | 30,896,224   |
|  | (-)             | (18,608,745) | (-)  | (-)                        | (18,608,745) |
| - Haryana Biomass Power Ltd                  | -               | -            | 56,812                                     | -                          | 56,812       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Indira Container Terminal Pvt Ltd          | -               | -            | 107,775                                    | -                          | 107,775      |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Jaguar Projects Developers Ltd             | -               | 1,406        | -  | -                          | 1,406        |
|  | (-)             | (1,016)      | (-)  | (-)                        | (1,016)      |
| - Kosi Bridge Infrastructure Company Ltd     | -               | 10,293,132   | -  | -                          | 10,293,132   |
|  | (-)             | (19,736,787) | (-)  | (-)                        | (19,736,787) |
| - Lilac Infraprojects Developers Ltd         | -               | 508,349      | -  | -                          | 508,349      |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Marine Projects Services Ltd               | -               | 1,820        | -  | -                          | 1,820        |
|  | (-)             | (502,316)    | (-)  | (-)                        | (502,316)    |
| - Modern Tollroads Ltd                       | -               | -            | -  | -                          | -            |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Mumbai Nasik Expressway Ltd                | -               | 26,602,987   | -  | -                          | 26,602,987   |
|  | (-)             | (31,190,103) | (-)  | (-)                        | (31,190,103) |
| - Pataliputra Highway Ltd                    | -               | 4,784,129    | -  | -                          | 4,784,129    |
|  | (-)             | (470,764)    | (-)  | (-)                        | (470,764)    |
| - Patna Highway Projects Ltd                 | -               | 45,602,080   | -  | -                          | 45,602,080   |
|  | (-)             | (332,635)    | (-)  | (-)                        | (332,635)    |
| - Pravara Renewable Energy Ltd               | -               | 1,760,936    | -  | -                          | 1,760,936    |
|  | (-)             | (4,405,597)  | (-)  | (-)                        | (4,405,597)  |
| - Punjab Biomass Power Ltd                   | -               | -            | 363,913                                    | -                          | 363,913      |
|  | (-)             | (-)          | (17,992)                                   | (-)                        | (17,992)     |
| - Rajahmundry Godavari Bridge Ltd            | -               | 44,516,661   | -  | -                          | 44,516,661   |
|  | (-)             | (24,279,758) | (-)  | (-)                        | (24,279,758) |
| - Rajahmundry Expressway Ltd                 | -               | 42,493       | -  | -                          | 42,493       |
|  | (-)             | (2,898,872)  | (-)  | (-)                        | (2,898,872)  |
| - Ras Cities and Townships Pvt Ltd           | -               | 1,162        | -  | -                          | 1,162        |
|  | (-)             | (629,806)    | (-)  | (-)                        | (629,806)    |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions                                 | Holding Company | Subsidiaries | Associates / Joint Ventures & Partnerships | Key Management & Personnel | Total       |
|--|-----------------|--------------|--|----------------------------|-------------|
| - Satluj Renewable Energy Pvt Ltd            | -               | 168,379      | -  | -                          | 168,379     |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Satyavedu Infrastructure Company Pvt Ltd   | -               | 7,200        | -  | -                          | 7,200       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Sikkim Hydro Power Ventures Ltd            | -               | 5,928,438    | -  | -                          | 5,928,438   |
|  | (-)             | (465,334)    | (-)  | (-)                        | (465,334)   |
| - Sirsa Renewable Energy Pvt Ltd             | -               | 900          | -  | -                          | 900         |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Tada Infra Development Company Ltd         | -               | 1,460        | -  | -                          | 1,460       |
|  | (-)             | (2,585,483)  | (-)  | (-)                        | (2,585,483) |
| - Tada SEZ Pvt Ltd                           | -               | 6,475        | -  | -                          | 6,475       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Tidong Hydro Power Ltd                     | -               | 30,578       | -  | -                          | 30,578      |
|  | (-)             | (155,775)    | (-)  | (-)                        | (155,775)   |
| - Yamuna Renewable Energy Pvt Ltd            | -               | 900          | -  | -                          | 900         |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Youngthang Power Ventures Ltd              | -               | 501,533      | -  | -                          | 501,533     |
|  | (-)             | (1,429,073)  | (-)  | (-)                        | (1,429,073) |
| <b>Interest income during the period :</b>   |                 |              |  |                            |             |
| - Cochin Bridge Infrastructure Company Ltd   | -               | 145,893      | -  | -                          | 145,893     |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Gammon Projects Developers Ltd             | -               | 46,999       | -  | -                          | 46,999      |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Gammon Renewable Energy Infrastructure Ltd | -               | 10,999       | -  | -                          | 10,999      |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Haryana Biomass Power Ltd                  | -               | -            | -  | -                          | -           |
|  | (-)             | (-)          | (172,241)                                  | (-)                        | (172,241)   |
| - Indira Container Terminal Pvt Ltd          | -               | -            | 41,609                                     | -                          | 41,609      |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Pataliputra Highway Ltd                    | -               | 24,156,162   | -  | -                          | 24,156,162  |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Punjab Biomass Power Ltd                   | -               | -            | 14,043,784                                 | -                          | 14,043,784  |
|  | (-)             | (-)          | (3,447,437)                                | (-)                        | (3,447,437) |
| - Pravara Renewable Energy Ltd               | -               | 769          | -  | -                          | 769         |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Youngthang Power Ventures Ltd              | -               | 844          | -  | -                          | 844         |
|  | (-)             | (429,589)    | (-)  | (-)                        | (429,589)   |
| <b>Interest expenses during the period :</b> |                 |              |  |                            |             |
| - Andhra Expressway Ltd                      | -               | 8,374,109    | -  | -                          | 8,374,109   |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |
| - Gammon India Ltd                           | 40,561,611      | -            | -  | -                          | 40,561,611  |
|  | (-)             | (-)          | (-)  | (-)                        | (-)         |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions   | Holding Company | Subsidiaries | Associates / Joint Ventures & Partnerships | Key Management & Personnel | Total         |
|--|-----------------|--------------|--|----------------------------|---------------|
| - Indira Container Terminal Pvt Ltd  | -               | -            | 600,000                                    | -                          | 600,000       |
|  | (-)             | (-)          | (320,548)                                  | (-)                        | (320,548)     |
| - Rajahmundry Expressway Ltd   | -               | 13,938,082   | -  | -                          | 13,938,082    |
|  | (-)             | (-)          | (-)  | (-)                        | (-)           |
| <b>Finance received (including Loans and Equity contribution in cash or in kind) :</b> |                 |              |  |                            |               |
| - Andhra Expressway Ltd  | -               | 200,000,000  | -  | -                          | 200,000,000   |
|  | (-)             | (-)          | (-)  | (-)                        | (-)           |
| - Gammon India Ltd   | 736,200,000     | -            | -  | -                          | 736,200,000   |
|  | (-)             | (-)          | (-)  | (-)                        | (-)           |
| - Rajahmundry Expressway Ltd   | -               | 500,000,000  | -  | -                          | 500,000,000   |
|  | (-)             | (-)          | (-)  | (-)                        | (-)           |
| - Mr. Parvez Umrigar   | -               | -            | -  | 38,400,000                 | 38,400,000    |
|  | (-)             | (-)          | (-)  | (5,000,000)                | (5,000,000)   |
| <b>Finance received for expenses and on account payments :</b>                         |                 |              |  |                            |               |
| - Gammon India Ltd   | -               | -            | -  | -                          | -             |
|  | (1,269,407)     | (-)          | (-)  | (-)                        | (1,269,407)   |
| - Mumbai Nasik Expressway Ltd  | -               | 7,329,131    | -  | -                          | 7,329,131     |
|  | (-)             | (-)          | (-)  | (-)                        | (-)           |
| <b>Amount liquidated towards the above finance received :</b>                          |                 |              |  |                            |               |
| - Andhra Expressway Ltd  | -               | 200,000,000  | -  | -                          | 200,000,000   |
|  | (-)             | (-)          | (-)  | (-)                        | (-)           |
| - Gammon India Ltd   | -               | -            | -  | -                          | -             |
|  | (544,810)       | (-)          | (-)  | (-)                        | (544,810)     |
| - Rajahmundry Expressway Ltd   | -               | 500,000,000  | -  | -                          | 500,000,000   |
|  | (-)             | (-)          | (-)  | (-)                        | (-)           |
| <b>Advance / Deposit towards purchase of Beneficial Interest of equity shares :</b>    |                 |              |  |                            |               |
| - Gammon India Ltd   | 53,503,150      | -            | -  | -                          | 53,503,150    |
|  | (264,071,600)   | (-)          | (-)  | (-)                        | (264,071,600) |
| - Gammon Projects Developers Ltd   | -               | 300,000      | -  | -                          | 300,000       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)           |
| <b>Margin Money Deposit kept with the Company :</b>                                    |                 |              |  |                            |               |
| - Indira Container Terminal Pvt Ltd  | -               | -            | -  | -                          | -             |
|  | (-)             | (-)          | (10,000,000)                               | (-)                        | (10,000,000)  |
| <b>Bank or Corporate Guarantees issued by the Company :</b>                            |                 |              |  |                            |               |
| - Aparna InfraEnergy   | -               | -            | 128,080,800                                | -                          | 128,080,800   |
|  | (-)             | (-)          | (-)  | (-)                        | (-)           |
| - Blue Water Iron Ore Terminal Pvt Ltd   | -               | -            | 15,500,000                                 | -                          | 15,500,000    |
|  | (-)             | (-)          | (-)  | (-)                        | (-)           |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions                                 | Holding Company | Subsidiaries  | Associates / Joint Ventures & Partnerships | Key Management & Personnel | Total         |
|--|-----------------|---------------|--|----------------------------|---------------|
| - Gammon Logistics Ltd                       | -               | -             | -  | -                          | -             |
|  | (-)             | (9,400,000)   | (-)  | (-)                        | (9,400,000)   |
| - Gammon Renewable Energy Infrastructure Ltd | -               | -             | -  | -                          | -             |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Haryana Biomass Power Ltd                  | -               | -             | 2,800,000                                  | -                          | 2,800,000     |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Indira Container Terminal Pvt Ltd          | -               | -             | 25,000,000                                 | -                          | 25,000,000    |
|  | (-)             | (-)           | (10,000,000)                               | (-)                        | (10,000,000)  |
| - Kosi Bridge Infrastructure Company Ltd     | -               | 125,412,000   | -  | -                          | 125,412,000   |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Mumbai Nasik Expressway Ltd                | -               | 1,185,000     | -  | -                          | 1,185,000     |
|  | (-)             | (2,600,000)   | (-)  | (-)                        | (2,600,000)   |
| - Pataliputra Highway Ltd                    | -               | -             | -  | -                          | -             |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Patna Highway Projects Ltd                 | -               | 336,000,000   | -  | -                          | 336,000,000   |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Rajahmundry Godavari Bridge Ltd            | -               | -             | -  | -                          | -             |
|  | (-)             | (296,500,000) | (-)  | (-)                        | (296,500,000) |
| <b>Outstanding Balances Receivable :</b>     |                 |               |  |                            |               |
| - ATSL Infrastructure Projects Ltd           | -               | -             | 25,051                                     | -                          | 25,051        |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Aparna InfraEnergy                         | -               | -             | 4,514,690                                  | -                          | 4,514,690     |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Blue Water Iron Ore Terminal Private Ltd   | -               | -             | 49,424                                     | -                          | 49,424        |
|  | (-)             | (-)           | (1,467,141)                                | (-)                        | (1,467,141)   |
| - Chitoor Infra Company Pvt Ltd              | -               | 725           | -  | -                          | 725           |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Cochin Bridge Infrastructure Company Ltd   | -               | 5,314,391     | -  | -                          | 5,314,391     |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Dohan Renewable Energy Pvt Ltd             | -               | 10,900        | -  | -                          | 10,900        |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Gammon India Ltd                           | -               | -             | -  | -                          | -             |
|  | (764,450,376)   | (-)           | (-)  | (-)                        | (764,450,376) |
| - Gammon Logistics Ltd                       | -               | 49,121,839    | -  | -                          | 49,121,839    |
|  | (-)             | (50,421,239)  | (-)  | (-)                        | (50,421,239)  |
| - Gammon Projects Developers Ltd             | -               | 970,000       | -  | -                          | 970,000       |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Gammon Renewable Energy Infrastructure Ltd | -               | 462,000       | -  | -                          | 462,000       |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Gammon Road Infrastructure Ltd             | -               | -             | -  | -                          | -             |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |
| - Gammon Seaport Infrastructure Ltd          | -               | -             | -  | -                          | -             |
|  | (-)             | (-)           | (-)  | (-)                        | (-)           |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011

(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions                               | Holding Company | Subsidiaries | Associates / Joint Ventures & Partnerships | Key Management & Personnel | Total        |
|--|-----------------|--------------|--|----------------------------|--------------|
| - Ghaggar Renewable Energy Pvt Ltd         | -               | 900          | -  | -                          | 900          |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Gorakhpur Infrastructure Company Ltd     | -               | -            | -  | -                          | -            |
|  | (-)             | (11,859)     | (-)  | (-)                        | (11,859)     |
| - Haryana Biomass Power Ltd                | -               | -            | 9,429,411                                  | -                          | 9,429,411    |
|  | (-)             | (-)          | (9,245,254)                                | (-)                        | (9,245,254)  |
| - Indira Container Terminal Pvt Ltd        | -               | -            | 2,783,401                                  | -                          | 2,783,401    |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Indori Renewable Energy Pvt Ltd          | -               | 10,900       | -  | -                          | 10,900       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Kasavati Renewable Energy Pvt Ltd        | -               | 10,900       | -  | -                          | 10,900       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Kosi Bridge Infrastructure Company Ltd   | -               | 7,355        | -  | -                          | 7,355        |
|  | (-)             | (8,336,452)  | (-)  | (-)                        | (8,336,452)  |
| - Markanda Renewable Energy Pvt Ltd        | -               | 10,000       | -  | -                          | 10,000       |
|  | (-)             | (-)          | (-)  | (-)                        | -            |
| - Mumbai Nasik Expressway Ltd              | -               | 85,704,664   | -  | -                          | 85,704,664   |
|  | (-)             | (171,764)    | (-)  | (-)                        | (171,764)    |
| - Mordern Tollroads Ltd                    | -               | -            | 48,271                                     | -                          | 48,271       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Pataliputra Highway Ltd                  | -               | 634,700,727  | -  | -                          | 634,700,727  |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Patna Highway Projects Ltd               | -               | 43,013,078   | -  | -                          | 43,013,078   |
|  | (-)             | (319,848)    | (-)  | (-)                        | (319,848)    |
| - Pravara Renewable Energy Ltd             | -               | 469,341      | -  | -                          | 469,341      |
|  | (-)             | (1,780)      | (-)  | (-)                        | (1,780)      |
| - Punjab Biomass Power Ltd                 | -               | -            | 156,336,231                                | -                          | 156,336,231  |
|  | (-)             | (-)          | (57,821,894)                               | (-)                        | (57,821,894) |
| - Rajahmundry Godavari Bridge Ltd          | -               | 101,833      | -  | -                          | 101,833      |
|  | (-)             | (615,685)    | (-)  | (-)                        | (615,685)    |
| - Ras Cities and Townships Pvt Ltd         | -               | -            | -  | -                          | -            |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Satluj Renewable Energy Pvt Ltd          | -               | 2,937        | -  | -                          | 2,937        |
|  | (-)             | (-)          | (-)  | (-)                        | -            |
| - Satyavedu Infrastructure Company Pvt Ltd | -               | -            | -  | -                          | -            |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Sikkim Hydro Power Ventures Ltd          | -               | -            | -  | -                          | -            |
|  | (-)             | (1,784)      | (-)  | (-)                        | (1,784)      |
| - Sirsa Renewable Energy Pvt Ltd           | -               | 10,000       | -  | -                          | 10,000       |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Tada SEZ Pvt Ltd                         | -               | 725          | -  | -                          | 725          |
|  | (-)             | (-)          | (-)  | (-)                        | (-)          |
| - Tangri Renewable Energy Pvt Ltd          | -               | 900          | -  | -                          | 900          |

## Schedules (contd.)

Annexed to and forming part of the Financial Statements for the year ended March 31, 2011  
(All amounts in Indian ₹)

(Amounts in brackets relate to March 31, 2010)

| Transactions                          | Holding Company | Subsidiaries | Associates / Joint Ventures & Partnerships | Key Management Personnel | Total       |
|---------------------------------------|-----------------|--------------|--|--------------------------|-------------|
|                                       | (-)             | (-)          | (-)  | (-)                      | (-)         |
| - Tidong Hydro Power Ltd              | -               | -            | -  | -                        | -           |
|                                       | (-)             | (15,139)     | (-)  | (-)                      | (15,139)    |
| - Vizag Seaport Pvt Ltd               | -               | 76,739       | -  | -                        | 76,739      |
|                                       | (-)             | (-)          | (-)  | (-)                      | (-)         |
| - Yamuna Renewable Energy Pvt Ltd     | -               | 10,000       | -  | -                        | 10,000      |
|                                       | (-)             | (-)          | (-)  | (-)                      | (-)         |
| - Youngthang Power Ventures Ltd       | -               | -            | -  | -                        | -           |
|                                       | (-)             | (-)          | (-)  | (-)                      | (-)         |
| <b>Outstanding Balances Payable :</b> |                 |              |  |                          |             |
| - Andhra Expressway Ltd               | -               | -            | -  | -                        | -           |
|                                       | (-)             | (-)          | (-)  | (-)                      | (-)         |
| - Gammon India Ltd                    | 709,909,939     | -            | -  | -                        | 709,909,939 |
|                                       | (-)             | (-)          | (-)  | (-)                      | (-)         |
| - Indira Container Terminal Pvt Ltd   | -               | -            | -  | -                        | -           |
|                                       | (-)             | (-)          | (6,779,010)                                | (-)                      | (6,779,010) |
| - Modern toll Road Limited            | -               | -            | -  | -                        | -           |
|                                       | (-)             | (-)          | (-)  | (-)                      | (-)         |
| - Mumbai Nasik Expressway Ltd         | -               | -            | -  | -                        | -           |
|                                       | (-)             | (-)          | (-)  | (-)                      | (-)         |
| - Rajahmundry Expressway Ltd          | -               | -            | -  | -                        | -           |
|                                       | (-)             | (-)          | (-)  | (-)                      | (-)         |
| - Vizag Seaport Pvt Ltd               | -               | -            | -  | -                        | -           |
|                                       | (-)             | (439,233)    | (-)  | (-)                      | (439,233)   |
| - Youngthang Power Ventures Ltd       | -               | -            | -  | -                        | -           |
|                                       | (-)             | (-)          | (-)  | (-)                      | (-)         |

**Note :**

The Name of Gammon Hospitality Limited has been Changed to Tada Infra Development Company Limited

# Statement Pursuant to Section 212

of The Companies Act, 1956, Relating to the subsidiary companies.

(All amounts in Indian ₹)

|   | Pataliputra Highway Limited   | Patna Highway Projects Limited | Pravara Renewable Energy Limited | Ras Cities and Townships Private Limited * | Rajahmundry Expressway Limited | Rajahmundry Godavari Bridge Limited | Sikkim Hydro Power Ventures Limited | Tada Infra Development Company Limited | Tada Infrastructure Projects Private Limited ** | Tidong Hydro Power Limited | Vizag Seaport Private Limited | Youngthang Power Ventures Limited |
|---|---|--------------------------------|----------------------------------|--|--------------------------------|-------------------------------------|-------------------------------------|--|---|----------------------------|-------------------------------|-----------------------------------|
|   | March 31, 2011  | March 31, 2011                 | March 31, 2011                   | March 31, 2011                             | March 31, 2011                 | March 31, 2011                      | March 31, 2011                      | March 31, 2011                         | March 31, 2011                                  | March 31, 2011             | March 31, 2011                | March 31, 2011                    |
| 1 | The Financial Year of the Subsidiaries ended  | March 31, 2011                 | March 31, 2011                   | March 31, 2011                             | March 31, 2011                 | March 31, 2011                      | March 31, 2011                      | March 31, 2011                         | March 31, 2011                                  | March 31, 2011             | March 31, 2011                | March 31, 2011                    |
| 2 | Shares of the Subsidiary Companies held by the holding company, Gammon Infrastructure Projects Ltd  |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |
|   | 1) Numbers  |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |
|   | a) Legal ownership  | 15,000                         | 2,500,000                        | 7,000,000                                  | -                              | 21,459,950                          | 3,173,900                           | 50,000                                 | -   | -                          | 64,313,847                    | 9,610,000                         |
|   | b) Beneficial ownership (***)   | -                              | -                                | -  | -                              | 7,540,050                           | -                                   | -                                      | 10,000  | 25,500                     | -                             | -                                 |
|   | c) Held by Subsidiaries of the Company  | -                              | -                                | -  | 10,000                         | -                                   | -                                   | -                                      | -   | -                          | -                             | -                                 |
|   | 2) Extent of Holding (including beneficial ownership)   | 10.00%                         | 100.00%                          | 100.00%                                    | 100.00%                        | 100.00%                             | 100.00%                             | 100.00%                                | 100.00%   | 51.00%                     | 73.76%                        | 100.00%                           |
| 3 | The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were : |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |
|   | i) Dealt with in the accounts of Gammon Infrastructure Projects Ltd amounted to :   |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |
|   | a) For subsidiaries' financial year ended on 31st March, 2010   |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |
|   | b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd                                |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |
|   | ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :   |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |
|   | a) For subsidiaries' financial year ended March 31, 2011  | (1,184,140)                    | (3,383,112)                      | (1,744,144)                                | 729,622                        | 170,537,901                         | (45,779)                            | 719,337                                | (29,703)  | (3,528)                    | 118,300,066                   | (536,166)                         |

# Statement Pursuant to Section 212

of The Companies Act, 1956, Relating to the subsidiary companies.

(All amounts in Indian ₹)

|   | Pataliputra Highway Limited | Patna Highway Projects Limited | Pravara Renewable Energy Limited | Ras Cities and Townships Private Limited * | Rajahmundry Expressway Limited | Rajahmundry Godavari Bridge Limited | Sikkim Hydro Power Ventures Limited | Tada Infra Development Company Limited | Tada Infrastructure Projects Private Limited ** | Tidong Hydro Power Limited | Vizag Seaport Private Limited | Youngthang Power Ventures Limited |
|---|-----------------------------|--------------------------------|----------------------------------|--|--------------------------------|-------------------------------------|-------------------------------------|--|---|----------------------------|-------------------------------|-----------------------------------|
| b) For previous financial years of the subsidiaries since these became subsidiaries of Gammon Infrastructure Projects Ltd   | (27,474)                    | (199,076)                      | (1,748,140)                      | ****                                       | 129,705,690                    | (9,664,125)                         | (2,324,556)                         | (260,060)                              | ****  | (18,553)                   | 104,293,157                   | (190,346)                         |
| a) Issued and Paid-up Equity Share Capital  | 1,500,000                   | 25,000,000                     | 70,000,000                       | 100,000                                    | 290,000,000                    | 1,061,100,000                       | 31,739,000                          | 500,000                                | 100,000   | 500,000                    | 871,912,640                   | 96,100,000                        |
| b) Reserves   | (13,321,993)                | (3,582,188)                    | (3,530,454)                      | 671,134                                    | 840,829,607                    | (22,032,930)                        | (2,242,298)                         | (1,788,411)                            | (29,703)  | (88,790)                   | (119,288,073)                 | (1,351,593)                       |
| c) Total Assets   | 225,649,750                 | 1,681,440,307                  | 172,401,820                      | 646,649,426                                | 2,870,379,121                  | 4,789,217,552                       | 540,000,583                         | 513,425                                | 78,400  | 639,415                    | 2,954,465,625                 | 613,810,386                       |
| d) Total Liabilities  | 638,322,740                 | 1,660,022,495                  | 106,672,615                      | 646,618,633                                | 1,769,549,514                  | 3,750,150,482                       | 510,503,881                         | 2,542,177                              | 8,103   | 228,205                    | 2,201,841,058                 | 519,802,320                       |
| e) Investments (except in case of investment in subsidiaries)   | 400,850,997                 | -                              | 740,341                          | 740,341                                    | 30,000,000                     | -                                   | -                                   | 740,341                                | -   | -                          | -                             | 740,341                           |
| f) Turnover   | -                           | -                              | -                                | -  | 650,486,173                    | -                                   | -                                   | -                                      | -   | -                          | 1,237,684,280                 | -                                 |
| g) Profit/(Loss) before Taxation  | (11,841,401)                | (3,383,112)                    | (1,744,144)                      | 729,622                                    | 139,443,065                    | (5,183,115)                         | (45,779)                            | 719,337                                | (29,703)  | (6,918)                    | 160,381,204                   | (536,166)                         |
| h) Provision for Taxation including Deferred Tax  | -                           | -                              | -                                | -  | (31,094,836)                   | -                                   | -                                   | -                                      | -   | -                          | -                             | -                                 |
| i) Profit/(Loss) After Taxation   | (11,841,401)                | (3,383,112)                    | (1,744,144)                      | 729,622                                    | 170,537,901                    | (5,183,115)                         | (45,779)                            | 719,337                                | (29,703)  | (6,918)                    | 160,381,204                   | (536,166)                         |
| j) Proposed Dividend including Tax on Dividend  | -                           | -                              | -                                | -  | 202,899,225                    | -                                   | -                                   | -                                      | -   | -                          | -                             | -                                 |
| * Subsidiary of Gammon Projects Developers Limited, a wholly owned subsidiary of Gammon Infrastructure Projects Limited ('the Company')   |                             |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |
| ** The name of 'Satyvedu Infrastructure Company Private Limited' was changed to 'Chitoor Infrastructure Projects Private Limited' w.e.f May 4, 2011 and the name of 'Tada SEZ Private Limited' was changed to 'Tada Infrastructure Projects Private Limited' w.e.f May 16, 2011.                                      |                             |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |
| *** 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. |                             |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |
| **** The companies were incorporated during the year 2010-11, hence figures for previous year are not available.  |                             |                                |                                  |  |                                |                                     |                                     |  |   |                            |                               |                                   |

For and on behalf of the Board of Directors of  
GAMMON INFRASTRUCTURE PROJECTS LIMITED

Kishor Kumar Mohanty  
Managing Director

Himanshu Parikh  
Vice Chairman

G. Sathish Chandran  
Company Secretary  
Place : Mumbai  
Date : May 19, 2011



# sustaining growth momentum





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

