Draft Letter of Offer
Dated September 30, 2011
For Equity Shareholders of the Company only

GAMMON INFRASTRUCTURE PROJECTS LIMITED

Registered Office: Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
Contact Person: G. Sathis Chandran, Company Secretary and Compliance Officer
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FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF GAMMON INFRASTRUCTURE PROJECTS LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF [●] EQUITY SHARES WITH A FACE VALUE OF ₹ 2 EACH OF THE COMPANY (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR AN AMOUNT NOT EXCEEDING ₹ 2,000 MILLION ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF [●] EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE THE SECTION "*TERMS OF THE ISSUE*" ON PAGE 192.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the Draft Letter of Offer. **Investors are advised to refer to the section "*Risk Factors*" on page IX before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Letter of Offer contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in the Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") (collectively, the "Stock Exchanges"). The Company has received "in-principle" approvals from the BSE and the NSE for listing the Equity Shares to be allotted in the Issue vide their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is [●].

LEAD MANAGERS TO THE ISSUE			REGISTRAR TO THE ISSUE
Collins Stewart Inga	ICICI Securities	IDFC	LINK INTIME INDIA PVT LTD
Collins Stewart Inga Private Limited* A-404, Neelam Centre Hind Cycle Road Worli Mumbai 400 030 Tel: (91 22) 2498 2919 Fax: (91 22) 2498 2956 E-mail: gipl.rights@csinga.com Investor Grievance Email: investors@csinga.com Website: www.csinga.com Contact Person: Mukesh Garg / Gaurav Mittal SEBI Registration No.: INM000010924 **Collins Stewart Inga Private Limited has made an application on May 27, 2011 with SEBI for renewal of its certificate of registration.*	**ICICI Securities Limited** ICICI Centre H.T. Parekh Marg Churchgate Mumbai 400 020 Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 E-mail: gammonrights@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Sumit Agarwal / Amit Joshi SEBI Registration No: INM000011179	**IDFC Capital Limited** Naman Chambers C – 32, G Block Bandra Kurla Complex Bandra (East) Mumbai 400 051 Tel: (91 22) 6622 2600 Fax: (91 22) 6622 2501 E-mail: gipl.rights@idfc.com Investor Grievance Email: complaints@idfc.com Website: www.idfccapital.com Contact Person: Hiren Raipancholia SEBI Registration No.: INM000011336	**Link Intime India Private Limited** C-13, Pannalal Silk Mill Compound L.B.S. Marg Bhandup (West) Mumbai 400 078 Tel: (91 22) 2596 0320 Fax: (91 22) 2596 0329 Email: gipl.rights@linkintime.co.in Investor Grievance Email: gipl.rights@linkintime.co.in Website: www.linkintime.co.in Contact Person: Pravin Kasare SEBI Registration No: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

The Draft Letter of Offer uses certain definitions and abbreviations, which unless the context indicates or implies otherwise, have the meanings as provided below. Reference to any legislation, act or regulation shall be to such legislation, act or regulation as amended from time to time.

Company Related Terms

Term	Description
"GIPL", "the Company", or "the Issuer"	Gammon Infrastructure Projects Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
"We" or "us" or "our"	Gammon Infrastructure Projects Limited and its subsidiaries, joint ventures and associates on a consolidated basis
AEL	Andhra Expressway Limited, which operates the AEL Annuity Road Project
Articles/ Articles of Association	Articles of Association of the Company
BWIOTPL	Blue Water Iron Ore Terminal Private Limited, which is developing the Paradip Iron Ore Berth Project
Board/Board of Directors	Board of Directors of the Company
CBICL	Cochin Bridge Infrastructure Company Limited, which operates the Cochin Bridge Project
Director	Director of the Company, unless otherwise specified
Equity Shareholder/ Shareholder	A holder of the Equity Shares of the Company
Equity Shares	Equity Shares of the Company of face value of ₹ 2 each
ESOP 2007	Employees Stock Option Scheme as approved by the shareholders of the Company in the meeting dated May 4, 2007
ESOP 2008	Employees Stock Option Scheme as approved by the shareholders of the Company in the meeting dated September 15, 2008
ESOP 2009	Employees Stock Option Scheme as approved by the shareholders of the Company in the meeting dated January 22, 2010
GICL	Gorakhpur Infrastructure Company Limited, which is developing the Gorakhpur Bypass Project
GIL	Gammon India Limited, our Promoter, a company incorporated under the Companies Act, 1913 and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
GLL	Gammon Logistics Limited, a subsidiary of the Company
ICTPL	Indira Container Terminal Private Limited, which is developing the Mumbai Offshore Container Terminal Project
Joint Auditors	Natvarlal Vepari & Co., Chartered Accountants and S. R. Batliboi & Co., Chartered Accountants
KBICL	Kosi Bridge Infrastructure Company Limited, which is developing the Kosi Bridge Project
MNEL	Mumbai Nasik Expressway Limited, which operates the Mumbai-Nasik Expressway Project
PHPL	Patna Highway Projects Limited, which is developing the Patna Highway Project
PREL	Pravara Renewable Energy Limited, which is developing the Pravara Co-generation Power Project
Promoter	Gammon India Limited, the promoter of the Company
Promoter Group	Unless the context otherwise requires, refers to such persons and entities constituting

Term	Description
	the promoter group of the Company in terms of Regulation 2(zb) of the SEBI Regulations which are disclosed by the Company to the Stock Exchanges from time to time.
Registered Office	The registered office of the Company situated at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
REL	Rajahmundry Expressway Limited, which operates the REL Annuity Road Project
RGBL	Rajahmundry Godavari Bridge Limited, which is developing the Godavari Bridge Project
SHPVL	Sikkim Hydro Power Ventures Limited, which is developing the Rangit II Hydroelectric Power Project
VSPL	Vizag Seaport Private Limited, which operates the Visakhapatnam Port Project
YPVL	Yongthang Power Ventures Limited, which is developing the Youngthangkhab Hydroelectric Power Project

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders of the Company with respect to the Issue in accordance with the SEBI Regulations
Allotment	The allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares of the Company will be issued pursuant to the Issue
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the application amount in his/her specified bank account maintained with the SCSB
ASBA Account	An account maintained with an SCSB and specified in the CAF for blocking the amount mentioned in the CAF
ASBA Investor	Equity Shareholders proposing to subscribe to the Issue through ASBA process and who: 1. are holding the Equity Shares of the Company in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Equity Shares in dematerialized form; 2. have not renounced their Rights Entitlements in full or in part; 3. are not Renouncees; and 4. are applying through blocking of funds in a bank account maintained with the SCSBs
Bankers to the Issue	[●]
Composite Application Form/CAF	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that the Company would issue for the Equity Shares Allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html
Designated Branches	Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html
Designated Stock Exchange	[●]
Draft Letter of Offer	The draft letter of offer dated September 30, 2011 filed with SEBI for its observations
Investor(s)	The Equity Shareholders of the Company on the Record Date, i.e. [●] and the Renouncees
Issue	Issue of [●] Equity Shares for cash at Issue Price of ₹ [●] per Equity Share (including premium of ₹ [●] per Equity Share) for an amount not exceeding ₹ 2,000 million on a rights basis to the existing Equity Shareholders of the Company in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held by the

Term	Description
	Equity Shareholders on the Record Date, i.e. [●].
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●]
Issue Proceeds	The proceeds of the Issue that are available to the Company
Issue Size	The issue of [●] Equity Shares for an amount not exceeding ₹ 2,000 million
Lead Managers	Collins Stewart Inga Private Limited, ICICI Securities Limited and IDFC Capital Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between the Company and the Stock Exchanges
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, see the section "*Objects of the Issue*" on page 18
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Record Date	[●]
Registrar to the Issue	Link Intime India Private Limited
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from Equity Shareholders
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/pmd/scsb.html
Securities Act	U.S. Securities Act, 1933, as amended

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
₹ or Rs. or Rupees or INR	Indian Rupee
AGM	Annual General Meeting
AS	Accounting Standards issued by the ICAI
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Central Government	The Central Government of India
CIN	Corporate Identification Number
Companies Act	Companies Act, 1956
Depositories Act	Depositories Act, 1996
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DIPP	The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant Identity
DP/Depository Participant	Depository Participant as defined under the Depositories Act
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extra-Ordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investor (as defined under the SEBI (Foreign Institutional Investors) Regulations,1995), registered with the SEBI under applicable laws in

Term/Abbreviation	Description/ Full Form
	India
Financial Year/fiscal year/ FY	Period of 12 months ended March 31 of that particular year.
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
Government	The Central Government and or the State Government of India, as applicable
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
IPO	Initial Public Offer
IT Act	Income Tax Act, 1961
Memorandum / Memorandum of Association	Memorandum of Association of the Company
Mutual Fund	Mutual fund registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
NECS	National Electronic Clearing Service
NR	Non-Resident
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PLR	Prime Lending Rate
RBI	Reserve Bank of India
RoC	Registrar of Companies, Maharashtra, situated at Everest, 5th Floor, 100, Marine Drive, Mumbai 400 002
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI ESOP Guidelines	Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
State Government	Government of a state of India
Stock Exchanges	The BSE and the NSE
Subsidiaries	Subsidiaries of the Company
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
UK	United Kingdom
USA	United States of America
USD or US$	United State dollars, the legal currency of the United States of America
WPI	Wholesale price index

Technical and Industry Related Terms

Term/Abbreviation	Description/ Full Form
BOO	Build, Own and Operate
BOOT	Build, Own, Operate and Transfer

Term/Abbreviation	Description/ Full Form
BOT	Build, Operate and Transfer
COD	Commercial Operation Date
EPC	Engineering, Procurement and Construction
MbPT	Mumbai Port Trust
MTPA	Million tonnes per annum
MW	Megawatt
NH	National Highway
NHAI	National Highways Authority of India
O&M	Operations and Maintenance
PPA	Power Purchase Agreement
PPP	Public Private Partnership
SAIL	Steel Authority of India Limited
SEZ	Special Economic Zone
SPV(s)	special purpose vehicle(s)
TAMP	Tariff Authority for Major Ports
TEU	Twenty feet equivalent unit
VPT	Vishakhapatnam Port Trust

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Draft Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue on a rights basis to the Equity Shareholders of the Company and will dispatch the Letter of Offer/Abridged Letter of Offer and Composite Application Form ("CAF") to Equity Shareholders who have an Indian address.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with the SEBI for its observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Draft Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Draft Letter of Offer.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Draft Letter of Offer.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

References in the Draft Letter of Offer to “India” are to the Republic of India.

Financial Data

Unless stated otherwise, the financial data in the Draft Letter of Offer is derived from the Company's audited consolidated financial statements. The Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year.

The Company prepares its financial statements in accordance with the generally accepted accounting principles in India, which differ in certain respects from generally accepted accounting principles in other countries. Indian GAAP differs in certain significant respects from the International Financial Reporting Standards. The Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

In the Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

For definitions, see the section “*Definitions and Abbreviations*” on page I.

FORWARD LOOKING STATEMENTS

Certain statements in the Draft Letter of Offer are not historical facts but are "forward-looking" in nature. Forward looking statements appear throughout the Draft Letter of Offer, including, without limitation, under the headings "*Risk Factors*" and "*Business*". The Company may from time to time make written or oral forward-looking statements in reports to Equity Shareholders and in other communications. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, the Company's competitive strengths and weaknesses, the Company's business strategy and the trends the Company anticipates in the industries and the political and legal environment, and geographical locations, in which the Company operates, and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "seek", "expect", "continue", "intend", "predict", "project", "should", "goal", "future", "could", "may", "will", "would", "targets", "aims", "is likely to", "plan" and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under "*Risk Factors*", as well as those included elsewhere in the Draft Letter of Offer. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- implementation risks involved in our projects;
- delays in the completion of our projects;
- our reliance on Government and Government controlled entities for our revenue;
- our dependence on small number of operating assets;
- our inability to raise capital for our future projects;
- adverse results in litigations and disputes in which we are involved;
- increase in interest rates;
- our inability in securing award of new projects or joint venture partners for bidding for new projects;
- regulatory environment in which we operate;
- our dependence on a few major clients;
- discontinuation of tax benefits available to us; and
- competition in the industry we operate.

For a further discussion of factors that could cause the Company's actual results to differ, see the sections "*Risk Factors*" and "*Business*" on pages IX and 29 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Lead Managers make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither the Company nor the Lead Managers nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI/Stock Exchanges requirements, the Company and Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in equity shares involves a degree of risk. You should carefully consider all the information in the Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. If the following risks actually occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks not described below or not currently known to us or that we currently deem immaterial may also adversely affect the market price of the Equity Shares.

Unless specified or quantified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below.

Risks related to our Business

1. ***Given the long-term nature of the projects we undertake, we face various kinds of implementation risks.***

Infrastructure development projects involve agreements that are long-term in nature. We derive a substantial portion of our revenues from long-term concession or license agreements that usually range from 15 to 40 years. All long-term agreements have inherent risks associated with them that may not necessarily be within our control. Accordingly, we are exposed to a variety of implementation and other risks, including construction delays, material shortages, unanticipated cost increases, delays in acquisition of land, delay in obtaining approvals, inability to negotiate satisfactory arrangements with joint venture partners and any disagreements with our joint venture partners.

Business circumstances may materially change over the life of one or more of our concession or implementation agreements and we may not have the ability to modify these agreements to reflect these changes. Further, our commitments and obligations under these agreements may restrict our ability to implement changes to our business plan, including reducing our shareholding in the relevant SPVs. This may limit our business flexibility, expose us to an increased risk of unforeseen business and industry changes and could have an adverse effect on our business, financial condition and results of operations.

As the revenue structure for the SPVs under each of such agreements is set over the life of the relevant agreement (and fluctuates subject to the built-in adjustment mechanisms contained in the relevant agreement), the SPVs' profitability is largely a function of how effectively they are able to manage their costs during the terms of such agreements. If the SPVs are unable to effectively manage their costs, our business, financial condition and results of operations may be adversely affected.

2. ***Delays in the completion of our current and future projects could have adverse effects on our business prospects and results of operations.***

We have faced delays in completion of our operational projects and are expected to face delays in completion for certain of our projects which are under development. The scheduled completion targets for our projects are estimates and are subject to delays as a result of, among other things, unforeseen engineering problems, force majeure events, unavailability of financing, unanticipated cost increases or changes in scope and inability in obtaining certain property rights or government approvals.

Typically, our projects are subject to specific completion schedule requirements. We also provide performance guarantees to our clients which require us to complete projects within a specified time frame. Failure to adhere to contractually agreed timelines for reasons other than for force majeure events and counter-party defaults could lead to forfeiture of security deposits, result in us or one of our SPVs being required to pay liquidated damages or our performance guarantees being invoked. In some cases, the client may be entitled to appoint, at our expense, a third party to complete the work.

The scheduled project completion date for our Mumbai-Nasik Expressway Project was extended by 26 months due to, among other things, delays relating to receipt of forest clearance, land acquisition related issues and heavy rainfall. This resulted in a cost overrun for the Mumbai-Nasik Expressway Project from the estimated cost of ₹ 7,530.00 million to the final completion cost of approximately ₹ 8,083 million on account of higher interest payable during the construction period.

Further, we are currently experiencing delays in a number of our projects under development including:

- The Kosi Bridge Project and the Gorakhpur Bypass Project have been delayed by 24 months and 33 months, respectively, primarily due to delay in acquisition of land and other factors not in our control. For the Kosi Bridge Project, the independent consultant has recommended an interim extension of 631 days to NHAI and the approval for the same is awaited from NHAI. The scheduled completion date for the Gorakhpur Bypass Project in terms of the Gorakhpur Concession Agreement was October 4, 2009. However, the revised estimated COD is June 2012 and the extension for the same is awaited from NHAI.

- In terms of the license agreement December 3, 2007, the Mumbai Offshore Container Project was to be commissioned by December 2, 2010 which has been delayed to December 2012. The construction was delayed due to a slowdown in the dredging and land filling work.

- The scheduled completion date for the Godavari Bridge Project in terms of the Godavari Concession Agreement is May 25, 2012. However, the revised estimated COD is December 2012 and the Company shall apply to the Government of Andhra Pradesh seeking extension of the COD.

There can be no assurance that our projects will be completed in the time expected. We cannot assure you that all potential liabilities that may arise from delays will be covered or that the damages, if any, that may be claimed from third parties for such delay, shall be adequate to cover any loss of profits resulting from such delays.

Further, any delay in completing construction contracts means that the total cost of a construction contract could exceed the original estimates. Further, the SPVs' lenders may impose additional restrictive covenants or other less favourable terms where existing financing arrangements have to be rescheduled or restructured. Such delays and cost overruns will adversely affect our business and results of operations.

3. ***We rely substantially on Government-owned and Government-controlled entities for our revenues. Political or financial pressures could cause these entities to force us to renegotiate our agreements and could also adversely affect their ability to pay us.***

Most infrastructure development projects under public private partnership in India, including majority of our projects, have been awarded by Government-owned or Government-controlled entities and, therefore, may be subject to political or financial pressures. This may lead to such agreements being restructured or renegotiated by these entities, which could adversely affect our business and results of operations. For example, the Government of Kerala has not yet signed a revised concession agreement with CBICL giving effect to its orders dated January 24, 2005 and March 1, 2005 setting out the revised terms of concession for our Cochin Bridge Project.

Additionally, our projects being Government-owned or Government-controlled projects, may often be subject to delays on account of various factors such as a change in the central and/or State Government, changes in policies impacting the public at large, scaling back of Government policies or initiatives, changes in Governmental or external budgetary allocation, or insufficiency of funds, which can significantly and adversely affect our business, financial condition and results of operations.

4. ***Our operations are, and will continue to be, primarily dependent on a small number of operating assets. If the operation of one or more of these assets is disrupted, it would have a material adverse effect on our financial condition and results of operations.***

Presently, our revenues are substantially derived from five SPVs – REL, AEL, CBICL, VSPL and MNEL, which operate the REL Annuity Road Projects, AEL Annuity Road Projects, the Cochin Bridge Project, the Vishakapatnam Port Project and the Mumbai-Nasik Expressway Project, respectively. Total income from these companies constituted 90.14% of our total income on a consolidated basis for the fiscal year 2011. Further, the estimated CODs for our projects under development are January 2014 for Pravara Co-generation Project, December

2015 for Rangit–II Hydroelectric Power Project, November 2014 for Paradip Iron Ore Berth Project, December 2012 for Mumbai Offshore Container Terminal, December 2012 for Godavari Bridge Project, March 2012 for Kosi Bridge Project and June 2012 for Gorakhpur Bypass Project. Until the full commercial operation of our projects under development, we will continue to be substantially dependent on our existing five operational projects. If one or more of these five projects is damaged and our losses are not adequately covered by the relevant insurance policies, or if any such project undergoes maintenance for a longer period than was estimated, our business, financial condition and results of operations could be adversely affected.

5. ***There are outstanding litigation involving us which may adversely affect our business and financial conditions.***

There are outstanding legal proceedings involving us in relation to our projects. Such legal proceedings include disputes relating to non-payment of contractual dues, arbitral proceedings relating to non-payment under concession agreements, tax proceedings and cases related to land acquisition for our projects and dishonour of cheques. These proceedings are pending at various stages of adjudication before various courts, tribunals, appellate authorities and arbitrators. For further details of certain of our outstanding litigation, please see the section "*Outstanding Litigation and Defaults*" on page 176.

We cannot assure you that the legal proceedings involving us will be decided in our favour or that no further liability will arise out of these proceedings. Further, such legal proceedings could divert management time and attention and consume financial resources. Further, any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and could have a material adverse effect on our business prospects, financial conditions and result of operations.

6. ***We have substantial indebtedness and will continue to have substantial indebtedness, debt service obligations and restrictive covenants to comply with following the Issue.***

As of March 31, 2011, on a consolidated basis, we had a total indebtedness (comprising total Loan Funds) of ₹ 26,375.42 million and a debt to equity ratio (calculated as total loan funds as at March 31, 2011 divided by Shareholders Funds at that date) of 3.81:1. The high degree of leverage at the SPVs (i) renders them more vulnerable to downturns in their businesses, which are subject to general economic conditions in India, interest rate fluctuations, inflation and other factors; (ii) limits their ability to obtain additional financing, if required; and (iii) limits their ability to refinance our existing indebtedness on terms favourable to them.

We have entered into a number of financing arrangements that grant our lenders certain rights to determine how we operate our projects, which, among other things, restrict the ability of the SPVs to raise additional debt or equity, pay dividends during the specified moratorium periods, make investments, engage in transactions with affiliates, sell assets or acquire other businesses. These debt obligations are secured by a combination of security interests over the assets of our SPVs and hypothecation of movables and future receivables.

Further, under the terms of the financing arrangements entered into by some of our SPVs, in the event of defaults in the repayment of the installments of the principal amounts and/or payment of the interest thereon and other amounts due, our SPVs are required to pay liquidated damages at the rates specified in the relevant financing documentation on the defaulted amounts for the period of default. In addition, the concession agreements contain cross-default provisions, whereby a default of any of the covenants under the financing agreements would result in an event of default under the respective concession or license agreements. There can be no assurance that we will be able to comply with these financial or other covenants in the future.

Defaults under or violation of, any of our financing arrangements could have significant consequences to the business and results of operations of the SPVs, and consequently to our shareholders, to the extent of our holding in each of the SPVs. These factors would adversely affect our results of operations and financial condition.

7. ***Increase in interest rates may materially impact our results of operations.***

As our businesses are capital intensive, we are exposed to interest rate risk. Any increase in interest expense may have an adverse effect on our business prospects and results of operations. The recent economic downturn and inflation has led to an increase in the interest rates. Since March 2010, RBI has hiked base rates at 12 occasions increasing the repo rate and reverse repo rate from 5% and 3.5%, respectively in March 2010 to 8.25% and 7.25%, respectively in September 2011.

Our current debt facilities carry interest at fixed rates with the provision for periodic reset of interest rates or floating rates. Although we may decide to engage in interest rate hedging transactions, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will adequately protect us against interest rate risk.

8. ***Our growth strategy depends upon our success in securing the award of new projects.***

The growth of our business depends on our ability to secure new projects. Generally, it is very difficult to predict whether and when we will be awarded a new contract since many potential projects involve a lengthy and complex bidding and selection process that may be affected by a number of factors, including changes in existing or assumed market conditions, financing arrangements, environmental matters and governmental approvals.

Most projects are awarded pursuant to a competitive bidding process and involve satisfaction of technical and financial qualifications. Technical qualifications for projects typically relate to past experience, technical/engineering expertise and financial resources, and are required to be fulfilled by bidders to enable them to submit price bids. There can be no assurance that we will be able to satisfy such technical qualifications. Further, competitive pricing is a major factor in most tender awards. Even when we satisfy the technical qualifications, we may not be the lowest bidder on price, and hence may not be awarded concessions or licences. Further, when submitting our bid for a toll-based BOT project (a road or a bridge) or a contract to collect tolls, we need to forecast the traffic volume for the road or bridge in order to work out our expected revenue over the concession period in order to arrive at the price we are going to bid for such contract. The awarding of a BOT project is subject to a competitive tender and if we are too conservative in our forecast of traffic volumes, we may under bid and will not be awarded the BOT project. As the growth of our business is primarily dependent on award of new projects, our future results of operations and cash flows can fluctuate materially from period to period depending on the timing of the project awards.

9. ***If we cannot bid in our own right, and we are unable to find suitable joint venture partners, we may be ineligible for bidding for certain infrastructure-related contracts and projects.***

Our ability to bid for and win major projects is dependent on our ability to show experience in executing large projects, demonstrate that we have strong engineering capabilities in executing technically complex projects, and that we have sufficient financial resources and/or ability to access funds. For many large infrastructure development projects that we bid for, we may be required to partner and collaborate with other, often bigger, companies in bids for these large infrastructure projects. We face competition from other bidders in a similar position to us in looking for suitable joint venture partners with whom to partner in order to meet the pre-qualification requirements. If we are unable to partner with other companies or lack the credentials to be the partner-of-choice for other companies, we may lose the opportunity to bid for, and therefore fail to increase or maintain our volume of new projects.

10. ***Our flexibility in managing our operations is limited by the regulatory environment in which we operate.***

The infrastructure sector in India, particularly in relation to the power, road and port industries, is highly regulated. Our businesses are regulated by various authorities and State Governments, including the Ministry of Shipping, Road Transport and Highways, NHAI, Vishakhapatnam Port Trust, the Ministry of Power, Paradip Port Trust, Mumbai Port Trust, Andhra Pradesh Road Development Corporation and Tariff Authority for Major Ports ("TAMP"). We may be restricted in our ability to, among other things, increase prices, sell our interests to third parties, undertake expansions and contract with certain customers.

For example, under the relevant agreements with the Government of Sikkim and Government of Himachal Pradesh for the Rangit II Hydroelectric Power Project and Youngthangkhab Hydroelectric Power Projects, respectively, we are required to give preference to the local population in the recruitment of skilled and unskilled employees. Further, the Vishakhapatnam Port Project, the Paradip Iron Ore Berth Project and the Mumbai Offshore Container Terminal Project are located at ports classified as "major ports" under the Major Ports Trusts Act, 1963, and are consequently subject to tariffs regulated by TAMP. These ports do not have the flexibility to determine certain charges and dues that are payable by vessels as TAMP has the authority to fix charges for pilotage, mooring and other services rendered to vessels. While we pass on the costs of such tariffs on to our customers, there can be no assurance that such tariffs will not increase rates to an extent that cause customers to seek alternative ports in the future or that tariffs will remain at a level that enables us to earn the anticipated return on capital. Such restrictions may limit our flexibility in operating our business, which could have an adverse effect on our business, prospects, financial condition and results of operations.

11. ***The multiple role of certain Government entities as our regulator, customer, joint venture partner and direct or indirect competitor may give rise to conflicts of interest that may harm us.***

We have entered into agreements with Government entities, including NHAI, Greater Cochin Development Authority, Paradip Port Trust, Mumbai Port Trust, Andhra Pradesh Road Development Corporation and the Board of Trustees of Vishakhapatnam Port Trust, in various capacities. Some of these Government entities are also counterparties in the contracts entered into with our competitors, or in some cases, carry on activities that compete with our business. For example, NHAI is our sole client for the REL Annuity Road Project, AEL Annuity Road Project, Gorakhpur Bypass Project, Kosi Bridge Project, Patna Highway Project and Mumbai Nasik Road Project. Further, in some other cases, Government entities, such as Vishakhapatnam Port Trust, are our competitors.

We may face or suffer potential conflicts of interest, which may arise from the fact that such Government authorities play multiple roles in our business model as customers, competitors and regulators. We cannot assure you that potential conflict of interest situations will not continue to arise in the future or that any disputes arising in relation thereto will be resolved in a manner favourable to us. Any such situation may have an adverse effect on our business, financial condition and results of operations.

12. ***We operate in an industry that is capital intensive in nature and we may not be able to raise the required capital on favourable terms for future projects which may have an adverse effect on our business and results of operations.***

Infrastructure projects are typically capital intensive and may require high levels of financing, including debt financing. If we decide to meet our capital requirements through debt financing, our interest obligations will increase and we may be subject to additional restrictive covenants. If we decide to raise additional funds through the issuance of equity or equity-linked instruments on a preferential basis, the interests of our existing shareholders will be diluted.

Further, under the terms of the license or concessions agreements entered by us in relation to certain infrastructure projects, we are required to achieve financial closure of such projects within a specified timeframe. We may not be able to achieve the financial closure within the specified timeframe which may result in delay in such project or breach of the terms of the license of concession agreements.

We cannot assure you that market conditions and other factors would permit us to obtain future financing on terms envisaged by us. Our ability to arrange financing on a substantially non-recourse basis and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our current projects and laws that are conducive to our raising capital in this manner. Changes in the global and Indian credit and financial markets and recent increases in the lending rates in India have significantly diminished the availability of credit and led to an increase in the cost of financing. In many cases, the markets have exerted downward pressure on the availability of liquidity and credit capacity. Our attempts to obtain future financings on favourable terms may not be successful. In addition, our ability to raise funds, either through equity or debt, is limited by certain restrictions imposed under Indian law.

We cannot assure you that we will be able to raise adequate capital in a timely manner and on acceptable terms. This may result in an adverse effect on our results of operations and financial condition.

13. We face margin pressure as a large number of infrastructure-related contracts are awarded by the Central Government and State Governments following competitive bidding processes.

Most of the infrastructure-related contracts are awarded by the Central Government, State Governments or their respective authorised agencies through competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. Once the prospective bidders clear the technical requirements of the tender, the contract is usually awarded to the most financially competitive bidder. We face competition from domestic and international companies, some of whom may operate on a larger scale than us and thus may be able to achieve better economies of scale than us. Further, the premium placed on having experience may cause some of the new entrants to accept lower margins in order to be awarded a contract. The nature of the bidding process may cause us and our competitors to accept lower margins in order to be awarded the contract. We may also decide not to participate in some projects as accepting such lower margins may not be financially viable and this may adversely affect our competitiveness to bid for and win future contracts. This may have an adverse impact on our business prospects and results of operations.

14. We currently enjoy certain tax benefits, and any change in tax policies applicable to us may affect our results of operations.

Currently, infrastructure development projects enjoy certain benefits under Section 80IA of the Income Tax Act, 1961. As a result of these incentives, most of our projects are subject to relatively low tax liabilities. Our income tax exemptions for various projects expire at various points of time. There is no assurance that the infrastructure projects will continue to enjoy the tax benefits under Section 80IA in future. When our tax incentives expire or are terminated, our tax expenses will increase significantly, thereby reducing our profitability. Further, the Central Government may enact laws in the future that could adversely impact our tax incentives and consequently, our tax liabilities and profits. For details regarding tax benefits available to the Company and its shareholders, see the section "*Statement of Possible Tax Benefits Available to the Company and its Shareholders*" on page 21.

Further, the Direct Tax Code Bill 2010 (the "DTC"), proposes to replace the existing Income Tax Act, 1961 and other direct tax laws, with a view to simplify and rationalise the tax provisions into one unified code. The DTC which was tabled before the Indian parliament for debate and discussion on August 30, 2010 is proposed to come into effect from April 1, 2012. The various proposals included in the DTC are subject to review by the Indian parliament and as such impact if any, is not quantifiable at this stage. It is possible that the Direct Tax Code, once introduced, could significantly alter the taxation regime, including incentives and benefits, applicable to us.

15. We may encounter problems relating to the operations of our joint ventures.

As a consequence of qualification and client requirements and to mitigate risks associated with projects, certain of our current operations are conducted through joint venture companies. For example, we have joint ventures for our operating projects including the Mumbai-Nasik Expressway Project and the Vishakapatnam Port Project. We also have joint venture arrangements for few of our projects which are currently under development and in the pre-development stage including the Mumbai Offshore Container Terminal Project and Paradip Iron Ore Berth Project. We anticipate that certain of our future projects will continue to be developed and maintained through joint ventures as we continue to jointly bid for contracts with suitable joint venture partners.

Typically, bid documents provide that we are jointly and severally liable to clients for the performance of our joint venture partners' obligations. If any of our joint venture partners fail to perform their obligations satisfactorily, we may be required to make additional investments and/or provide additional services to ensure the timely completion of such joint venture projects. In some cases, we may not be able to provide the services which our joint venture partners have failed to provide due to our lack of experience. The inability or unwillingness of a joint venture partner to continue with a project due to financial or legal difficulties or any other reasons, could mean that we may be required to bear increased and possibly sole responsibility for the completion of the project and bear a correspondingly greater share of the financial risk of the project. These additional obligations could result in reduced profits or, in some cases, significant losses for us.

In the event of any disagreements between us and our various joint venture partners regarding the business and operations of the joint ventures, we cannot assure you that we will be able to resolve them in a manner that will be in our best interests, which could have an adverse effect on our business, financial condition and results of operations.

16. ***The operations and management contracts entered into by the Company are typically fixed price contracts. Increase in cost of operations and maintenance of these projects due to increase in costs of raw materials and labour would adversely affect our profitability.***

The operation and management contracts entered into by the Company are typically fixed price contracts. Increase in cost of operations and maintenance of these projects due to increase in costs of raw materials and labour would adversely affect our profitability. For example, under the Operations and Management Sub-Contract dated March 31, 2006 entered into by the Company with GIL for the AEL Annuity Road Project and the REL Annuity Road Project ("REL AEL O&M Agreement"), certain fixed semi-annual payments (with semi-annual escalation of 3%) for carrying out routine maintenance and certain fixed lump sum payments are payable to the Company at the end of 5^{th}, 10^{th} and 15^{th} year from the COD for the periodic maintenance works. However, the actual costs that the Company may incur for such maintenance may be higher than our estimates depending on the increase in costs of raw materials and labour. We may not be able to pass through such increased cost to GIL under the provisions the O&M Sub-Contract. Further, certain essential raw materials such as bitumen have high price volatility and a steep rise in its price can affect adverse effect on our profitability and results of operations.

17. ***Our revenues are highly dependent on a few major clients. The loss of any of these clients may adversely impact our revenues and profitability.***

We derive a significant portion of our revenues from a limited number of clients. We currently generate our road revenues from the REL Annuity Road Project, AEL Annuity Road Project and Mumbai Nasik Expressway Project where our client is NHAI, and from the Cochin Bridge Project where Government of Kerala is our client. NHAI is also our client in one annuity project, the Patna Highway Project being developed by us. In addition, majority of revenues from the Vishakhapatnam Port Project came from the top three customers. The loss of business from these clients may adversely impact our business, revenues and profitability.

18. ***Our clients may default on their payment obligations to us, which would have an adverse effect on our results of operations.***

Our profitability depends on timely receipt of annuities, fees and other charges due from our customers for our projects. There can be no assurance that there would be no default in payments by our customers of the amount payable to us under the terms of various concession agreements. For example, we are involved in an arbitration proceeding with the Government of Kerala with respect to payment of annuity for our Cochin Bridge Project. Further, there have been instances in the past where certain of our projects have commenced operations before their scheduled COD for which, under the terms of the concession agreements, we were entitled to bonus payments which were delayed. Our REL and AEL Annuity Road Projects commenced operations before schedule and we were entitled to receive bonus payments. Such bonus payments were disputed by NHAI. Although we have been successful in recovering such bonus payments, there can be no assurance that if any of our customers will default in their payment obligations to us in the future, we will be able to recover the due payments in full or in a timely manner. Failure on the part of our clients to fulfill their payment obligations under their agreements with us would have an adverse effect on our revenues, ability to service our debt, business, financial condition and results of operations.

19. ***We are involved in a dispute in relation to the concession agreement for the Cochin Bridge Project which may affect our revenues.***

The revenues of CBICL for the Cochin Bridge Project are generated by toll collection, which rates were subject to an annual revision linked to the WPI of the Central Government under the terms of the concession agreement. However, the Government of Kerala, by way of orders dated January 24, 2005 and March 1, 2005, revised the toll rates incorporating multiple-entry pass adversely affecting the revenue generation of CBICL and in return proposed that CBICL will be compensated with annuity payments of ₹ 15.4 million starting from January 2004, an extension of six years in the concession period and payment of compensation for issue of multiple-entry passes to cars. CBICL has not received the annuity payments and the revised concession agreement incorporating the terms of the aforesaid orders has not been signed by the Government of Kerala. CBICL has initiated an arbitration proceeding against the

Government of Kerala and Greater Cochin Development Authority for execution of the revised concession agreement, payment of annuity due and payment of compensation for issuing multiple-entry passes to cars. In the event of an adverse development in the arbitration proceeding, CBICL may suffer shortfall in revenues, which could have an adverse effect on our results of operations.

20. ***Sub-contracted projects can be delayed on account of the principal or sub-contractor's performance, resulting in delayed payments.***

We sub-contract the EPC work on all our projects on a fixed or variable price basis. As such, the completion of our projects depends on the performance of our sub-contractors. We cannot assure you that suitable sub-contractors will continue to be available at reasonable rates, or at all. As a result, we may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services.

The execution risks we face using sub-contractors include:

- sub-contractors may not be able to complete the project construction on time, within budget or to the specifications and standards that have been set in the contracts with them;
- delays in meeting project milestones or achieving commercial operation by the scheduled completion date could increase the financing costs associated with the construction and cause our forecast budget to be exceeded;
- sub-contractors may not be able to obtain adequate working capital or other financing on favourable terms as and when required to complete construction;
- we may not be able to pass on certain risks to sub-contractors such as unforeseen site and geological conditions which may make the site unsuitable for the project;
- delays in availability or availability at unacceptable prices of steel, diesel, bitumen, construction equipment and other materials leading to disruption in construction schedules; and
- as we expand geographically, we may have to sub-contract work related to our projects to such sub-contractors with whom we are not familiar, which could increase the risk of cost overruns, construction defects and failures to meet scheduled completion dates.

Even when we sub-contract work, we remain responsible for the sub-contracted work which means clients still have recourse to us in respect of actions, omissions and defects by sub-contractors.

21. ***All new projects are subject to financing, construction and operational risks.***

All infrastructure development projects involve various risks, including regulatory risk, construction risk, financing risk and the risk that these projects may ultimately prove to be unprofitable. Additionally, under our concession agreements, we may be required to pay liquidated damages for delays or face termination in the case of continued delay. New projects may pose significant challenges to our management, administrative, financial and operational resources, as we continue to expand across in India as well as venture overseas. Further, we may face exposure to additional risks in our overseas projects, especially in jurisdictions where we do not have experience. See "*Risk Factors – We have limited experience in international operations*" on page xviii. We cannot provide any assurance that we will succeed in any new projects that we may enter into or that we will recover our investments in such projects. Any failure in the development, financing or operation of any of our new projects may adversely affect our business, financial condition and results of operations.

22. ***Delays in the acquisition of private land and/ or eviction of encroachments from Government-owned land by the Government may adversely affect the timely performance by our SPVs of their obligations under concession agreements or power purchase agreements leading to disputes with the Government. Additionally, proposed regulatory changes relating to land acquisition could lead to higher costs and delays in land acquisition in India.***

For some of our projects under development or in the pre-development phase, the Central Government or State Governments are required under the relevant concession agreements or implementation agreements to facilitate the acquisition or lease of, or secure rights of way over, tracts of private land and/ or to hand over unencumbered Government land free of encroachments. Delays by Government to acquire or lease or secure rights of way over such private land or in eviction of encroachments on Government land may delay project implementation prescribed by the relevant concession agreement or the implementation agreement and cause consequent construction delays. This may lead to disputes and cross-claims for liquidated damages between our project SPVs and the Government.

The completion and commercial operation dates of some of our projects are expected to be delayed due to delays in the acquisition or securing of project land. For example, the COD of the Gorakhpur Bypass Project is expected to be delayed due to issues pertaining to acquisition of private land and eviction of encroachments on Government land being faced by the Government.

Even if we are not penalised for such delays, delays in the acquisition of the land may lead to payment delays or disputes with the Government in connection with a completed project's eligibility for an early completion bonus. Such delays may have an adverse effect on our revenues, business, financial condition and results of operations.

Additionally, the government of India has recently introduced the Land Acquisition, Rehabilitation and Resettlement Bill, 2011 (the "Land Acquisition Bill") before the Indian Parliament to govern land acquisition processes in India. The Land Acquisition Bill incorporates additional restrictions on land acquisition (for instance, restrictions on the acquisition of certain types of agricultural land) and includes provisions relating to compensation, rehabilitation and resettlement in relation to affected persons. Whilst the Land Acquisition Bill may be modified prior to being enacted as a law, if enacted in its current form, it may increase the relevant authority's cost of acquiring the land and, depending upon the bid terms of a concession, may adversely impact us in terms of higher costs. In addition, it could also lead to delays in the land acquisition process, which could accordingly delay the execution of an infrastructure project.

23. ***Shares of certain SPVs are pledged or have been agreed to be pledged in favour of lenders, who may exercise their rights under the respective pledge agreements in the event of default under the respective loan facilities.***

Shares of certain SPVs are pledged in favour their respective lenders to secure loan facilities obtained by such companies. For example, 51% of the share capital of REL, AEL, ICPTL, RGBL and MNEL, respectively, and 26% of the share capital of CBICL, KBICL, GICL and PHPL, respectively, are pledged or agreed to be pledged in favour of the lenders of these SPVs. Further, 13.92% of the share capital of REL and 19.34% of the share capital of AEL has been pledged to secure loans facilities obtained by the Company.

If there are any defaults in payments or any breach under the relevant financing documents, the lenders may exercise their rights under the relevant financing arrangements and take ownership of the pledged shares and thereby take control of such SPVs to the extent of their shareholding. If this happens, we will lose the value of any such pledged shares and we will no longer be able to recognise revenue attributable to these SPVs to such extent. In addition, if we lose control of any of our SPVs, specifically the ones in the operational or development phase, our ability to implement our overall business strategy would be adversely affected.

24. ***Our partial shareholding in certain SPVs is through beneficial interest and our revenues may be adversely affected if there is any objection to our beneficial interest.***

The Company holds beneficial interest of 100% in each of AEL, REL and KBICL but approximately 74% of the equity share capital of each of these companies. Further, the Company holds 96.53% of the beneficial interest of GICL but 68.99% of the equity share capital of GICL. The Company also holds 50% beneficial interest in ICTPL, but 24% of the equity share capital of ICTPL. The Company holds the additional beneficial ownership in these companies pursuant to agreements entered into with the respective shareholders, including GIL. For further details of such beneficial interests held by the Company in its SPVs, including arrangements entered into in relation to the same, please see section "*Business*" on page 29.

We believe that the above structures are in compliance with the terms of the respective concession agreements with the regulatory authorities, including the NHAI. However, in the event that any regulatory authorities raise objections in relation to the same, we may be required to take corrective steps as we may not be allowed to continue to hold such beneficial ownership interest over these equity shares and therefore, we may not be able to enjoy the rights mentioned above. Since, we currently derive and expect to continue to derive a substantial portion of our revenues from AEL and REL and we expect to derive revenues from KBICL and GICL in the future, the occurrence of such an event may have an adverse effect on our financial conditions and the results of our operations. Thus, if our consortium partners or the clients, being usually the Government or regulatory authorities, object to such assignment and holding of beneficial interests, we may be required to take corrective steps as we may not be allowed to continue to hold such equity interests. This may have an adverse effect on our financial condition and the results of our operations.

25. ***We may not be selected for any of the projects for which we have submitted a bid.***

There are certain proposed projects for which we have submitted financial bids or we have been qualified to submit a financial bid. We generally incur significant costs in the preparation and submission of bids, which are one time costs. We cannot assure you that we would bid where we have been qualified to submit a financial bid or that our financial bids, when submitted or if already submitted, would be accepted. Further, there may be delays in the bid selection process owing to a variety of reasons which may be outside our control and our bids, once selected, may not be finalised within the expected time frame. As a result, our results of operations from period to period may not be comparable.

26. ***We have limited experience in international operations.***

We have no experience in implementing projects outside India as we have not invested and undertaken any business overseas in the past. However, we continue to explore business opportunities for developing projects outside India in the future, mainly in developing economies such as Africa and certain Asian countries. We will be subject to business risks and uncertainties associated with the political, economic and industrial sectors in the countries where we are exploring such opportunities. In the event that we are required to invest substantial resources in these projects and the revenues generated are not commensurate with such investments, our results of operations may be adversely affected.

27. ***Our success depends on our senior management and our ability to attract and retain our key personnel.***

Our success depends on the continued services and performance of the members of our management team and other key employees. If one or more members of our senior management team were unable or unwilling to continue in their present positions, those persons could be difficult to replace and our business could be adversely affected. Competition for senior management in the infrastructure development industry in India is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. As such, any loss of our senior management personnel or key employees could adversely affect our business, results of operations and financial condition.

28. ***We are an infrastructure development company holding investments in various SPVs. Consequently, we are largely dependent on the performance of our SPVs.***

We are an infrastructure development company with equity interests in operating companies that operate various infrastructure projects. In addition to revenues from our operations and maintenance (O&M) business, our financial condition and results of operations are dependent on the performance of these SPVs and the dividends we receive from them. As a result, in the event of non-receipt of dividends from our operating SPVs, we may have insufficient income to issue dividends to our shareholders or to meet our operating expenses.

29. ***Our inability to manage growth could disrupt our business and reduce our profitability.***

A principal component of our strategy is to continue to grow by expanding the size and geographical scope of our existing businesses as well as the development of new infrastructure-related businesses. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure.

In addition, we may in the future, consider, making strategic acquisitions of other infrastructure companies whose resources, capabilities and strategies are complementary to and are likely to enhance our business operations. If we acquire another company we could face difficulties integrating the acquired operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

An inability to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

30. ***We require certain approvals or licenses in the ordinary course of business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect our operations.***

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. For example, the development of the Paradip Iron Ore Berth Project is subject to receipt of environmental and forest approvals. The Pravara Co-generation Power Project which was originally planned to be operational by October 2010 has been delayed due to non-receipt of regulatory approvals including environmental clearances by PDVVPSSKL required for construction. For further details, see the section "*Government and Other Approvals*" on page 181. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. Furthermore, our Government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditure. If we fail to comply, or a regulator claims we have not complied, with these conditions, our business, financial condition and results of operations would be adversely affected.

31. ***Our seven biomass units will depend on the availability of rice straw and adverse weather conditions or crop diseases could affect the operations of our biomass projects.***

Our seven biomass units will be fuelled by rice straw and any constraint in the availability of rice straw for reasons such as adverse weather conditions or crop diseases could affect the current or future business of our power generation plants and as such adversely affect our financial conditions and results of operation.

32. ***Demand for infrastructure services in India depends on domestic and regional economic growth.***

The infrastructure development business is dependent on the level of domestic, regional and global economic growth, international trade and consumer spending. The rate of growth of India's economy and of the demand for infrastructure services in India may fluctuate over the years. During periods of strong economic growth, demand for such services may grow at a rate equal to, or even greater than, that of the GDP. Conversely, during periods of slow GDP growth, such demand may exhibit slow or even negative growth. Economic developments outside India have adversely affected the Indian markets. Since the second half of 2007, the global credit markets have experienced, and may continue to experience, significant volatility which have originated from the adverse developments in the United States and the European Union credit and sub-prime residential mortgage markets. These and other related events, such as the collapse of a number of financial institutions, have had and continue to have, a significant adverse effect on the availability of credit, the confidence of the financial markets and investment outlook, globally as well as in India. In light of such events, the infrastructure industry in India may experience a slowdown. In addition, markets have been very volatile in recent months, and the resulting economic turmoil may continue to exacerbate industry conditions or have other unforeseen consequences, leading to uncertainty about future conditions in the infrastructure industry. We cannot assure you that Government responses to the disruptions in the financial markets will restore consumer confidence, stabilise the markets or increase liquidity and the availability of credit. There can be no assurance that future fluctuations in economic or business cycles, or other events that could influence GDP growth, will not have an adverse effect on our business and results of operations.

33. ***Our project sites may face inclement weather and natural disasters that may cause significant interruption of operations. Further, the operation of infrastructure assets involves many risks and we may not have sufficient insurance coverage in respect of our economic losses.***

Operating infrastructure assets involves many risks and hazards which may adversely affect our profitability, including:

- political, regulatory and legal actions that may adversely affect a project's viability;
- adverse changes in market demand or prices for the products or services that the project, when completed, is expected to provide;
- the willingness and ability of consumers to pay for infrastructure services;
- shortages of or adverse price movement for construction materials;
- design and engineering defects;
- breakdown, failure or substandard performance of equipment;
- improper installation or operation of equipment;
- labour disturbances;
- environmental hazards;
- industrial accidents; and
- terrorist activity.

Additionally, procurement and construction works carried out in respect of our projects involve a number of hazards including earthquakes, flooding, tsunamis and landslides. Natural disasters may cause significant interruption to our operations, disruption to our properties and damage to the environment that could have a material adverse impact on us.

Not all of the above risks may be insurable or possible to insure on commercially reasonable terms. We maintain insurance coverage, including business interruption insurance with respect to each of our projects. Our insurance, however, may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. In particular, the insurance policies for our road projects do not cover losses caused by our failure to maintain such roads to agreed standards. We cannot assure you that the operation of our infrastructure assets will not be affected by any of the incidents and hazards listed above, or that the terms of our insurance policies will be adequate to cover any damage caused by any such incidents and hazards.

Should an uninsured loss or a loss in excess of insured limits occur, we would lose the anticipated revenue from the construction contract and, in the case of our projects, the loss of our investment in the relevant project SPV.

34. ***Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our business, financial condition and results of operations.***

Some of our project operations are subject to environmental laws and regulations including the Environmental Protection Act 1986, the Air (Prevention and Control of Pollution) Act 1981, the Water (Prevention and Control of Pollution) Act 1974 and other regulations promulgated by the Ministry of Environment and the pollution control boards of the relevant states. In addition, some of our operations are subject to risks involving personal injury, loss of life, environmental damage and severe damage to property.

We believe environmental regulation of industrial activities in India will become more stringent in the future. The scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with certainty. The costs and management time required to comply with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by Governmental authorities and our compliance costs may significantly exceed our estimates. If we fail to meet environmental requirements, we may also be subject to administrative, civil and criminal proceedings by Governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as orders that could limit or halt our operations.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remedial costs, as well as damages, other liabilities and related litigation, could adversely affect our business, financial condition and results of operations.

35. If the Company is required to register as a non-banking financial company ("NBFC") or a non-deposit taking and systemically important core investment company ("CIC-ND-SI") with the RBI, it may subject the Company to the applicable regulatory framework and additional compliance costs.

The Company operates as an overall infrastructure holding company with interests in SPVs responsible for carrying on specific projects being undertaken by us. Such SPVs include our subsidiaries and other associates. If the Company qualifies certain financial criteria as specified by the RBI, it may necessitate registration of the Company as an NBFC or a CIC-ND-SI under the applicable RBI regulations. Further, if classified as an NBFC or a CIC-ND-SI, the Company will be subject to regulatory framework applicable to an NBFC or a CIC-ND-SI and may restrict the flexibility of the Company to structure its shareholdings in the SPVs.

36. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.

Although we attempt to maintain the latest international technology standards, the technology requirements for businesses in the infrastructure sector are subject to continuing change and development. Some of our existing technologies and processes may become obsolete, performing less efficiently compared to newer and better technologies and processes in the future. The cost of upgrading or implementing new technologies, upgrading our existing equipment or expanding our capacity could be significant and could adversely affect our results of operations.

37. Our Promoter and Promoter Group will have the ability to determine the outcome of any shareholder resolution.

As on September 29, 2011, our Promoter along with our Promoter Group held 75.53% of our equity share capital. In case our Promoter and Promoter Group subscribe to any Equity Shares additional to their entitlement, their shareholding will further increase and they will continue to hold more than 75% of our outstanding equity share capital. As a result, our Promoter and Promoter Group will continue to exercise significant control over us, including being able to determine decisions including special resolutions required 75% of the total voting power of the Company. The interests of our Promoter and Promoter Group as our controlling shareholder could conflict with our interests or the interests of our other shareholders. As a result, our Promoter and Promoter Group may take actions with respect to our business that may conflict with our interests and the interests of our other investors.

38. We have entered into, and will enter into, related party transactions.

We have entered into transactions with several related parties, including the Promoter and Directors of the Company. For more information regarding our related party transactions, see "*Financial Statements - Related Party Transactions for the year ended March 31, 2011*" on page 107.

39. We do not own the "Gammon" trademark, including the name and logo, and our use of the "Gammon" trademark, along with the value of such intellectual property, may be impaired by the actions of others.

The trademark (including the name and logo) "Gammon" is an important asset of our business. However, we do not own the "Gammon" trademark, and our use of the "Gammon" name and logo is by virtue of a trademark license agreement with GIL. We have the right to use the trademark "Gammon" until March 19, 2012. Under the terms of this agreement, we are required to make an annual payment of ₹ 100 to GIL as consideration for the license. Maintaining and enhancing the reputation associated with the "Gammon" trademark is integral to our business. Infringement of the "Gammon" trademark, for which we may not have recourse, may adversely and materially affect our reputation, and, thereby, our business and results of operations. In addition, any adverse development concerning the infrastructure or other businesses of GIL, for example any construction accidents involving projects undertaken by GIL, may have an adverse affect on the "Gammon" brand.

40. We have a number of contingent liabilities and our profitability could be adversely affected if any of these contingent liabilities materialises.

The contingent liabilities disclosed in our consolidated financial statements as at and for the year ended March 31, 2011 were ₹ 3,535.60 million. These contingent liabilities consisted of the following:

Particulars	**As of March 31, 2011**
	(₹ *in millions*)
Corporate Guarantees	850.00
Claims against Company not acknowledged as debt	252.32
Counter Guarantees given to banks	2,433.28
TOTAL	**3,535.60**

If any of these contingent liabilities materialise, our profitability may be adversely affected. For a more detailed description of our contingent liabilities, see the section "*Financial Statements – Schedule 19: Notes to the consolidated financial statements - Other Notes – 16. Contingent Liabilities*" on page 158.

Additionally, the estimated amount of contracts remaining to be executed on capital account as at March 31, 2011 disclosed in our consolidated financial statements as at and for the year ended March 31, 2011 were ₹ 29,886.26 million.

41. ***The deployment of the Net Proceeds is entirely at our discretion and is not subject to any monitoring by any independent agency.***

We intend to use the Net Proceeds for (i) repayment of certain indebtedness; and (ii) general corporate purposes, as described in the section "*Objects of the Issue*" on page 18.

Pending utilization of the Issue proceeds as described in the Draft Letter of Offer, the Company intends to temporarily invest the funds in interest bearing liquid instruments, including deposits with banks and investments in money market mutual funds and other financial products and investment grade interest bearing securities. Such investments would be in accordance with the investment policies or investment limits approved by the Board of Directors from time to time. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may also change.

Further, as the Issue size is less than ₹ 5,000 million, there is no requirement for the appointment of a monitoring agency. The audit committee of the Board of Directors shall monitor the utilization of the Net Proceeds, which shall not be subject to any monitoring by any independent agency.

Risks related to investment in Indian companies

42. ***Political instability or changes in the Government could adversely affect economic conditions in India and consequently our business.***

We are incorporated in India and derive all our revenues from India and substantially all of our assets are located in India. Consequently, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government has traditionally exercised and continues to exercise significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and financial sector liberalisation and deregulation and encouraged infrastructure projects. The Government in recent years has announced policies and taken initiatives that support the economic liberalisation programme pursued by previous governments. The Government may change policies regarding the rate of economic liberalisation, banks and financial institutions, foreign investment and other matters affecting investment in the Equity Shares. A significant change in the Government policies in the future, in particular, those relating to the infrastructure industry in India, could affect business and economic conditions in India, and could also adversely affect our financial condition and results of operations.

43. The Indian economy has sustained varying levels of inflation in the recent past.

Substantially all of our direct costs are incurred in India. India has experienced very high levels of inflation during last few years, and the inflation rate was at 9.8% in August 2011. In the event of a high rate of inflation, our costs, such as salaries, materials costs, travel costs and related allowances, which are typically linked to general price level, may increase. However, we may not be able to increase the tariffs that we charge users of all the toll roads that we operate to preserve operating margins. Moreover, the annuities payable to our SPVs under our annuity projects are fixed for the respective concession periods. Accordingly, high rates of inflation in India could increase our operating costs and decrease our operating margins, which could have an adverse effect on our results of operations.

44. The transition to IFRS converged Indian Accounting Standards in India is still unclear and we may be negatively impacted by such transition.

On February 25, 2011, the Ministry of Corporate Affairs, Government of India, has notified that the IFRS converged Indian Accounting Standards ("IND AS") will be implemented in a phased manner. It was also mentioned that the date of implementation of IND AS will be notified by the MCA at a later date. As of the date of the Draft Letter of Offer, the MCA has not yet notified the date of implementation of IND AS. There is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application. Additionally, IND AS has fundamental differences with IFRS and hence financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS. There can be no assurance that the financial condition, results of operations, cash flow or changes in shareholder's equity of the Company will not appear materially worse under IND AS than under Indian GAAP. As the Company adopts IND AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of IFRS experienced accounting personnel available once Indian companies begin to prepare IND AS financial statements. There can be no assurance that the adoption of IND AS by us will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IND AS in accordance with the prescribed timelines could have a material adverse effect on our financial position and results of operations.

45. A downgrade of India's sovereign debt rating may adversely affect our ability to raise additional debt financing.

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy, which are outside our control. Such downgrading could cause a change in interest rates or other commercial terms and could adversely affect our ability to raise additional financing as well as our capital expenditure plans, business and financial performance. A decline in this reserve could affect the valuation of the Indian Rupee and could result in reduced liquidity and higher interest rates, which could adversely affect the availability of financing to us.

46. Our ability to raise foreign capital may be constrained by Indian law

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our operations and could constrain our ability to obtain financing on favourable terms and refinance existing indebtedness. In addition, we cannot assure you that required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business, financial condition and results of operations.

47. Our business and activities are regulated by the Competition Act, 2002.

The Parliament has enacted the Competition Act, 2002, as amended, (the "Competition Act") for the purpose of preventing practices having an adverse effect on competition in the relevant market in India under the auspices of the Competition Commission of India (the "CCI"). Under the Competition Act, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. Further, the Competition Act prohibits abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and liable to be punished.

On March 4, 2011 the Government of India notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. The combination regulation provisions require that acquisition of shares, voting rights, assets or control or mergers or amalgamations which cross the prescribed asset and turnover based thresholds shall be mandatorily notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 which sets out the mechanism for implementation of the combination regulation provisions under the Competition Act. It is unclear as to how the Competition Act and the CCI will affect the business environment in India.

If we are adversely impacted, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, generally or specifically in relation to any merger, amalgamation or acquisition proposed by us, or any enforcement proceedings initiated by the CCI, either *suo moto* or pursuant to any complaint, for alleged violation of any provisions of the Competition Act it may have a material adverse effect on our business, financial condition and results of operations.

48. Natural disasters, terrorist attacks, civil unrest, war or conflicts, especially those involving India, could adversely affect the financial markets and adversely affect our business.

India has in the past experienced natural disasters, such as tsunamis, floods, cyclones and earthquakes. If any of our project sites were to be damaged by a natural disaster, our business operations could be interrupted or delayed, which could adversely affect our business, financial condition and results of operations.

Any major hostilities involving India, or other acts of violence including civil unrest or terrorist attacks, or events that are beyond our control, could have an adverse effect on the operations of services provided in India. The terrorist attacks on New York and Washington, D.C. on September 11, 2001, and their aftermath had an adverse effect on worldwide financial markets. Incidents such as the Mumbai terrorist attacks between November 26 and 28, 2008 and recent terrorist attacks on July 13, 2011, other recent incidents such as in Bali, Indonesia, Madrid, Spain and London, U.K., and other acts of violence may adversely affect global equity markets as well as the Indian economy and stock markets where the Equity Shares will trade. Such acts will negatively affect business sentiments, investment outlook and trade between countries, which could adversely affect our business and profitability.

Also, India may face civil unrest or may enter into armed conflict or war with other countries. The consequences of any armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business. South Asia has, from time to time experienced instances of civil unrest and hostilities among neighbouring countries. Military activity or terrorist attacks could adversely affect the Indian economy by disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have an adverse effect on the market for securities of Indian companies, including the Equity Shares.

Risks related to the Equity Shares and the trading market

49. Any future issuance of Equity Shares may dilute your shareholdings, and sales of the Equity Shares by the Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

Pursuant to an amendment of the Securities Contracts (Regulation) Rules, 1957, ("SCRR"), in June 2010, listed companies are required to maintain public shareholding of at least 25% of their issued share capital. The Company is required to bring the level of public shareholding of minimum 25% within three years from June 4, 2010 in the manner specified by the SEBI and the Listing Agreement, which includes issuance of shares to public through a prospectus, offer for sale of shares held by the Promoter to public through a prospectus or sale of shares held by the Promoter through the secondary market. Failure to comply with the minimum public shareholding provision would require a listed company to delist its shares and may result in penal action being taken against the listed company pursuant to the SEBI Act.

Further, any future equity issuances by the Company or sales of the Equity Shares by the Promoter or other major shareholders, including issuances or sales made to comply with minimum public shareholding requirements, may adversely affect the trading price of the Equity Shares. In addition, any perception by potential investors that such issuances or sales might occur could also affect the volatility of the Equity Shares.

50. ***There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

51. ***You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares that you purchase in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

52. ***Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.***

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we will have distributable funds in future periods.

53. ***The price of the Equity Shares may be volatile.***

The trading price of the Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, currency exchange rate fluctuations, performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian infrastructure industry and the perception in the market about investments in the infrastructure industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of the Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of the Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of the Equity Shares.

Prominent Notes

1. The Company's net worth being total shareholders funds as at March 31, 2011 was ₹ 5,828.98 million on a unconsolidated basis as per the latest audited financial statements prepared under Indian GAAP.

2. Issue of [●] Equity Shares for cash at Issue Price of ₹ [●] per Equity Share (including premium of ₹ [●] per Equity Share) for an amount not exceeding ₹ 2,000 million on a rights basis to the existing Equity Shareholders of the Company in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held by the Equity Shareholders on the Record Date, i.e. [●].

3. For details of the transactions by the Company with its subsidiaries, joint ventures and associates during the last fiscal year preceding the date of filing the Draft Letter of Offer with SEBI, see the section "*Financial Statements - Related Party Transactions for the year ended March 31, 2011*" on page 106.

4. There has been no financing arrangement whereby the Promoter Group, the directors of the Promoter, the Directors of the Company and their relatives have financed the purchase by any other person of securities of the Company other than in normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer.

SECTION III: INTRODUCTION

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section "*Terms of the Issue*" on page 192.

Equity Shares to be issued	[●] Equity Shares
Rights Entitlement	[●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date.
Record Date	[●]
Face Value per Equity Share	₹ 2
Issue Price per Equity Share	₹ [●] at a premium of ₹ [●] per Equity Share
Issue Size	₹ [●] million
Equity Shares outstanding prior to the Issue	728,763,618 Equity Shares*
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares
Terms of the Issue	For more information, see the section "*Terms of the Issue*" on page 192.
Use of Issue Proceeds	For further information, see the section "*Objects of the Issue*" on page 18.

***Additionally, upto 2,978,750 and 1,234,875 Equity Shares may be issued by the Company on exercise of stock options granted under the ESOP 2007 and ESOP 2008, respectively. Further, the Company has instituted ESOP 2009 pursuant to the shareholders' resolution dated January 22, 2010 for grant of up to 14,000,000 options. The Company has not granted any options under ESOP 2009 as on the date of the Draft Letter of Offer. The number of Equity Shares which may be issued on exercise of the options granted under ESOP 2007, ESOP 2008 and ESOP 2009 or the exercise price of the options granted under ESOP 2007, ESOP 2008 and ESOP 2009 will be adjusted for the Issue in terms of each of the schemes.*

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the audited unconsolidated and consolidated financial statements of the Company as of and for the years ended March 31, 2010 and 2011. These financial statements have been prepared in accordance with the Indian GAAP and the Companies Act and are presented under the section "Financial Statements" on page 61. The summary financial information presented below should be read in conjunction with our audited unconsolidated and consolidated financial statements, the notes thereto included in the section titled "Financial Statements" on page 61.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES (UNCONSOLIDATED) AS AT MARCH 31, 2011

(All amounts in millions Indian Rupee)

PARTICULARS		As At March 31, 2011		As At March 31, 2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital		1,465.58		1,456.98	
Employee Stock Options outstanding		9.21		22.54	
Reserves and Surplus		4,354.19		3,914.68	
			5,828.98		5,394.20
Unsecured Loans			1,736.20		-
Deferred Tax Liability, Net			25.98		26.03
TOTAL			**7,591.16**		**5,420.23**
APPLICATION OF FUNDS					
Fixed Assets (Net)			171.19		189.35
Investments			4,365.92		4,230.31
Current Assets, Loans and Advances	(A)		3,180.10		1,083.66
Current Liabilities and Provisions	(B)		126.05		83.09
Net Current Assets	(A-B)		3,054.05		1,000.57
TOTAL			**7,591.16**		**5,420.23**

SUMMARY STATEMENT OF INCOME AND EXPENSES (UNCONSOLIDATED)
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in millions Indian Rupee, except share data)

PARTICULARS	Year Ended March 31, 2011	Year Ended March 31, 2010
INCOME	911.58	1,229.17
EXPENDITURE	452.33	1,024.55
PROFIT BEFORE TAX	459.25	204.62
Less: Provision for Taxation	101.95	64.58
PROFIT AFTER TAX	357.30	140.04
Add : Excess Provision for earlier years	-	0.00
NET PROFIT	357.30	140.04
Earnings Per Share (in rupees) Basic and Diluted	0.49	0.19
Nominal Value of Equity Shares in Rupees	2	2

SUMMARY OF CASH FLOW STATEMENT (UNCONSOLIDATED)
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in millions Indian Rupee)

	PARTICULARS	Year Ended March 31, 2011	Year Ended March 31, 2010
A.	Net Cash from Operating Activities	479.65	204.78
B.	Net Cash (used for) Investing Activities	(2,070.66)	(831.81)
C.	Net Cash from Financing Activities	1,743.85	7.12
D.	Net Increase / (Decrease) in Cash and Cash Equivalents	152.84	(619.91)
E.	Cash and Cash Equivalents, end of year	269.55	116.71
F.	Cash and Cash Equivalents, beginning of year	116.71	736.62

SUMMARY STATEMENT OF ASSETS AND LIABILITIES (CONSOLIDATED)
AS AT MARCH 31, 2011

(All amounts in millions Indian Rupee)

PARTICULARS		As At March 31, 2011		As At March 31, 2010	
SOURCES OF FUNDS:					
Shareholders' Funds:					
Share Capital		1,465.58		1,456.98	
Employees Stock Options outstanding		9.21		22.54	
Reserves & Surplus		5,439.12		5,078.74	
			6,913.91		6,558.26
Minority Interest			836.76		282.86
Loan Funds			26,375.42		19,230.23
Deferred Payment Liability			1,200.00		-
Deferred Tax Liability (Net)			26.64		26.53
TOTAL			**35,352.73**		**26,097.88**
APPLICATION OF FUNDS:					
Fixed Assets (Net):			33,448.10		24,944.64
Goodwill on Consolidation			516.39		115.67
Investments			41.62		60.91
Current Assets, Loans and Advances:	**(A)**		3,277.88		2,628.95
Less: Current Liabilities and Provisions:	**(B)**		1,931.26		1,652.29
Net Current Assets	**(A - B)**		1,346.62		976.66
TOTAL			**35,352.73**		**26,097.88**

SUMMARY STATEMENT OF INCOME AND EXPENSES (CONSOLIDATED)
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in millions Indian Rupee, except share data)

PARTICULARS	Year Ended March 31, 2011	Year Ended March 31, 2010
INCOME	3,458.99	3,394.98
EXPENDITURE	3,196.68	2,974.12
PROFIT BEFORE TAX AND SHARE OF PROFIT / (LOSS) OF ASSOCIATE	**262.31**	**420.86**
Add: Share of Profit / (Loss) of Associates	5.51	(3.34)
PROFIT BEFORE TAX AND AFTER SHARE OF LOSS OF ASSOCIATE	**267.82**	**417.52**
Provision for Taxation:	46.01	111.70
Less: Deferred Tax written back	-	6.66
PROFIT AFTER TAX	**221.81**	**312.48**
Less: Short/(Excess) Provision for Taxation for earlier years	0.24	0.02
Less: Prior period expenses capitalised earlier now written off	1.60	-
Add: Depreciation written back	0.17	-
Less: Preliminary/Share Issue Expenses for prior years written off	-	16.66
PROFIT FOR THE YEAR	**220.14**	**295.80**
Less: Profit after tax attributable to Minority Interest	48.35	39.57
Add: Minority's share in excess loss booked in prior year	(0.11)	-
PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	**171.68**	**256.23**
Earnings Per Share (in rupees) :		
Basic and Diluted	**0.24**	**0.35**
Nominal Value of Equity Shares in Rupees	2	2

SUMMARY OF CASH FLOW STATEMENT (CONSOLIDATED)
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in millions Indian Rupee)

PARTICULARS		Year Ended March 31, 2011	Year Ended March 31, 2010
A	Cash generated from the Operations	2,249.18	1,307.87
B	Direct Taxes paid	(233.53)	(150.49)
C	Net Cash used in Investment activities	(8,720.08)	(6,535.63)
D	Net Cash from Financing Activities	6,902.05	4,294.31
E	Net Increase / (Decrease) in Cash and Cash Equivalents	197.62	(1,083.94)
F	Cash and Cash Equivalents, end of year	1,407.05	1,209.43
G	Cash and Cash Equivalents, beginning of year	1,209.43	2,293.37

GENERAL INFORMATION

Pursuant to the resolution passed by the Board of Directors at its meeting held on May 19, 2011 it has been decided to make the following offer to the Equity Shareholders, with a right to renounce:

ISSUE OF [●] EQUITY SHARES OF THE COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR AN AMOUNT NOT EXCEEDING ₹ 2,000 MILLION ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF [●] EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD ON THE RECORD DATE, THAT IS ON [●]. THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES.

Registered Office of the Company

Gammon Infrastructure Projects Limited
Gammon House
Veer Savarkar Marg, Prabhadevi
Mumbai 400 025
Tel: (91 22) 6111 4000
Fax: (91 22) 6111 4025
Website: www.gammoninfra.com
Corporate Identity Number: L45203MH2001PLC131728

Address of the RoC

The Company is registered with the RoC, which is situated at the following address:

Registrar of Companies
Everest, 5th Floor
100 Marine Drive
Mumbai 400 002

Company Secretary and Compliance Officer

G. Sathis Chandran is the Company Secretary and Compliance Officer of the Company. His details are as follows:

Gammon House
Veer Savarkar Marg
Prabhadevi
Mumbai 400 025
Tel: (91 22) 6111 4000
Fax: (91 22) 6111 4025
Email: compliances@gammoninfra.com

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer for any pre-Issue /post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

Lead Managers to the Issue

Collins Stewart Inga Private Limited*
A-404, Neelam Centre
Hind Cycle Road
Worli
Mumbai 400 030
Tel: (91 22) 2498 2919
Fax: (91 22) 2498 2956
E-mail: gipl.rights@csinga.com
Investor Grievance Email: investors@csinga.com
Website: www.csinga.com
Contact Person: Mukesh Garg / Gaurav Mittal
SEBI Registration No.: INM000010924
**(Collins Stewart Inga Private Limited has made an application on May 27, 2011 with SEBI for renewal of its certificate of registration.)*

ICICI Securities Limited
ICICI Centre
H.T. Parekh Marg
Churchgate
Mumbai 400 020
Tel: (91 22) 2288 2460
Fax: (91 22) 2282 6580
E-mail: gammonrights@icicisecurities.com
Investor Grievance E-mail:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Sumit Agarwal / Amit Joshi
SEBI Registration No: INM000011179

IDFC Capital Limited
Naman Chambers
C – 32, G Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Tel: (91 22) 6622 2600
Fax: (91 22) 6622 2501
E-mail: gipl.rights@idfc.com
Investor Grievance Email: complaints@idfc.com
Website: www.idfccapital.com
Contact Person: Hiren Raipancholia
SEBI Registration No.: INM000011336

Legal Advisors to the Issue

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Joint Auditors to the Company

Natvarlal Vepari & Co.
Chartered Accountants
Oricon House, 4th floor
K. Dubash Marg
Mumbai 400 023
Tel: (91 22) 6752 7100
Fax: (91 22) 6631 5852

S. R. Batliboi & Co.
Chartered Accountants
16th Floor, The Ruby
29 Senapati Bapat Marg
Mumbai 400 028
Tel: (91 22) 61920 000
Fax: (91 22) 6192 1000

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mill Compound
L.B.S. Marg
Bhandup (West)
Mumbai 400 078
Tel: (91 22) 2596 0320
Fax: (91 22) 2596 0329
Email: gipl.rights@linkintime.co.in
Investor Grievance Email: gipl.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Pravin Kasare
SEBI Registration No: INR000004058

Experts

Except for the "*Financial Statements*" and the "*Statement of Possible Tax Benefits Available to the Company and its Shareholders*" beginning on page 61 and 21 respectively of the Draft Letter of Offer, the Company has not obtained any expert opinions under the Companies Act. The term "expert" as used in the Draft Letter of Offer is not intended to be considered an "expert" within the meaning of Section 11 of the U.S. Securities Act.

Bankers to the Issue

[●]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on http://www.sebi.gov.in/pmd/scsb.html.

Monitoring Agency

As per Regulation 16 of the SEBI Regulations, as the size of the Issue is less than ₹ 5,000 million, there is no requirement for appointment of a monitoring agency.

Inter se allocation of responsibilities among the Lead Managers

The following table sets forth the *inter se* allocation of responsibilities for various activities for the Issue:

S. No.	Activities	Responsibility	Co-ordinator
1.	Due diligence of the Company's operations / management/ legal/ business plans etc., capital structuring with the relative components and formalities such as the composition of debt and equity, type of instruments, etc.	Collins Stewart Inga Private Limited/ ICICI Securities Limited/ IDFC Capital Limited	Collins Stewart Inga Private Limited

S. No.	Activities	Responsibility	Co-ordinator
2.	Liaison with Stock Exchanges and SEBI, including obtaining in-principle approval, listing approval and completion of prescribed formalities with SEBI and Stock Exchanges.	Collins Stewart Inga Private Limited/ ICICI Securities Limited/ IDFC Capital Limited	Collins Stewart Inga Private Limited
3.	Drafting & design of the offer document, compliance with stipulated requirements and completion of prescribed formalities (including finalization of Draft Letter of Offer and Letter of Offer) with Stock Exchanges, and SEBI and finalization of statutory advertisements.	Collins Stewart Inga Private Limited/ ICICI Securities Limited/ IDFC Capital Limited	Collins Stewart Inga Private Limited
4.	Drafting and approval of all publicity material (excluding statutory advertisement) but including corporate advertisement, brochure, corporate film, etc.	Collins Stewart Inga Private Limited/ ICICI Securities Limited/ IDFC Capital Limited	IDFC Capital Limited
5.	Selection of Registrars to the Issue, Bankers to the Issue and printers.	Collins Stewart Inga Private Limited/ ICICI Securities Limited/ IDFC Capital Limited	IDFC Capital Limited
6.	Selection of advertisement agencies.	Collins Stewart Inga Private Limited/ ICICI Securities Limited/ IDFC Capital Limited	IDFC Capital Limited
7.	Marketing of the Issue, which will cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centres of holding conferences (iii) collection centres, (iv) distribution of publicity and issue material including application form, Letter of Offer, Abridged Letter of Offer; and (v) brochure and deciding on quantum of issue material.	Collins Stewart Inga Private Limited/ ICICI Securities Limited/ IDFC Capital Limited	IDFC Capital Limited
8.	Follow-up with Bankers to the Issue to get estimates of collection and advising the Issuer about closure of the Issue, based on correct figures.	Collins Stewart Inga Private Limited/ ICICI Securities Limited/ IDFC Capital Limited	ICICI Securities Limited
9.	The post-Issue activities will involve essential follow up steps, which must include finalization of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue, SCSBs and the bank handling refund activities. Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge these responsibilities through suitable agreements with the Issuer.	Collins Stewart Inga Private Limited/ ICICI Securities Limited/ IDFC Capital Limited	ICICI Securities Limited

Credit Rating

As the Issue is of Equity Shares, there is no requirement of credit rating for this Issue.

Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution.

Book Building Process

As the Issue is a rights issue, the Issue shall not be made through the book building process.

Underwriting

The Company has not entered into any underwriting arrangement with the Lead Managers in connection with the Issue.

Indebtedness

For details in relation to the principal terms of loans and assets charged as security in relation to the Company please see the section "*Financial Indebtedness*" on page 174.

CAPITAL STRUCTURE

The equity share capital of the Company as at the date of the Draft Letter of Offer is set forth below:

(In ₹, except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A	**AUTHORISED SHARE CAPITAL**		
	1,000,000,000 Equity Shares of ₹ 2 each	2,000,000,000	
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**		
	728,763,618* Equity Shares of ₹ 2 each	1,457,527,236	
C	**PRESENT ISSUE BEING OFFERED TO THE EXISTING EQUITY SHAREHOLDERS IN TERMS OF THE DRAFT LETTER OF OFFER**		
	[●] Equity Shares of ₹ 2 each	[●]	[●]
D	**ISSUED, SUSBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**		
	[●] Equity Shares of ₹ 2 each	[●]	
SHARE PREMIUM ACCOUNT		*(in ₹ million)*	
Before the Issue		3,523.61	
After the Issue		[●]	

***Additionally, upto 2,978,750 and 1,234,875 Equity Shares may be issued by the Company on exercise of stock options granted under the ESOP 2007 and ESOP 2008, respectively. Further, the Company has instituted ESOP 2009 pursuant to the shareholders' resolution dated January 22, 2010 for grant of up to 14,000,000 options. The Company has not granted any options under ESOP 2009 as on the date of the Draft Letter of Offer. The number of Equity Shares which may be issued on exercise of the options granted under ESOP 2007, ESOP 2008 and ESOP 2009 or the exercise price of the options granted under ESOP 2007, ESOP 2008 and ESOP 2009 will be adjusted for the Issue in terms of each of the respective schemes.*

The present Issue has been authorized by the Board of Directors, pursuant to its resolution dated May 19, 2011.

Notes to the Capital Structure

1. Subscription to the Issue by the Promoter and Promoter Group

The Promoter has, through its letter dated September 29, 2011 (the "Subscription Letter") confirmed that they and the shareholders forming part of the Promoter Group as on the Record Date (the "PG Shareholders") intend to subscribe to the full extent of their Rights Entitlement in the Issue. In addition to subscription to their Rights Entitlements, the Promoter and PG Shareholders intend to subscribe to additional Equity Shares for any unsubscribed portion in the Issue. As a result of such additional subscription, our Promoters and PG Shareholders may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoter and the PG Shareholder above the current shareholding along with the Rights Entitlement. The subscription to such additional Equity Shares to be made by the Promoter and PG Shareholders will be in accordance with Regulation 10(4)(b) of the Takeover Regulation and other applicable provisions of law.

2. Shareholding Pattern of the Company

(i) The shareholding pattern of the Company as on June 30, 2011 is as follows:

Category code (I)	Category of Shareholder (II)	Number of Shareholders (III)	Total number of Equity Shares (IV)	Number of Equity Shares held in dematerialized form (V)	Total shareholding as a percentage of total number of Equity Shares In %		Equity Shares Pledged or otherwise encumbered	
					As a percentage of(A+B)[1] (VI)	As a percentage of (A+B+C) (VII)	Number of Equity Shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	3*	528,000,000	528,000,000	72.45	72.45	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-	-	-	-
(e-i)	Promoter Group	1	22,400,000	22,400,000	3.07	3.07	-	-
	Sub Total(A)(1)	**4**	**550,400,000**	**550,400,000**	**75.53**	**75.53**		
2	**Foreign**							
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Others(Specify)	-	-	-	-	-	-	-
	Sub Total(A)(2)	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**4**	**550,400,000**	**550,400,000**	**75.53**	**75.53**	-	-
(B)	**Public shareholding**						**N.A.**	**N.A.**
1	**Institutions**						**N.A.**	**N.A.**
(a)	Mutual Funds/ UTI	6	23,879,777	23,879,777	3.28	3.28		
(b)	Financial Institutions / Banks	6	7,012,520	7,012,520	0.96	0.96		
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	1	231,720	231,720	0.03	0.03		
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	16	57,012,488	57,012,488	7.82	7.82		
(g)	Foreign Venture Capital Investors	-	-	-	-	-		
(h)	Any Other (specify)	-	-	-	-	-		
	Sub-Total (B)(1)	**29**	**88,136,505**	**88,136,505**	**12.09**	**12.09**		
B 2	**Non-institutions**						**N.A.**	**N.A.**
(a)	Bodies Corporate	551	14,458,492	14,458,492	1.98	1.98		
(b)	Individuals							
(b) (i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh	39,255	29,675,441	29,674,631	4.07	4.07		
(b) (ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh.	32	6,127,649	6,127,649	0.84	0.84		
(c)	Any Other (specify)							
(c) (i)	Clearing Member	163	824,244	824,244	0.11	0.11		

Category code (I)	Category of Shareholder (II)	Number of Shareholders (III)	Total number of Equity Shares (IV)	Number of Equity Shares held in dematerialized form (V)	Total shareholding as a percentage of total number of Equity Shares In %		Equity Shares Pledged or otherwise encumbered	
					As a percentage of(A+B)[1] (VI)	As a percentage of (A+B+C) (VII)	Number of Equity Shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(c) (ii)	Office Bearers	131	1,578,960	1,578,960	0.22	0.22		
(c) (iii)	NRI (Repat)	387	1,508,265	1,508,265	0.21	0.21		
(c) (iv)	NRI (Non Repat)	71	138,197	138,197	0.02	0.02		
(c) (v)	Directors/Relatives	5	35,889,459	35,889,459	4.92	4.92		
	Trusts	2	2,950	2,950	0.00	0.00		
	Sub-Total (B)(2)	**40,597**	**90,203,657**	**90,202,847**	**12.38**	**12.38**		
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**40,626**	**178,340,162**	**178,339,352**	**24.47**	**24.47**	**N.A.**	**N.A.**
	TOTAL (A)+(B)	**40,630**	**728,740,162**	**728,739,352**	**100**	**100**	**-**	**-**
(C)	Equity Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group	-	-	-	-	-	**N.A.**	**N.A.**
2	Public	-	-	-	-	-	**N.A.**	**N.A.**
	GRAND TOTAL (A)+(B)+(C)	**40,630**	**728,740,162**	**728,739,352**	**100**	**100**	**-**	**-**

* *denotes three different folios held by GIL.*

(ii) Statement showing shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the shareholder	Total Equity Shares held		Equity Shares pledged or otherwise encumbered		
(I)	**(II)**	**Number (III)**	**As a percentage of grand total (A)+(B)+(C) (IV) In %**	**Number (V)**	**As a percentage (VI) =(V)/(III)*100 In %**	**As a percentage of grand total (A)+(B)+(C) of sub-clause (I) (a) (VII) In %**
1	Gammon India Limited	528,000,000*	72.46	0	0	0
2	Gactel Turnkey Projects Limited (erstwhile Gammon Cooling Towers Limited)	22,400,000	3.07	0	0	0
	TOTAL	**550,400,000**	**75.53**	0	0	0

* *held in three different folios.*

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(iii) Statement showing shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of Equity Shares

Sr. No.	Name of the shareholder	Number of Equity Shares	Equity Shares as a percentage of total number of Equity Shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above} In%
1	Abhijit Rajan	28,444,445	3.90
2	HSBC Global Investment Funds A/c HSBC Global Investment Funds Mauritius Limited	12,886,285	1.77
3	SBI Mutual Fund A\c Magnum Global Fund	12,464,590	1.71
4	BNP Paribas Arbitrage	11,244,590	1.54
5	Copthall Mauritius Investment Ltd.	11,211,275	1.54
6	SBIMF - SBI Infrastructure Fund - Series I	7,914,465	1.09
7	Emerging India Focus Fund	7,497,960	1.03
	Total	**91,663,610**	**12.58**

(iv) None of the Equity Shares held by any of the shareholders of the Company are locked in.

(v) The Company does not have any outstanding Depository Receipts.

3. The Promoter and Promoter Group have not acquired any Equity Shares in the last one year.

4. Employee Stock Option Plan

The employee stock options of the Company presently operate under three schemes, i.e. ESOP 2007, ESOP 2008 and ESOP 2009 (“ESOP Schemes”). The ESOP Schemes are in compliance with the SEBI ESOP Guidelines. The ESOP Schemes provide that in the event of the Company taking any corporate actions such as rights issues, bonus issues, merger or sale of division, the exercise price and/or the number of Equity Shares the option holders are entitled to apply for, shall be adjusted in such a manner that the option holders are not prejudicially affected. Hence, the exercise price and/or the number of Equity Shares which the option holders are entitled to under the ESOP Schemes will be adjusted for the Issue. The details of ESOP Schemes of the Company are as follows:

A. ESOP 2007

The Company instituted ESOP 2007 pursuant to the shareholders’ resolution dated May 4, 2007 and subsequently confirmed, post the IPO of the Company, by the shareholders’ resolution dated September 15, 2008. The Company has granted 2,560,000 options under ESOP 2007 till the date of filing of the Draft Letter of Offer in three different tranches out of which 1,274,500 options have lapsed or have been cancelled. Each option is convertible into five Equity Shares. Of the balance options, 689,750 options granted under ESOP 2007 have been exercised increasing the paid up capital of the Company by 3,448,750 Equity Shares. The balance 595,750 options are convertible into 2,978,750 Equity Shares, which represents 0.41% of the fully diluted pre-Issue paid-up equity capital of the Company and [●] of the fully diluted post-Issue paid-up equity capital of the Company.

B. *ESOP 2008*

The Company instituted the ESOP 2008 pursuant to the shareholders' resolution dated September 15, 2008. The Company has granted 1,200,000 options under ESOP 2008 till the date of filing of the Draft Letter of Offer out of which 278,000 options have lapsed or have been cancelled. Each option is convertible into five Equity Shares. Of the balance options, 675,025 options have been exercised increasing the paid up capital of the Company by 3,375,125 Equity Shares. The balance 246,975 options granted under ESOP 2008 are convertible into 1,234,875 Equity Shares, which represents 0.17% of the fully diluted pre-Issue paid-up equity capital of the Company and [●] of the fully diluted post-Issue paid-up equity capital of the Company.

C. *ESOP 2009*

The Company instituted ESOP 2009 pursuant to the shareholders' resolution dated January 22, 2010 for grant of up to 14,000,000 options with each option entitling the holder to apply for one Equity Share of the Company. The Company has not granted any options under ESOP 2009 till the date of filing of the Draft Letter of Offer.

5. Except for the outstanding options under the ESOP 2007 and ESOP 2008 as disclosed above, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of filing the Draft Letter of Offer.

6. The Issue is exempted from the requirements of minimum promoters' contribution in accordance with Regulation 34(c) of the SEBI Regulations.

7. Except for conversion of any options granted under ESOP 2007, ESOP 2008 and options that may be granted under ESOP 2009 and this Issue, the Company presently does not intend or propose to alter the capital structure for a period of six months from the Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutions placement or otherwise.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Repayment of certain indebtedness;
2. General corporate purposes.

The main objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue.

Requirement of Funds

The details of the Net Proceeds are set forth in the following table:

Sr. No.	Description	Amount (In ₹ million)
1.	Gross proceeds of the Issue	[●]
2.	Less Issue expenses	[●]
3.	Net Proceeds	[●]

Means of Finance

The Company proposes to meet the entire requirement of funds for the objects from the Net Proceeds. Accordingly, the Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards atleast 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Utilization of Net Proceeds

The details of utilisation of Net Proceeds will be in accordance with the table set forth below:

Sr. No.	Particulars	Amount to be utilised (In ₹ million)
		Fiscal year 2012*
1.	Repayment of certain indebtedness	1, 810.94
2.	General corporate purposes	[●]
Total		[●]

** In the event the Issue is not completed in fiscal year 2012, the Company shall utilise the entire Issue Proceeds in fiscal year 2013. Please refer to "Repayment of certain indebtedness" below for further details.*

Details of the Objects of the Issue

The stated objects of the Issue are proposed to be financed entirely out of the proceeds of the Issue. The Net Proceeds are estimated to be approximately ₹ [●] million. The details in relation to Objects of the Issue are set forth herein below.

1. Repayment of certain indebtedness

The Company proposes to utilize an amount aggregating to ₹ 1,810.94 million from the Net Proceeds towards repayment of certain indebtedness. The amounts outstanding and certain terms and conditions of such indebtedness are provided below:

(a) L&T Infrastructure Finance Company Limited ("L&T Infra") term loan facility:

The Company has availed a term loan from L&T Infra pursuant to a facility agreement dated November 4, 2010, along with the amendment dated March 30, 2011 ("L&T Infra Facility"), for the purpose of making investments in associates and subsidiaries, developing and implementing infrastructure projects and for general corporate purposes. For further details, please see the section "*Financial Indebtedness*" on page 174.

Amount: ₹ 1,000 million

Rate of Interest: L&T Infra PLR minus 3% (payable monthly)

Repayment: The L&T Infra Facility is repayable on February 29, 2012 ("Repayment Date"). The Company proposes to use ₹ 1,000 million from the Net Proceeds to repay the L&T Infra Facility.

In the event, the Issue is not completed prior to the Repayment Date, the Company may avail a short term loan facility or a bridge loan to repay the aforementioned outstanding amount under the L&T Infra Facility. The Company will then utilize the Net Proceeds to repay such short term loan facility or bridge loan obtained to repay the L&T Infra Facility. The Company is not currently aware of the terms on which it will avail this short term loan or bridge loan facility.

(b) Inter-corporate deposits from GIL ("GIL ICDs"):

Pursuant to agreements dated June 4, 2010, June 29, 2010, July 28, 2010, July 31, 2010, August 2, 2010, October 26, 2010 and February 10, 2011, GIL, in compliance with section 372A of the Companies Act, has granted inter corporate deposits to the Company in seven tranches aggregating to Rs. 736.20 million.

Amount outstanding as on September 23, 2011: ₹ 810.94 million (including interest amount of ₹ 74.74 million outstanding as on September 23, 2011)

Rate of Interest: 9% per annum from June 4, 2010 till December 31, 2010 and 12% per annum from January 1, 2011 onwards.

Repayment: The GIL ICDs are repayable on demand.

2. General Corporate Purposes

The Company intends to deploy the balance Net Proceeds aggregating ₹ [●] for general corporate purposes, including but not restricted to, strategic initiatives, partnerships, joint ventures or meeting exigencies which the Company in ordinary course of business may face, or any other purposes as may be approved by the Board of Directors.

3. Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Activity	Expense* (₹ in million)	Expense* (% of total expenses)	Expense* (% of Issue Size)
Lead Merchant Bankers	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Legal Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Printing, stationery, distribution and advertising expenses, etc.	[●]	[●]	[●]
SCSB Commission	[●]	[●]	[●]
Others	[●]	[●]	[●]
Total estimated Issue expenses	**[●]**	**[●]**	**[●]**

** Amounts will be finalized at the time of filing the Letter of Offer and determination of Issue Price and other details.*

Interim use of proceeds

The management of the Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the Issue Proceeds for the purposes described above, the Company intends to temporarily invest the funds in interest bearing liquid instruments, including deposits with banks and investments in money market mutual funds and other financial products and investment grade interest bearing securities. Such investments would be in accordance with the investment policies or investment limits approved by the Board of Directors from time to time.

Bridge Financing Facilities

The Company has not raised any bridge loans from any bank or financial institution as on the date of the Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, in the event, the Issue is not completed prior to the Repayment Date under the L&T Infra Facility, the Company may avail of a short term loan facility or a bridge loan to repay the outstanding amount under the L&T Infra Facility. The Company will then utilize Net Proceeds to repay such short term loan facility or bridge loan, if any.

Monitoring of Utilisation of Funds

A monitoring agency will not be appointed to monitor the utilisation of proceeds in relation to this Issue since the gross proceeds of the Issue are expected to be less than ₹ 5,000 million. Our Board will monitor the utilisation of the proceeds of the Issue. We will disclose the utilisation of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilised. We will indicate investments, if any, of unutilised proceeds of the Issue in the balance sheet of the Company for the relevant fiscal years subsequent to the listing.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the audit committee of the Board of Directors the uses and applications of the Issue Proceeds. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in the Draft Letter of Offer and place it before the audit committee of the Board of Directors. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of the Company. Furthermore, in accordance with clause 43A of the Listing Agreement the Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the audit committee of the Board of Directors.

Except for repayment of the GIL ICDs in terms of the details provided above and payments made in the usual course of business, no part of the Issue Proceeds will be paid by the Company to the Promoter, the Directors, the Company's key management personnel or companies promoted by the Promoter.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

To
The Board of Directors
Gammon Infrastructure Projects Limited,
Gammon House,
Veer Savarkar Marg,
Prabhadevi, Mumbai 400 025

Dear Sirs,

We hereby confirm that the enclosed Annexure, prepared by Gammon Infrastructure Projects Limited (the "Company"), states the possible tax benefits available to the Company and the shareholders of the Company under the Income-tax Act, 1961 ("IT Act") and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the IT Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable have been/ would be met.

The attached annexure does not consider the provisions contained in Direct Tax Code Bill, 2010 (DTC 2010) which was tabled by the Honourable Finance Minister in the Parliament on August 30, 2010.

For Natvarlal Vepari & Co.
Firm Registration Number: 109671W
Chartered Accountants

N Jayendran
Partner
M.No. 40441
Mumbai
Date: September 29, 2011

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

per Hemal Shah
Partner
M.No. 42650
Mumbai
Date: Septemeber 29, 2011

ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO GAMMON INFRASTRUCTURE PROJECTS LIMITED AND ITS SHAREHOLDERS

(A) Benefits to the Company under the Income Tax Act, 1961 ("IT Act")

1. Dividends exempt under sections 10(34) and 10(35) of the IT Act.

Dividend (whether interim or final) received by the Company from its investment in shares of another domestic company would be exempted in the hands of the Company as per the provisions of section 10(34) read with section 115-O of the IT Act.

In terms of section 10(35) of the IT Act, any income received from units of a Mutual Fund specified under section 10(23D) of the IT Act is exempt from tax, subject to such income not arising from the transfer of units in such Mutual Fund.

Section 14A of the IT Act read with Rule 8D restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the IT Act. Thus, any expenditure incurred to earn the said tax free income will not be a tax deductible expenditure.

2. Computation of capital gains

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognized stock exchange in India or units of Unit Trust of India ('UTI') or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognized stock exchange in India or UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the Company from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India or unit of equity oriented mutual fund shall be exempt from tax, if the transaction is chargeable to Securities Transaction Tax ('STT').

As per the provisions of section 112 of the IT Act, long-term capital gains (other than those covered under section 10(38) of the IT Act) are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains (other than those covered under section 10(38) of the IT Act) arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

However, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax ("MAT") under the provisions of section 115JB of the IT Act.

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if the transaction is chargeable to STT.

In accordance with, and subject to the conditions, including the limit of investment of Rs. 5 million, and to the extent specified in section 54EC of the IT Act, capital gains arising on transfer of long-term capital assets of the Company not covered as stated hereinabove shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2007 by National Highways Authority of India (the "NHAI") and the Rural Electrification Corporation Limited (the "REC"). The IT Act has restricted the maximum investment in such bonds upto Rs 5 million per assessee during any financial year.

As per section 74 of the IT Act short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight succeeding years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent eight year's long-term capital gains.

3. Depreciation

Subject to compliance with certain conditions laid down in Section 32 of the IT Act, the Company will be entitled to deduction for depreciation:

a. In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income-tax Rules, 1962;

b. As per section 32(2) of the IT Act, unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, subject to the provisions of sub-section (2) of section 72 and sub-section (3) of section 73 of the IT Act.

4. MAT credit

In terms of section 115JAA(1A) of the IT Act, the Company is eligible to claim credit for any tax paid as MAT under section 115JB of the IT Act for any Assessment Year commencing on or after April 1, 2006 against income tax liabilities incurred in subsequent years as prescribed. MAT credit eligible in subsequent years is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit will be available for set-off up to ten years succeeding the year in which the MAT credit initially arose.

5. Benefits under Section 80IA

In accordance with and subject to the conditions specified in Section 80-IA of the IT Act, certain subsidiaries of the Company maybe entitled for a deduction of an amount equal to hundred percent of profits or gains derived from any enterprise carrying on business of (i) developing or (ii) operating and maintaining or (iii) developing, operating and maintaining any infrastructure facility for any ten consecutive assessment years out of fifteen years beginning from the year in which the enterprise has started its operation,

(B) Benefits to the Resident shareholders of the Company under the IT Act

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

Section 14A read with Rule 8D of the IT Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the IT Act. Thus, any expenditure incurred to earn the said tax free income will not be a tax deductible expenditure.

2. Computation of capital gains

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds) are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset or units of equity oriented mutual fund being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains (other than those covered under section 10(38) of the IT Act) are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if the transaction is chargeable to STT.

3. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a resident shareholder on transfer of a long-term capital asset (other than those covered under section 10(38) of the IT Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2007 by National Highways Authority of India (the “NHAI”) and the Rural Electrification Corporation Limited (the “REC”). The IT Act has restricted the maximum investment in such bonds upto Rs 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains (other than capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act) arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

4. Deduction of STT paid

STT paid will be allowed as a deduction in the computation of business income. It is laid down that the STT paid during the year shall be allowed as a deduction under Section 36 on the condition that the income from taxable securities transaction is included under the head, "profits and gains of business or profession".

5. In case of an individual or HUF, where the total taxable income as reduced by capital gains is below the basic exemption limit, the capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains or short term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of Sections 111A and 112 of the IT Act.

(C) Benefits to the Non-resident shareholders of the Company other than Foreign Institutional Investors and Foreign Venture Capital Investors

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the non-resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

Section 14A read with Rule 8D of the IT Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the IT Act. Thus, any expenditure incurred to earn the said tax free income will not be a tax deductible expenditure.

2. Computation of capital gains

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale the consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. Under first proviso to section 48 of the IT Act, the taxable capital gains arising on the transfer of capital assets being shares or debentures of an Indian company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a non-resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India or units of equity oriented mutual fund, shall be exempt from tax, if the transaction is chargeable to STT.

In case of an individual or HUF, where the total taxable income as reduced by capital gains is below the basic exemption limit, the capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains or short term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of sections 111A and 112 of the IT Act.

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if the transaction is chargeable to STT.

3. Exemption of capital gain from income-tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a non-resident shareholder on transfer of a long-term capital asset (other than those covered under section 10(38) of the IT Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the non-resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2007 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds upto Rs 5 million per assessee during any financial year.

4. Tax Treaty Benefits

Under the provisions of section 90(2) of the IT Act, a non-resident will be governed by the provisions for the Agreement for Avoidance of Double Taxation (DTAA) between India and the country of residence of the non-residence and the provisions of IT Act apply only to the extent they are more beneficial to the assesse.

5. Non resident Indian taxation

Under section 115-I of the IT Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the IT Act viz. “Special Provisions Relating to Certain Incomes of Non-Residents” which are as follows:

a. Under section 115E of the IT Act, where shares in the company are acquired or subscribed to in convertible foreign exchange by a non-resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, will [in cases not covered under section 10(38) of the IT Act], be concessionally taxed at the flat rate of 10% (plus applicable surcharge and cess) (without indexation benefit but with protection against foreign exchange fluctuation).

b. Under provisions of section 115F of the IT Act, long-term capital gains [in cases not covered under section 10(38) of the IT Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange will be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

c. Under provisions of section 115G of the IT Act, non-resident Indians are not required to file a return of income under section 139(1) of the IT Act, if their only income is income from forex asset investments or long-term capital gains in respect of those assets or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.

d. Under section 115H of the IT Act, where the non-resident Indian becomes assessable as a resident in India, such person may furnish a declaration in writing to the Assessing Officer, along with the return of income for that year under section 139 of the IT Act to the effect that the provisions of the Chapter XIIA will continue to apply to such person in relation to the investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money and if he does so, the provisions of chapter XIIA shall continue to apply to him in relation to such income

(D) Benefits to Foreign Institutional Investors ('FII')

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a FII from its investment in shares of a domestic company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115-O of the IT Act.

Section 14A read with Rule 8D of the IT Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the IT Act. Thus, any expenditure incurred to earn the said tax free income will not be a tax deductible expenditure.

2. Long term capital gains exempt under section 10(38) of the IT Act.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if the transaction is chargeable to STT.

3. Capital gains

As per the provisions of section 115AD of the IT Act, FIIs are taxed on the capital gains income at the following rates:

Nature of Income	Rate of tax (%)*
Long-term capital gains . . .	10
Short-term capital gains covered u/s 111A	15
Short-term capital gains . .	30

* Plus applicable surcharge and cess

The benefits of foreign currency fluctuation protection and indexation as provided by section 48 of the IT Act are not available to a FII.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India or units of equity oriented mutual fund, shall be exempt from tax, if the transaction is chargeable to STT.

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if the transaction is chargeable to STT.

4. Tax Treaty Benefits

As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the FII. Thus, an FII can opt to be governed by provisions of the IT Act or the applicable tax treaty whichever is more beneficial.

5. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor read with sub-section (1) of section 115AD.

(E) Benefits to the Mutual Funds

As per the provisions of section 10(23D) of the IT Act, any income of the Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ("SEBI") or regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorised by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

(F) Under the Wealth-tax Act, 1957 (Common to all)

Asset as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

(G) Under the Gift Tax Act.

Gift Tax is not leviable in respect of any gifts made on or after 1st October, 1998. Therefore any gifts of Shares will not attract gift-tax. However any transfer of shares made on or after 1, October 2009 without adequate consideration to an Individual or HUF will be taxable in the hands of receiver under clause (vii) of Section 56(2) of the Income Tax Act, 1961 subject to the prescribed condition and valuation rules.

Notes:

1. All the above benefits are as per the current tax law.

2. The stated benefits will be available only to the sole/first named holder in case the share are held by joint holders

3. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

5. The above statement of possible direct tax benefits set out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

SECTION IV: ABOUT THE COMPANY

BUSINESS

OVERVIEW

We are an infrastructure project development company undertaking projects in various sectors on build operate transfer, build own operate transfer and build own operate basis through a public private partnership model. Our current portfolio of projects consists of 20 projects in the roads, ports and power sectors, of which, five are in the operations phase, nine are in the development phase and six are in the pre-development phase. In addition, we have also identified sectors like urban infrastructure, water and waste water and railways for undertaking future projects. We also offer services in other areas of project development, such as project advisory services, project funding and operations and maintenance ("O&M") activities.

Incorporated in 2001, we are among the first companies in India to be modelled as an infrastructure development company with multi-sectoral exposure. We are a part of the Gammon group, which is a diversified business group with civil engineering and construction as its major business interests. Gammon India Limited ("GIL"), our promoter and the flagship company of the Gammon group, is among the leading construction companies in India specialising in the design and construction in the areas of transportation engineering, industrial structures, energy projects, high rise structures, bulk storage facilities, foundation engineering, hydraulic works and irrigation projects, and controlled demolition techniques. We expect to continue to lead all infrastructure development projects for the Gammon group in the future.

Our projects in the operations phase are as follows:

- Rajahmundry-Dharmavaram annuity road project, a 53 kilometre stretch of road in Andhra Pradesh on National Highway ("NH") 5, connecting Chennai and Kolkata ("REL Annuity Road Project"), developed and maintained by an SPV, Rajahmundry Expressway Limited ("REL").

- Dharmavaram-Tuni annuity road project, a 47 kilometre stretch of road in Andhra Pradesh on NH-5, connecting Chennai and Kolkata ("AEL Annuity Road Project"), developed and maintained by an SPV, Andhra Expressway Limited ("AEL").

- New Mattancherry toll bridge project, a 700 metre bridge across the Mattancherry channel in Cochin, Kerala ("Cochin Bridge Project"), developed and maintained by an SPV, Cochin Bridge Infrastructure Company Limited ("CBICL").

- Vishakhapatnam port project, two multipurpose berths at Vishakhapatnam port ("Vishakhapatnam Port Project"), developed and maintained by an SPV, Vizag Seaport Private Limited ("VSPL").

- Vadape-Gonde toll road project, a 99.50 kilometre stretch on NH-3 connecting Mumbai and Nasik ("Mumbai-Nasik Expressway Project"), developed and maintained by an SPV, Mumbai Nasik Expressway Limited ("MNEL").

Our projects in the development phase are as follows:

- Kosi Bridge annuity project, a four-lane bridge across the Kosi river, including its approaches and bunds, in the Supaul district of Bihar ("Kosi Bridge Project"), to be developed and maintained by an SPV, Kosi Bridge Infrastructure Company Limited ("KBICL").

- Gorakhpur Bypass annuity project, a 32.28 kilometre green-field bypass to Gorakhpur town on NH 28 in Uttar Pradesh ("Gorakhpur Bypass Project"), to be developed by an SPV, Gorakhpur Infrastructure Company Limited ("GICL").

- Godavari Bridge toll project, a four-lane bridge across the Godavari river connecting Rajahmundry and Kovvur in Andhra Pradesh ("Godavari Bridge Project"), to be developed and maintained by an SPV, Rajahmundry Godavari Bridge Limited ("RGBL").

- Patna Highway annuity project, augmentation of a 46.30 kilometre stretch of road and construction of 16.870 kilometre of new bypass on the Patna – Muzaffarpur section of NH-77 in Bihar ("Patna Highway Project"), to be developed and maintained by an SPV, Patna Highway Projects Limited ("PHPL").

- Construction of offshore container berths and development of container terminals in the Mumbai Harbour and operation and management of the Ballard Pier Station Container Terminal for an initial period of five years ("Mumbai Offshore Container Terminal Project") for the Mumbai Port Trust, by an SPV, Indira Container Terminal Private Limited ("ICTPL").

- Paradip Iron Ore Berth project, a 10 million tonnes per annum ("MTPA") capacity deep draught iron ore berth at Paradip port ("Paradip Iron Ore Berth Project"), to be developed and maintained by an SPV, Blue Water Iron Ore Terminal Private Limited ("BWIOTPL").

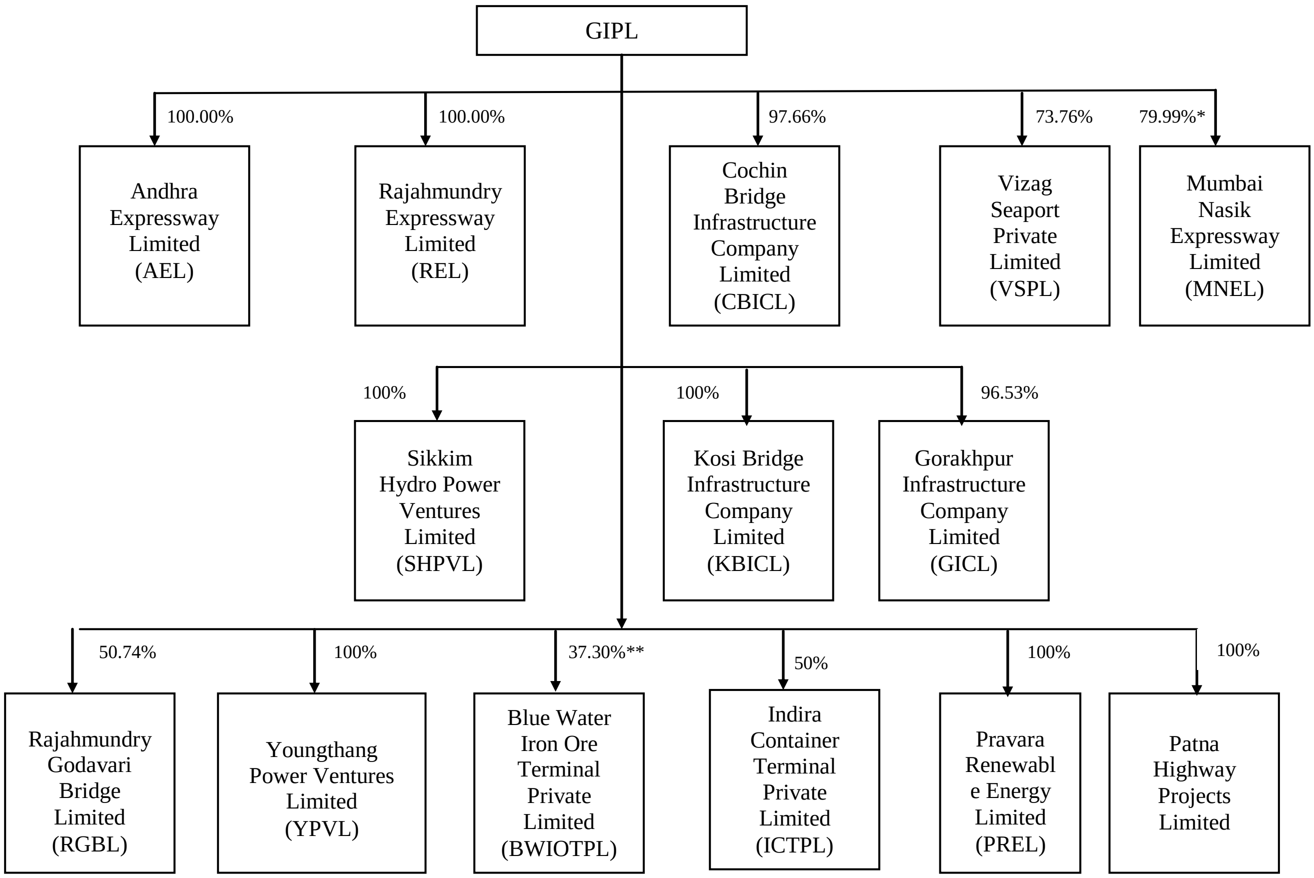
- Rangit II hydroelectric project, a 66 MW hydroelectric project on the Rimbi river in west Sikkim, (Rangit II Hydroelectric Power Project), to be developed and maintained by an SPV, Sikkim Hydro Power Ventures Limited ("SHPVL").

- Pravara Co-generation power project, a 30 MW bagasse-based power project in Pravara Nagar, Maharashtra ("Pravara Co-generation Power Project"), to be developed and maintained by an SPV, Pravara Renewable Energy Limited ("PREL").

- Youngthangkhab hydroelectric project, a 261 MW hydroelectric power project on the Spiti river in the state of Himachal Pradesh ("Youngthangkhab Hydroelectric Power Project"), to be developed and maintained by an SPV, Youngthang Power Ventures Limited ("YPVL").

In addition to the projects that are already operational or under development, we intend to develop five additional projects subject to receipt of applicable regulatory approvals, which are in the pre-development phase.

The following chart outlines our present beneficial interest in each of the 14 project SPVs which are in the operations or development phase:



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

* *This may reduce to 70% pursuant to other shareholder subscribing to its further entitlement*
** *This shall reduce to 31% in terms of the shareholders agreement*

On a consolidated basis, our total income for the fiscal year 2011 and fiscal year 2010 was ₹ 3,459 million and ₹ 3,395 million, respectively and our net profit (being profits attributable to the shareholders of the Company) for the fiscal year 2011 and fiscal year 2010 was ₹ 172 million and ₹ 256 million, respectively.

OUR COMPETITIVE STRENGTHS

We believe that we are well positioned to tap the growth opportunity in the Indian infrastructure sector because of the following strengths:

- *Experience in infrastructure project development:* We are an infrastructure projects development company with multi-sector exposure, undertaking projects in sectors such as roads, ports and power since commencing our operations in 2001, mainly on a public private partnership ("PPP") basis. Out of our 20 infrastructure assets, five projects are already operational. We provide O&M services for all these projects, either through the SPV itself or pursuant to a sub-contract from GIL. Further, we expect to commission one of our projects in the last quarter of the fiscal year 2012 and one in the first quarter of fiscal year 2013. Our early-mover advantage and continued presence in the infrastructure projects across different sectors provides us with a platform to further develop our presence and diversify in other sectors where projects are granted on a PPP basis, such as urban infrastructure, water and waste water and railways. Further, our experience has made us familiar with the risks associated with infrastructure projects in India, which has enabled us to negotiate agreements and execute our projects more effectively and efficiently.

- *Quality and strength of execution:* We have a track record in the successful development, execution and O&M of infrastructure projects, such as REL and AEL Annuity Road Projects and the Mumbai-Nasik Expressway Project. We expect to commission the Kosi Bridge Project by March 2012 and four projects, viz. the Godavari Bridge Project, the Gorakhpur Bypass Project, the Patna Highway Project and the Mumbai Offshore Container Terminal Project are proposed to be commissioned in fiscal year 2013. Certain of our concession agreements, such as for the REL and AEL Annuity Road Projects and the Patna Highway Project, provide for bonus payments where commissioning takes place for a project ahead of the scheduled completion date. We successfully commissioned REL and AEL Annuity Road Projects, 70 and 30 days, respectively, ahead of the scheduled completion date and have received bonus payments. Further, our access to financing sources, potential partners and industry expertise enable us to value new projects effectively, properly assess risks and benchmark our conclusions against industry experience. Our management team is well qualified and experienced in the industry and is responsible for the growth in our business operations. We believe that our expertise in the successful and timely execution of projects provides us with significant competitive advantages and further enables us to better position ourselves to deal with construction or implementation risk.

- *Project portfolio with a healthy mix of fixed and market-driven revenue streams:* Our REL and AEL Annuity Road Projects have assured sources of revenue in the form of annuities payable by NHAI. Under these concession agreements, NHAI's payment obligations are secured by letters of credit, which provide further assurance that the SPVs will receive revenues in a timely manner. Our Mumbai-Nasik Expressway Project, which got fully commissioned in September 2011, has market linked toll revenues, which allow us to adjust revenues through annual revision of fees linked to the WPI. Further, Vishakhapatnam Port Project, being a part of a major port, receives handling charges in terms of the government mandated TAMP Guidelines. Out of our 14 projects under operation and development phase, five projects will have assured sources of revenue, six projects will have market-driven revenue streams and three projects have a combination of assured and market-driven revenue streams. With a mix of market-based projects and stable revenues from assured-return projects, we believe that that our project portfolio offers us significant upside potential.

- *Revenue generation through Operations and Maintenance services ("O&M"):* GIL has sub-contracted O&M services for the REL and AEL Annuity Road Projects to the Company and the Company has been providing these services since the commissioning of these projects in September 2004 and October 2004, respectively. The Company receives fixed payments for these services, which has become an assured source of revenue for us. The Company successfully completed the first 'periodic maintenance activity' for these projects in fiscal year, 2010, which is to be undertaken every five years. Further, we have been undertaking the O&M, for Mumbai-Nasik Expressway Project since June, 2010. Thus, we have gained significant experience and expertise in O&M, as well as have added this service as one of the fixed sources of revenue generation.

- *Project portfolio spread across diverse sectors and geographies:* Our projects (both in operations and development phase) are spread across the roads, including bridges, ports and power sectors. These include REL and AEL Annuity Road Projects, Mumbai-Nasik Expressway Project and Kosi Bridge Project in roads sector, including bridges, Vishakhapatnam Port Project and Paradip Iron Ore Berth Project in the ports sector and Pravara Co-generation Power Project and Rangit II Hydroelectric Power Project in the power sector. Further, these projects are geographically dispersed across eleven states in India. We believe that such sectoral and geographic diversity, enable us to achieve operational flexibility as well as in effectively mitigating the risks associated with operations in specific sectors and geographical locations in India.

- *Ability to mobilise financial resources:* We believe that with our experience in raising capital (both by way of debt and equity) through efficient structures in the financial markets, we are suitably poised to take advantage of future opportunities in the infrastructure sector. For example, for our Patna Highway Project, in terms of the concession agreement, we have achieved financial closure at a debt to equity ratio of 90:10. Further, we have achieved loan tenures of 17 years and six months to 18 years for the Kosi Bridge Project and Gorakhpur Bypass Project and the interest payable for the indebtedness availed for the Mumbai-Nasik Expressway Project is linked to the interest rate of government securities. Further, out of our nine projects in the development phase, six have achieved financial closure. As infrastructure project development on a PPP basis is a highly capital-intensive business activity, we believe that our ability to mobilise financial resources efficiently gives us an edge over competitors in the industry.

- *Gammon brand and synergies with the Gammon Group:* We are the infrastructure arm of the Gammon group. The Gammon group has been operating in India for over 88 years in the fields of construction and infrastructure. Due to the long-standing history of the Gammon group, we believe that the Gammon brand enjoys strong brand recognition in the infrastructure sector. Further, successful infrastructure development is dependent upon two major types of expertise: (i) project development, which includes appraisal, bidding, financing and project management; and (ii) engineering, procurement and construction ("EPC"). As a developer, although we have expertise in project management and execution, we derive significant synergies from the Gammon group, which is one of the leading EPC contractors in India.

OUR STRATEGY

We intend to increase our presence in the infrastructure sector by continuing to invest in the development of additional infrastructure projects across India. Some of our key business strategies include:

- *Continue to identify diverse sectors and geographies:* We are actively focused on becoming a diversified infrastructure player, sector wise and geographically. We are currently analysing a number of new potential projects in the infrastructure sectors in which we currently operate as well as new sectors such as urban infrastructure, water and waste water and railways, which will enhance and diversify our revenue sources. We intend to continue to pursue the advantages associated with early entry in specific infrastructure sectors in order to achieve a dominant position within such sectors and to realise specific advantages of higher margins. Further, we believe that our infrastructure assets should be geographically dispersed to mitigate effectively against geographical risks associated with such assets. Accordingly, we intend to develop our future assets in diverse locations across India. We may also explore business opportunities for developing projects outside India in the future, mainly in developing economies in Africa and certain Asian countries.

- *Explore O&M opportunities to external projects*: We intend to offer fee-based O&M services by capitalising upon our experience of managing, operating and maintaining infrastructure projects developed by others. We expect substantial capacity enhancement and completion of infrastructure projects in India in the next few years, which may provide us with opportunities to enhance the scope and size of our O&M services.

- *Leveraging our strategic relationships:* We intend to leverage our strategic relationships with global infrastructure companies, such as IRIDIUM (Spain), Noble Group (Hong Kong), Moscow Mosmetrostroy (Russia), Cadagua (Spain) and Abeima (Spain), to enhance our project bidding and development opportunities. We expect that these relationships will also enhance our brand and optimise our ability to develop complex projects. We expect to continue to enter into such strategic relationships for the new projects and leverage the technological, geographical or financial expertise of such partners.

- *Monetising of SPVs through divestments:* We may, from time to time, consider monetising our investments in our SPVs, specifically the ones which are in the operations and maintenance phase, through divestments. Such divestment will provide us the financial strength to bid for further projects, where we will use these proceeds towards our equity contribution in the new projects.

PROJECT DEVELOPMENT BUSINESS

Operational Projects

Our projects under operation and management are as below:

- The REL Annuity Road Project;
- The AEL Annuity Road Project;
- The Mumbai Nasik Road Project
- The Cochin Bridge Project; and
- The Vishakhapatnam Port Project.

Summary of each of the above projects is set out in the table below:

Name of SPV	**REL**	**AEL**	**MNEL**	**CBICL**	**VSPL**
Nature of Project	Road project	Road project	Road Project	Bridge project	Port project
Revenue Model	Annuity	Annuity	Toll	Toll/ Annuity	Container handling charges
The Company's Beneficial Ownership	100%	100%	79.99%*	97.66%	73.76%
Partners/Other shareholders	GIL – 19.50%** and Punj Lloyd Limited – 6.50%**	GIL – 19.50%** and Punj Lloyd Limited – 6.50%**	Sadbhav Engineering – 20% and B.E. Billimoria & Company Limited – 0.01%	2.34% - Cochin Port Trust	Lastin Holdings Limited – 26.24%
Total Project Cost	₹ 2,564.20 million	₹ 2,480.70 million	₹ 8,083 million	₹ 257.40 million	₹ 3,185.60 million
O&M Provider	Sub-contracted by GIL to the Company	Sub-contracted by GIL to the Company	The Company	CBICL	VSPL

**Our shareholding shall reduce upto 70% upon B.E. Billimoria & Company Limited subscribing to their entire share entitlement either directly or through their subsidiary.*
*** Beneficial ownership has been transferred to the Company.*

REL Annuity Road Project

The REL Annuity Road Project, which was commissioned in September 2004, involved the widening of a 53 kilometre stretch of an existing two-lane road on the Chennai-Kolkata stretch of the National Highway-5 and strengthening of the same. A concession agreement was entered into between REL and NHAI on October 30, 2001 for a period of 17 years and six months and is valid until November 29, 2019 (the "REL Concession Agreement").

Concession Agreement

The fees payable pursuant to the REL Concession Agreement are as follows:

- *Annuity*: The annuity payments are semi-annual. NHAI is required to pay REL ₹ 296.19 million on each annuity payment date, i.e., May 30 and November 30 of each year, amounting in total to ₹ 592.38 million (the "REL Annuity") per year.

- *Assured Availability*: The REL Concession Agreement provides that REL's right to receive the REL Annuity shall be reduced proportionately if, as a result of REL's failure to perform or discharge its obligations under the REL Concession Agreement, the actual availability of the carriageway in any annuity payment period during the operations period is less than the assured availability. The difference between the assured availability and the actual availability of the carriageway is referred to as "Non-Availability".

  NHAI shall be entitled to treat frequent occurrences of Non-Availability or continued Non-Availability as a persistent breach of O&M requirements, which constitutes an event of default under the REL Concession Agreement.

Other material terms of the REL Concession Agreement include:

- *Capacity Augmentation:* NHAI may decide at any time after COD to increase the capacity of the project ("Capacity Augmentation"). NHAI may invite bids for Capacity Augmentation and REL has an option to submit its bid for Capacity Augmentation in response to such invitation. In the event that REL is not the preferred bidder, REL will be given the first right of refusal to match the preferred bid. If REL matches the preferred bid and NHAI accepts such bid, REL will pay NHAI an amount equal to the bidding cost to be reimbursed to the preferred bidder.

  In case REL chooses not to submit its bid for Capacity Augmentation, or is not the preferred bidder, and also fails or declines to match the preferred bid, NHAI will be entitled to accept the preferred bid and terminate the concession agreement upon payment of the termination payment to REL. The termination payment shall be the amount equivalent to the discounted value of future net cash flows from this project.

- *Equity Requirement:* REL must ensure that the consortium holds not less than 51% of its paid up equity capital until 3 years after COD and not less than 26% of its paid up capital during the balance of the concession period. Further, GIL and PLL must hold not less than 25% each of the consortium's holding in the paid up capital of REL.

- *Letter of Credit*: During the term of the concession agreement, NHAI is required to provide REL with an irrevocable revolving letter of credit from an approved bank in India for a sum equal to ₹ 296.19 million.

- *Levy and Collection of Fee*: REL is not permitted to collect any levy or demand any sum whatsoever, in the nature of a toll or fee from any vehicle or person for the use of project facilities. REL's revenue from this project consists of the REL Annuity only.

  NHAI has the authority to levy a toll or a fee on the vehicles using the project facilities (the "Fee") and to demand, collect, retain and appropriate the Fee as it deems fit in its sole discretion. Further, NHAI has the right to construct, erect, install, operate and maintain plazas as may be necessary for the levy and collection of the Fee; however, such activities must be carried out by NHAI at its own expense.

Operations and Maintenance

The O&M for REL and AEL is sub-contracted to the Company pursuant to an agreement dated March 31, 2006 for an aggregate one-time consideration of ₹ 250 million (the "REL AEL O&M Agreement"). Fixed semi-annual payments are payable to GIL and, in turn, to the Company for routine maintenance carried out by the Company for the REL Annuity Road Project, and lump sum payments to be made on the 10th and 15th years after the COD, respectively, payable to GIL and, in turn, to the Company, for the periodic maintenance works to be carried out by the Company. All amounts payable under the REL AEL O&M Agreement are subject to 3% semi-annual escalations. In fiscal year 2010, REL successfully completed its first round of periodic maintenance which is required to be performed every five years under the REL Concession Agreement.

Financing Arrangements

The total cost for this project was ₹ 2,564.20 million. REL has refinanced the REL Annuity Road Project with a total debt of ₹ 2,610 million through an agreement for loan dated March 25, 2006 from IDBI Bank, Canara Bank and Federal Bank.

The loan is repayable by December 2019. As of August 31, 2011 ₹ 1,654.66 million of this facility remains to be repaid.

AEL Annuity Road Project

The AEL Annuity Road Project, which was commissioned in October 2004, is a 47 kilometre road project which involved the four-laning of an existing two-lane road on the Chennai-Kolkata stretch of the National Highway-5 and strengthening of the same. A concession agreement was entered into between AEL and NHAI on October 30, 2001 for a period of 17 years and six months and is valid until November 29, 2019 (the "AEL Concession Agreement").

Concession Agreement

The fees payable pursuant to the AEL Concession Agreement are as follows:

- *Annuity*: The annuity payments are semi-annual. NHAI is required to pay AEL ₹ 279.12 million on each annuity payment date, i.e., May 30 and November 30 of each year, amounting in total to ₹ 558.24 million per year.

The other material terms under the AEL Concession Agreement are similar to those of the REL Concession Agreement.

Operations and Maintenance

The O&M for REL and AEL is sub-contracted to the Company pursuant to an agreement dated March 31, 2006 for an aggregate one-time consideration of ₹ 250 million (the "REL AEL O&M Agreement"). Fixed semi-annual payments are payable to GIL and, in turn, to the Company for routine maintenance carried out by the Company for the AEL Annuity Road Project, and lump sum payments to be made on the 10th and 15th years after the COD, respectively, payable to GIL and, in turn, to the Company, for the periodic maintenance works to be carried out by the Company. All amounts payable under the REL AEL O&M Agreement are subject to 3% semi-annual escalations.

In fiscal year 2010, AEL successfully completed its first round of periodic maintenance which is required to be performed every five years under the REL Concession Agreement.

Financing Arrangements

The total cost for this project was ₹ 2,480.70 million. AEL has refinanced the AEL Annuity Road Project with a total of debt of ₹ 2,330 million through an agreement dated March 25, 2006 from IDBI Bank, Canara Bank and Federal Bank.

The loan is repayable by December 2019. As of August 31, 2011 ₹1,477.80 million of this facility remains to be repaid.

Cochin Bridge Project, Kerala

Cochin Bridge Project, which was commissioned in October 2002, is a 700 metre bridge project which provides a two-lane link across the Mattancherry channel and connects Fort Kochi (a heritage town and a tourist site) to Willingdon Island in the Cochin Port Trust area. This was the first BOT project in the State of Kerala. A concession agreement was entered into with Government of Kerala and Greater Cochin Development Authority ("GCDA') dated October 27, 1999 for a period of 13 years and nine months, valid till April 27, 2014 (the "Cochin Bridge

Concession Agreement”). CBICL collects toll revenues from users of the bridge and also receives income from advertising activities.

Concession Agreement

The fees payable pursuant to the Cochin Bridge Concession Agreement are as follows:

- *Fees:* CBICL is entitled to collect and retain the fees from users of the Cochin Bridge Project in accordance with the fees set by the Government of Kerala (“GoK”) calculated in accordance with the terms of the Cochin Bridge Concession Agreement. Under the terms of the original Cochin Bridge Concession Agreement, the toll rate was subject to an annual revision linked to the wholesale price index (“WPI”) of the Central Government.

  However in January 24, 2005 and March 1, 2005, the Government of Kerala issued orders (“Fee Orders”) which stipulated the following changes in the fee structure:

  - Toll rates shall be kept constant throughout the concession period and there shall be no annual revisions linked to the WPI;
  - CBICL is required to issue multiple-entry daily passes to users of the bridge, which are priced at the rates stipulated in those orders; and
  - User fee to be as per the revised toll rates in the order dated January 24, 2005, which includes rate for multiple-entry.

  In order to compensate CBICL for losses due to the above revisions, the Government of Kerala formulated a restructuring package under the Fee Order as follows:

  - Extension of concession period by six years beyond the original concession period of 13 years and nine months, including the 28-month construction period;
  - Compensation for the shortfall in revenue of CBICL in form of annuity payments of ₹ 15.40 million starting from January 2004 until the end of the extended concession period in April 2020 in respect of the loss of revenue to CBICL from the non-revision of the toll rates; and
  - Compensation for multiple-entry passes issued to car users in the form car category compensation.

It was decided by the parties that a revised concession agreement will be entered into between the GoK and CBICL to reflect the changes to the original terms of the concession resulting from those orders. However, the revised concession agreement has not yet been entered into. On December 26, 2008, the Government of Kerala had issued another order (the “Revoking Order”), revoking the previous orders dated January 24, 2005 and March 1, 2005. CBICL has filed arbitration proceedings against the GoK in this regard. For further details, please see the section “*Outstanding Litigation and Defaults*” on page 176.

Operations and Maintenance

The operations and maintenance of the Cochin Bridge Project is being undertaken by CBICL.

Financing Arrangements

The cost for this project was ₹ 257.40 million. CBICL has borrowed a total of ₹ 150 million through an agreement for loan dated March 31, 2009 from Bank of Maharashtra. The loan is repayable by March 2019. As of August 31, 2011 ₹ 132.80 million of this loan remains to be repaid.

Vishakhapatnam Port Project

Vishakhapatnam Port Project involves development, construction and operation of two multipurpose berths with mechanised integrated-handling system, which are capable of handling cargo of up to 9 MTPA, at the Vishakhapatnam Port on a BOT basis. The commercial operations at one berth commenced in July 2004, while the second berth commenced operations in September 2005. The license agreement was entered into with the Vishakhapatnam Port Trust ("VPT") dated November 28, 2001 for a period of 30 years (the "License Agreement").

License Agreement

The fees payable pursuant to the License Agreement are as follows:

- *Tariff:* VSPL is entitled to a levy and tariff from cargo and vessel owners in terms of rates prescribed by the TAMP.

- *Royalty:* VSPL is required to pay VPT a monthly fee equal to 17.11% of the gross revenue earned by VSPL from berth hire and wharfage operations.

- *Land Lease Payments:* VSPL is required to pay VPT land lease rentals in accordance with the prevailing rates set by VPT from time to time.

The license agreement provides that upon expiry, the land and any tangibles fixed to the land, including movables that are left over by VSPL, shall be transferred to VPT and VPT must pay the fair value of such tangibles less any amounts owed by VSPL.

Offtake arrangements

VSPL has entered into an agreement dated May 6, 2008 with the Steel Authority of India Limited (the "SAIL Agreement") for use of a minimum level of 1.50 MTPA cargo facilities at VSPL's berth. SAIL is required to pay integrated terminal service charge ("ITSC") of ₹ 167 per tonne for the guaranteed cargo of 1.50 MMTPA and 58.20% of the ITSC for use of the cargo handling facilities in excess of 3 MTPA. SAIL is also liable to pay penalty of 71.43% of the ITSC for the portion of cargo that falls below 0.75 MTPA in the first year after this agreement and below 1.0 MTPA, subject to achieving a draft of 11 meters, for the second year. All charges payable under this agreement are subject to adjustment according to the escalation formula set out in this agreement. VSPL shall be liable to pay penalty at the rate of US$ 20,000 per day, if the cargo is not discharged at the committed discharge rate as set out this agreement. The present agreement is valid up to May 2012 with a provision of one year extension at SAIL's option. However if at any time before the expiry of this agreement the draft of 14 meters is achieved at the VSPL berth the agreement dated January 1, 2005 between VSPL and SAIL may be revived by mutual consent. The validity of the original agreement between the parties was 30 years.

Operations and Maintenance

VSPL is undertaking the operations and maintenance of the Vishakhapatnam Port Project.

Financing Arrangements

The total cost for the Vishakhapatnam Port Project is ₹ 3,185.60 million. VSPL has availed a loan of ₹ 2,100 million pursuant to an agreement dated March 15, 2006 entered into with State Bank of Patiala and Punjab National Bank ("Lenders") to partially finance the Vishakhapatnam Port Project. Subsequently, on June 26, 2009, VSPL entered into a supplementary agreement with the Lenders for the restructuring of the repayment of this loan. The loan is repayable by December 2018. As of August 31, 2011 ₹ 1,890 million of this facility remains to be repaid.

VSPL has also availed of a buyer's credit facility for a limit up to EUR 1,491,450 through an offer letter dated September 27, 2010 from the HSBC for the purpose of acquiring an additional crane for cargo handling facilities.

Mumbai-Nasik Expressway Project

Mumbai-Nasik Expressway Project which commenced partial operations in May 2010 and full operations in September 2011, involves the four-laning of the 99.5 kilometre Vadape-Gonde (Mumbai–Nasik) section of NH-3, which is part of the National Highway Development Project Phase III. A concession agreement was entered into with NHAI dated October 14, 2005, for the period of 20 years (the "MNEL Concession Agreement"). Whilst the commercial operations were expected to fully commence by April 2009, the extension in commencement of operations was approved by the NHAI.

Concession Agreement

The fees payable pursuant to the MNEL Concession Agreement are as follows:

Fees: MNEL is entitled, during the operations period to levy and collect fees from the users of the project highway. The fee notification provides for an annual revision of the fees linked to the 100% variation in WPI. Under the MNEL Concession Agreement, limits have been set on the fees that MNEL may collect from local traffic. Such fees may not be in excess of the following discounted rates:

- o local personal traffic: 12.5% of the applicable fees for the specific category of vehicle; or
- o local commercial traffic: 25% of the applicable fees for the specific category of vehicle.

- *Concession Fee:* The concession fee payable by MNEL to NHAI is Re. 1 per year during the term of the concession agreement.

Operations and Maintenance

MNEL pursuant to its letter dated May 25, 2010 ("MNEL O&M Letter"), has appointed the Company to perform maintenance activities for the Mumbai-Nasik Expressway Project. In terms of the MNEL O&M Letter, the Company shall provide maintenance activities for a period from June 1, 2010 till March 31, 2012. Further, MNEL is required to pay the Company a) a fixed all inclusive annual fee of ₹ 95 million on pro rata monthly basis for the period of June 1, 2010 to March 31, 2011; b) an extended service fee of ₹ 9.50 million per month for the extended period of from March 31, 2011 to June 30, 2011; and c) a sum equal to ₹ 122.88 million for the extended period of July 1, 2011 to March 31, 2012.

Financing Arrangements

The cost of developing the Mumbai-Nasik Expressway Project is ₹ 8,083 million. Further, in terms of the MNEL Concession Agreement, MNEL will receive a grant of ₹ 510 million from NHAI during the construction period out of which ₹ 496.66 million has been received as on March 31, 2011 and shall receive balance construction grant of ₹ 13.34 million and ₹1,080 million as the O&M grant.

MNEL had availed a loan of ₹ 6,500 million, through an agreement dated June 1, 2006, and amendment agreements dated September 16, 2010, from a consortium of seven banks comprising of Canara Bank, Central Bank of India, Small Industries Development Bank of India, State Bank of Patiala, Bank of Rajasthan (subsequently acquired by ICICI Bank Limited), UCO Bank and Union Bank of India, to partially finance the project. The loan is repayable by March 2021. As of August 31, 2011 ₹ 5,944.26 million of this loan remains to be repaid.

Projects in the Development Phase

Our projects in the development phase are as below:

- The Kosi Bridge Project;
- The Gorakhpur Bypass Project;

- The Godavari Bridge Project;
- Patna Highway Project;
- The Mumbai Offshore Container Terminal;
- The Paradip Iron Ore Berth Project;
- The Rangit II Hydroelectric Power Project;
- The Pravara Co-Generation Power Project; and
- The Youngthangkhab Hydroelectric Power Project.

A summary of each of the above projects is set out in the table below:

Name of SPV	**KBICL**	**GICL**	**PHPL**	**RGBL**	**ICTPL**	**BWIOTPL**	**SHPVL**	**PREL**	***YPVL***
Nature of Project	Bridge project	Road project	Road project	Bridge project	Port project - Container terminal	Port project - Iron ore berth	Power project - Hydroelectric	Power Project – co - generation power project	Power project - Hydroelectric
Revenue Model	Annuity	Annuity	Annuity	Toll	Container handling charges	Berth hire charges	Sale of power to third parties	Sale of power to third parties	Sale of power to third parties
The Company's Beneficial Interest	100%	96.53%	100%	50.74 %	50%	37.30%*	100%	100%	100%
Partners/ other shareholders	GIL – 26.01%**	GIL – 31.01%**	None	GIL - 0.28% and IFCI Limited - 48.98%***	GIL – 26%** and Dragados S.P.L – 50%	Noble Group Limited - 62.69% and MMTC - 0.01%	None	None	None
PPP Model	BOT	BOT	BOT	BOT	BOT	BOT	BOOT	BOOT	BOT
Estimated Project Cost	₹ 4,550 million	₹ 7,450 million	₹ 9400.50 million	₹ 8,611 million	₹ 10,156.60 million	₹ 5,690 million	₹ 4950 million	₹ 2,200 million	₹ 25,000 million
Status of Financing Arrangement	Financial closure achieved with a consortium of two banks for a term loan of ₹ 3,913 million	Financial closure achieved with a consortium of five banks for a term loan of ₹ 5,754 million	Financial closure achieved with a consortium of seven banks for a term loan of ₹ 8,460 million	Financial closure achieved with a consortium of four banks for a term loan of ₹ 5,660 million	Financial closure achieved with a consortium of five banks for ₹ 81,25.30 million	Financial closure achieved with three lenders for up to USD 86 million	Financial closure yet to be achieved	Financial closure yet to be achieved	Financial closure yet to be achieved
Expected COD	March 2012	June 2012	February 2013	December 2012	December 2012	November 2014	December 2015	January 2014	Yet to be determined
O&M Provider	GIPL	GIPL	Yet to be appointed	Yet to be appointed	Yet to be appointed	Yet to be appointed	SHPVL	Yet to be appointed	Yet to be appointed

**This will reduce to 31% in terms of the shareholders agreement dated July 12, 2011*
***Beneficial interest transferred to the Company, wholly or partially*
**** Will be compulsorily bought back by the Company*

Kosi Bridge Project

Kosi Bridge Project involves the design, construction, development, finance, operation and maintenance of a 1.8 kilometre long four-lane bridge across the Kosi river with 8.2 kilometre of access roads and bunds for flood protection on National Highway number 57 in the Supaul district of Bihar. The concession agreement period entered into between KBICL and NHAI dated October 6, 2006 ("Kosi Concession Agreement") is valid for period of 20 years, ending in April 2027. The scheduled project completion date in terms of the Kosi Concession Agreement was April 4, 2010. However, the revised estimated COD is March 2012. The independent consultant has recommended an interim extension of 631 days to NHAI and the approval for the same is awaited from NHAI. The Company is yet to apply to NHAI for further extension to meet the estimated COD of March 2012. Please see Risk Factor '*Delays in the completion of our current and future projects could have adverse effects on our business prospects and results of operations*' on page ix.

Concession Agreement

The material terms of the Kosi Concession Agreement include the following:

- *Annuity*: The annuity payments are semi-annual. NHAI is required to pay KBICL ₹ 319 million on each annuity payment date, i.e., October 4 and April 4 of each year.

- *Equity Requirement:* KBICL must ensure that the consortium holds not less than 51% of its paid up equity capital until three years after the COD and not less than 26% of its paid up capital during the balance of the concession period. Further, GIL must hold a minimum equity stake of 51% of the consortium's holding in the paid up capital of KBICL during the concession period. The Company has committed to hold a minimum equity stake of 10% of the consortium's holding in the paid up capital of KBICL during the concession period.

- *Letter of Credit*: During the term of the Kosi Concession Agreement, NHAI is required to provide KBICL with an irrevocable revolving letter of credit from a scheduled bank in India for a sum equal to ₹ 319 million.

The other material terms under the Kosi Concession Agreement are similar to those under the REL Concession Agreement for the REL Annuity Road Project.

Operations and Maintenance

KBICL, pursuant to its letter of intent dated November 16, 2006 ("KBCIL LoI"), has granted the contract for operation and maintenance to the Company. The maintenance services shall commence from the COD until the expiry of the entire concession period.

Financing Arrangements

The original estimated cost of setting up the Kosi Bridge Project was ₹ 4,396.10 million. This was financed with debt of ₹ 3,913 million and equity of ₹ 483.10 million. Due to the delay in the commissioning, the revised estimated cost of the Kosi Bridge Project is ₹ 4,550 million, which is being financed by the Company.

KBICL has availed a loan of ₹ 3,913 million, through an agreement dated April 28, 2007, from a consortium of two banks comprising of Canara Bank and Central Bank. The loan is repayable by October 2024. As at August 31, 2011, the amount of the loan outstanding was ₹ 3,195.35 million.

Engineering, Procurement & Construction Contract

GIL and KBICL entered into an agreement on April 14, 2007 for the design, engineering, procurement of raw materials and equipment, construction and all other works and things necessary for the completion of the Kosi Bridge Project ("Kosi EPC"). A fixed price of ₹ 3,470.50 million (the "Contract Price") is payable by KBICL to GIL with payment being made upon specified milestones being achieved. In terms of the Kosi EPC, GIL is required to provide KBICL with a performance security in the form of a bank guarantee equal to 10% of the Contract Price.

Gorakhpur Bypass Project

Gorakhpur Bypass Project involves the design, construction, finance and maintenance of a 32.27 kilometre long four-lane bypass to Gorakhpur town on National Highway number 28 in Uttar Pradesh. The concession agreement dated October 6, 2006 was entered into between GICL and NHAI for a period of 20 years and is valid until April 5, 2027 (the "Gorakhpur Concession Agreement"). The scheduled project completion date in terms of the Gorakhpur Concession Agreement was October 4, 2009. However, the revised estimated COD is June 2012 and the Company has applied for the extension, which is awaited from the NHAI. Please see the section "*Risk Factors - Delays in the completion of our current and future projects could have adverse effects on our business prospects and results of* *operations*" on page ix.

Concession Agreement

The material terms under the Gorakhpur Concession Agreement include:

- *Annuity*: The annuity payments shall be paid on semi-annual basis. NHAI is required to pay GICL ₹ 486 million on each annuity payment date, i.e., October 4 and April 4 of each year.

- *Equity Requirement:* GICL must ensure that the consortium holds not less than 51% of its paid up equity capital until three years after the COD and not less than 26% of its paid up capital during the balance of the concession period.

- *Letter of Credit*: During the term of the concession agreement, NHAI has provided, GICL with an irrevocable revolving letter of credit from a scheduled bank in India for a sum equal to ₹ 486 million throughout the operations period.

The other material terms under the GICL concession agreement are similar to those under the REL Concession Agreement for the REL Annuity Road Project.

Operations and Maintenance

GICL, pursuant to its letter of intent dated November 16, 2006 (the "GICL LoI"), has granted the contract for operation and maintenance to the Company. The maintenance services shall commence from the COD till the expiry of the entire concession period. A detailed operations and maintenance agreement shall be executed between GICL and the Company in terms of the GICL LoI.

Financing Arrangements

The original estimated cost of developing the Gorakhpur Bypass Project was ₹ 6,492.10 million. This was financed with debt of ₹ 5,754.30 million and equity of ₹ 737.80 million. Due to the delay in the commissioning, the revised estimated cost of the Gorakhpur Bypass Project is ₹ 7,450 million, which may be financed by the Company or through additional debt to be availed by GICL.

GICL has availed a loan of ₹ 5,754.30 million, through an agreement dated May 11, 2007 from a consortium of four banks comprising of Bank of India, Canara Bank, Central bank of India and Punjab National Bank. Subsequently, through an addendum to the loan agreement dated April 28, 2009, India Infrastructure Finance Company Limited became a part of the consortium. The loan is repayable by April 2025. As at August 31, 2011, the amount of the loan outstanding was ₹ 5,166.70 million.

Engineering, Procurement & Construction Contract

GICL entered into an agreement dated April 14, 2007 with GIL for the design, engineering, procurement of materials, plant, construction and all other works and things necessary for completion of the Gorakhpur Bypass Project (the "GICL EPC"). A fixed contract price of ₹ 5,519.00 million (the "Contract Price") is payable by GICL to GIL, with payments being made upon specified milestones being achieved. In terms of GICL EPC, GIL is required to provide GICL with a performance security in the form of a bank guarantee equal to 10% of the Contract Price.

Patna Highway Project

Patna Highway Project involves the up-gradation of Hajipur – Muzaffarpur section of the existing National Highway number 77 to four lane dual carriageway configuration on a 46.3 kilometre long section of road and construction of a 16.870 kilometre new bypass in the State of Bihar. The concession agreement entered into between PHPL and NHAI dated February 24, 2010 is for period of 15 years, ending in August 2025 (the "Patna Highway Concession Agreement"). In terms of the Patna Highway Concession Agreement, the scheduled completion date for the Patna

Highway Project is February 17, 2013.

Concession Agreement

The material terms under the Patna Highway Concession Agreement include:

- *Annuity*: Sum of ₹ 946 million to be paid for every period of six months from the previous annuity payment date on each annuity payment date (date falling six months from the COD or previous annuity payment) by NHAI to PHPL.

- *Levy and Collection of Fees:* PHPL is not allowed to collect any fee or any form of remuneration from any users of the project. Further no advertisements or hording or any other commercial activity is allowed. Hence PHPL is not entitled to any such revenue from commercial activities in relation to the project and unless provided in the concession agreement its revenue shall consist of annuity only.

- *Equity Requirement:* PHPL undertake or permit any change in ownership of PHPL without the prior approval of NHAI.

- *Concession Fee:* The concession fee payable by PHPL to NHAI is ₹ 1 per year during the term of the Patna Highway Concession Agreement.

Operations and Maintenance

The operation and maintenance of the Patna Highway Project shall be done by either by the Company or a third party and the same shall be finalised before the commissioning.

Financing Arrangements

The cost of developing the project is estimated to be ₹ 9,400.50 million. This is to be financed with debt of ₹ 8,460 million and equity of ₹ 940.50 million.

PHPL has availed a loan of ₹ 8,460 million, through an agreement dated August 18, 2010 from a consortium of seven banks comprising of the Federal Bank Limited, Indian Bank, Yes Bank Limited, Indian Overseas Bank, Punjab and Sind Bank, Corporation Bank and Bank of Maharashtra The loan is repayable by January 2024. As at August 31, 2011, the amount of the loan outstanding was ₹ 2,048.10 million.

Engineering, Procurement & Construction Contract

PHPL entered into an agreement on February 22, 2011 with GIL for the design, engineering, procurement of raw materials and equipment, construction and all other works and things necessary for the completion of the Patna Highway Project (the "PHPL EPC"). A fixed contract price of ₹ 7,500 million (the "Contract Price") is payable by PHPL to GIL, with payments being made upon specified milestones being achieved. In terms of the PHPL EPC, GIL is required to provide PHPL with a performance security in the form of a bank guarantee equal to 10% of the Contract Price.

Godavari Bridge Project

Godavari Bridge Project involves the design, construction, operation and maintenance of a 4.15 kilometre long four-lane bridge, which will connect Kovvur and Rajahmundry in Andhra Pradesh across the Godavari river, with a 1.93 kilometre approach road to the bridge on the west of Godavari at Kovvur and a 8.41 kilometre approach road to the bridge on the east of Godavari at Rajahmundry. The concession agreement was entered into between RGBL and the Chief Engineer, (R&B) CRN & Managing Director, Andhra Pradesh Road Development Corporation on behalf of the Government of Andhra Pradesh on November 5, 2008 and was subsequently amended on August 21, 2009 for a period of 25 years (the "Godavari Concession Agreement"), beginning from the date on which financial closing for the Godavari Bridge Project was achieved, i.e. May 26, 2009. In terms of the Godavari Concession Agreement, the scheduled project completion date is May 25, 2012. However, the revised expected COD is December 2012. The Company shall apply to the Government of Andhra Pradesh seeking extension of the COD. Please see Risk Factor '*Delays in the completion of our current and future projects could have adverse effects on our business prospects and results of operations*' on page ix.

In terms of the Godavari Concession Agreement, the concession period shall be subject to change in the event of change in the traffic growth envisaged under the said agreement.

Concession Agreement

The material terms under the Godavari Concession Agreement include:

- *Fees*: RGBL is entitled to collect and retain the fees from users of the Godavari Bridge Project in accordance with the fees set out in the Godavari Concession Agreement and the fees set by the Government of Andhra Pradesh. Under the Godavari Concession Agreement, the toll rate shall be subject to revision on an annual basis and fully linked to the WPI of the Central Government. RGBL shall not collect any fee from a private car owned by a person who resides in a rural area which is situated within a distance of 20 kilometre from the bridge and travels from that rural area to its nearest city using the Godavari Bridge Project and such rural area has no alternative road connecting it to the nearest city. Further, RGBL is required to issue return passes to users at the price of 1.5 times the single one way fare, and upon request by persons who purchase 20 or more one way tickets, issue such tickets at a discounted rate of 80% of the fee usually payable.

- *Concession Fee*: RGBL shall pay concession fees to the Government of Andhra Pradesh in accordance with the Godavari Concession Agreement. The amount of the concession fees payable by RGBL on each of the first nine years is Re. 1 and on the ninth year the concession fees shall be 1% of the amount realised by RGBL from the Godavari Bridge Project. On the tenth year of the concession period, the concession fees shall be 2% of the amount realised by RGBL from the Godavari Bridge Project and for each year thereafter, there shall be an annual escalation at 1% per annum.

- *Equity requirement*: Under the Godavari Concession Agreement, GIL and its associates are required to hold not less than 51% of equity interest in RGBL during the construction period of the Godavari Bridge Project. Further, for a period of three years after the COD, GIL and its associates are required to hold at least 33% of the equity interest in RGBL and not less than 26% of its equity interest during the balance of the concession period.

- *Change in Traffic Growth*: If on a date specified in the Godavari Concession Agreement ("Target Date"), the actual number of vehicles using the Godavari bridge ("Actual Traffic") differs from the targeted number of vehicles as stipulated in the Godavari Concession Agreement ("Target Traffic") and the difference is more than 2.5% of the Target Traffic, the concession period shall be deemed to have been varied. In such event, where the Actual Traffic falls short of the Target Traffic, the concession period shall be increased by 1.5% for every 1% of shortfall, subject to RGBL paying to Government of Andhra Pradesh the commensurate concession fee. The maximum increase of the concession period permitted by the Godavari Concession Agreement is 20%. Conversely, if the Actual Traffic exceeds the Target Traffic on the Target Date by more than 2.5%, then for every 1% of excess, the concession period shall be reduced by 0.75%. The maximum reduction in the concession period permitted under the Godavari Concession Agreement is 10%. Where the average daily traffic of vehicles on the bridge in any fiscal year shall exceed the designed capacity of the bridge and this shall continue for three more fiscal years, Government of Andhra Pradesh may at its discretion terminate the concession by giving a notice and making a termination payment to RGBL.

- *Grant:* In terms of the Godavari Concession Agreement, RGBL can avail a grant of up to ₹ 2,075.50 million jointly from the Government of India and the Government of Andhra Pradesh, in form of equity and O&M support. The maximum amount of grant that will be available during the construction period is restricted to the amount of equity capital of RGBL. The balance grant shall be made available during the operations period. The grant will made available to RGBL after it has utilized the equity contribution from its shareholders and shall be disbursed to RGBL in proportion to the disbursement of the balance loan funds. In order to avail the grant from the Government of India for the construction period, a tripartite agreement dated December 1, 2010 (the "Tripartite Agreement") has been entered into between RGBL, Canara Bank and the Central Government (through the Joint Secretary, Department of Economic Affairs, Ministry of Finance) whereby the Central Government is providing viability gap funding grant of ₹ 1,186 million to RGBL through Canara Bank.

Financing Arrangements

The cost of constructing the Godavari Bridge Project is estimated at ₹ 8,611 million. This is being financed with a debt of ₹ 5,660 million and equity of ₹ 1765 million and grant to be received as viability gap funding of ₹ 1,186 million from the Government of India, in terms of the Tripartite Agreement.

RGBL has availed a loan of ₹ 5,660 million, through an agreement dated May 26, 2009 from a consortium of four banks comprising of Bank of Baroda, Canara Bank, Union Bank of India and United Bank of India. The loan is repayable by April 2027. As at August 31, 2011, the amount of the loan outstanding was ₹ 3,544.90 million.

The Company, RGBL and IFCI Limited ("IFCI") have entered into a Sale and Subscription Agreement dated December 16, 2010 ("SSA") for sale of up to 49% of the equity shares of RGBL to IFCI. In accordance with the terms of the SSA, IFCI has also agreed to subscribe to the equity shares of RGBL as and when RGBL raises a demand for the same and in proportion to the equity infusion by GIPL so as to maintain their respective shareholding in RGBL. However, IFCI's aggregate obligation to purchase and subscribe to the equity shares of RGBL under the SSA shall not exceed ₹ 864.80 million and it shall not hold more than 49% of the total paid up equity share capital of RGBL at any point of time. In accordance with the terms mentioned in the SSA, the Company is required to buy back all the equity shares of RGBL purchased and subscribed by IFCI after the completion of the moratorium period of 18 months from March 10, 2011. A buy back agreement dated December 16, 2010 has been entered into by the Company, RGBL and IFCI for same.

Engineering, Procurement & Construction Contract

RGBL has entered into a construction services agreement with GIL dated April 27, 2010 ("CSA") for providing construction services for the Godavari Bridge Project. RGBL shall pay GIL an all inclusive fixed sum equal to ₹ 4,830 million for providing the construction services. The payment shall be made in several installments on achieving certain milestones.

Further, RGBL has entered into a purchase agreement dated April 27, 2010 with GIL for supply of raw materials for the project. RGBL shall pay GIL an all inclusive fixed sum equal to ₹ 2,170 million for providing the raw materials as specified in the purchase agreement.

Mumbai Offshore Container Terminal Project

Mumbai Offshore Container Terminal Project involves construction of offshore container berths and development of a container terminal in Mumbai Harbour ("OCT Project") and management of the existing Ballard Pier Station Container Terminal ("BPS Project"). A letter of intent dated August 8, 2007 was issued by the Mumbai Port Trust, pursuant to which a license agreement was entered into dated December 3, 2007 (the "License Agreement") for undertaking the Mumbai Offshore Container Terminal Project on a BOT basis for a period of 30 years. In terms of the License Agreement, Mumbai Offshore Container Terminal Project was to be commissioned by December 2, 2010, however, due to delays in dredging and land filling, the commissioning date is now expected to be in December, 2012. ICTPL has received a letter dated February 7, 2011 from the Mumbai Port Trust for grant of provisional extension till September 11, 2012 and the Company is yet to apply for grant of further extension. Please see Risk Factor '*Delays in the completion of our current and future projects could have adverse effects on our business prospects and results of operations*' on page ix.

The estimated project cost is approximately ₹ 10,156.60 million in the initial phase of three years. The project is being developed, including three years of construction and equipping period. An SPV for the project, ICTPL has been incorporated for development of the project.

The Company, Dragados Servicious Portuarios Y Logistics S.L ("Dragados") and ICTPL have entered into a share purchase agreement, dated July 29, 2010 ("Dragados SPA"), pursuant to which Dragados has agreed to sell 24,375,840 equity shares of ICTPL, constituting 24% shareholding of ICTPL to the Company, subject to receipt of regulatory approvals, including the approval of the Mumbai Port Trust and the lenders of the Mumbai Container Terminal Project. Whilst the Dragados SPA expired in January 2011, the Company intends to renew the agreement.

License Agreement

The key terms of the License Agreement are as follows:

License Period: The license period for the BPS Project is five years from signing the letter of award or two years from the commissioning of the OCT Project, whichever is earlier. The license period for the OCT Project is 30 years commencing from the date of award of the license.

Minimum Equity Shareholding: The members of the consortium collectively are required to hold at least 51% of the paid-up equity share capital of ICTPL, implementing the Mumbai Offshore Container Terminal Project until the expiry of three years from the date of commencement of commercial operations for the OCT Project.

Revenue Share: The revenue share payable by ICTPL to the Mumbai Port Trust is 35.064% of gross revenue for the year.

Other material terms:

Third Berth (Exclusivity): ICTPL shall have the exclusive rights to start construction of the third berth not later than (i) achieving traffic throughout of 800,000 TEUs for 24 consecutive months at the two berths or (ii) the 13th year from the date of signing of the license agreement, whichever is earlier. If ICTPL does not construct the third berth, Mumbai Port Trust shall construct a third berth as a part of additional facilities.

Additional Facility (Exclusivity): The Mumbai Port Trust shall not construct or cause to be constructed any additional facilities until (i) the container throughput at the OCT Project reaches 1,200,000 TEUs in an operating year on all three berths of ICTPL over a period of 24 consecutive months; or (ii) the 13th year from the date of signing of license agreement, whichever is earlier. In case ICTPL does not exercise the right to construct the third berth, Mumbai Port Trust shall not construct or cause to be constructed any additional facilities including a third berth until (i) the container throughput at the OCT Project reaches 800,000 TEUs in an operating year on both berths of ICTPL over a period of 24 consecutive months or (ii) the 13th year from the date of signing of the license agreement, whichever is earlier.

Engineering, Procurement and Construction Contract

ICTPL has entered into an agreement on December 20, 2008 with GIL for the design, engineering, procurement of materials and equipment, construction and all other works necessary for the completion of the OCT Project. The contract price payable by ICTPL to GIL is ₹ 3,944.86 million ("ICTPL EPC"). GIL has provided ICTPL with a performance and retention security deposit equal to 10% of the contract price. In addition, ICTPL shall also pay the design charges of up to ₹ 30 million to GIL. The payment of these amounts is being made upon achieving milestones set out in the ICTPL EPC.

Financing Arrangements

The cost of the Mumbai Offshore Container Terminal Project is estimated at ₹ 10,156.60 million. This is being financed with debt of ₹ 8,125.30 million and equity of ₹ 2,031.32 million. ICTPL has availed a loan of ₹ 8125.30 million, through an agreement dated November 14, 2008, from a consortium of five banks comprising of Canara Bank, Central Bank of India, India Infrastructure Finance Company Limited, Punjab National Bank and United Bank of India.

The loan is repayable by December 2024. As at August 31, 2011, the amount of the loan outstanding was ₹ 2,048.10

million.

Paradip Iron Ore Berth Project

Paradip Iron Ore Berth Project involves the design, finance, construction, operation, maintenance and marketing of an iron ore handling facility with a capacity of handling 10 MTPA of iron ore per annum. BWIOTPL, an SPV held by the Company, Noble Group Limited ("Noble") and MMTC Limited ("MMTC") pursuant to a shareholders' agreement dated July 12, 2011 (the "Paradip Shareholders Agreement"), has entered into a concession agreement dated July 1, 2009 (the "Paradip Concession Agreement") with the Paradip Port Trust, for a period of 30 years from the date on which certain conditions precedent of the Paradip Concession Agreement are fulfilled, which includes receipt of the forest approval from the relevant government authorities. The COD for the Paradip Iron Ore Berth Project is expected to be in November 2014. In terms of the Paradip Shareholders Agreement, the shareholding of the Company, Noble and MMTC in BWIOTPL is required to be maintained at 51%, 31% and 18%, respectively

Concession Agreement

The key terms of the Paradip Concession Agreement are as follows:

- *Project Site*: The site for the development of this project shall be provided by PPT for the use by BWIOTPL during the concession period.

- *Tariff and Collection of Cesses and Charges*: BWIOTPL is permitted to recover tariff from the users of the project facilities and services in accordance with the tariff notification set out in the Paradip Concession Agreement. Further, BWIOTPL shall collect all cesses and charges from the users of the project facilities and services, as may be directed by PPT.

- *Royalty*: BWIOTPL is required to pay to PPT a monthly royalty equivalent to 36.802% of the gross revenue of BWIOTPL earned from the Paradip Iron Ore Berth Project.

- *Licence Fee*: BWIOTPL has agreed to pay PPT an annual license fee of ₹ 6.5 million or such other amount calculated in accordance with the prevailing scale of rates notified by the PPT.

- *Equity requirement*: Under the Paradip Concession Agreement, the consortium comprising the Company, Noble and MMTC will have to maintain management control of BWIOTPL during the exclusivity period, being the period until the earlier of (i) five years from the COD or (ii) the date on which the average annual volume of cargo handled at the project facilities and services reaches a level of 75% of the project capacity for two consecutive years. The consortium is required to hold not less than 51% of the equity shareholding of BWIOTPL until three years after the COD and not less than 26% during the concession period. Further, Noble is required to hold a minimum stake of 50% of the consortium's holding during the concession period.

Financing Arrangements

The cost of setting up the Paradip Iron Ore Berth Project is estimated at ₹ 5,690 million. This is financed with debt of USD 86 million and balance through equity.

BWIOTPL has availed a loan of USD 86 million, through an agreement dated June 27, 2011, from a consortium of three banks comprising of Standard Chartered Bank, Sumitomo Mitsui Banking Corporation and ICICI Bank Limited (Hong Kong Branch).

Rangit II Hydroelectric Power Project, Sikkim

Rangit II Hydroelectric Power Project involves the development of a 66 MW run-of-the-river hydroelectric power project on the Rimbi river in Sikkim. An implementation agreement dated December 8, 2005 was entered into between SHPVL and the Government of Sikkim (the "Implementation Agreement") for a concession period of 35 years from the COD. The scheduled project completion date as per the Implementation Agreement was December 8, 2011. However the revised COD is expected to be December 2015 which has been approved by the Government of Sikkim.

Implementation Agreement

In terms of the Implementation Agreement, SHPVL shall provide 12% of the net energy generated for the first 15 years from the COD and 15% of the net energy generated thereafter at no cost, or pay monetary equivalent thereof to the Government of Sikkim. Further, SHPVL may, with permission of the Government of Sikkim, sell power within and outside the State of Sikkim or use it for captive consumption. SHPVL intends to enter into a PPA either with end users of power, such as power distribution companies and large industries, or with power trading companies for sale of power generated from this project.

Operations and Maintenance

SHPVL is responsible for operations and maintenance of the Rangit II Hydroelectric Power Project.

Financing Arrangements

The total cost of the Rangit II Hydroelectric Power Project is estimated by the Company is approximately ₹ 4,950 million. This is proposed to be financed with a debt to equity ratio of 70:30.

SHPVL has availed a loan of ₹ 250 million, through a short term credit facility agreement dated December 10, 2010 from Axis Bank, to finance the initial phase of the project. The loan is repayable by October 2011. As at August 31, 2011, the amount of the loan outstanding was ₹ 250 million.

Pravara Co-generation Power Project

Pravara Co-generation Power Project involves the 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 ("PDVVPSSKL"), a co-operative sugar mill, in Pravara Nagar, Maharashtra. A project development agreement was entered into between PREL and PDVVPSSKL on July 12, 2010 (the "Project Development Agreement"), which provides for operation of the project for a period of 25 years after the COD, which is proposed to be January 2014, after which the power plant shall be transferred to PDVVPSSKL for ₹ 0.10 million.

The total cost for executing the Pravara Co-generation Power Project has been estimated at ₹ 2,200 million by the Company.

Project Development Agreement

In terms of the Project Development Agreement, PDVVPSSKL is required to lease approximately 50 acres of land to PREL for the purpose of setting up and operating the co-generation facility, which will be designed as a multi-fuel power plant fired by bagasse or biogas, which will be procured partly from PDVVPSSKL. Pravara Co-generation Power Project shall supply steam and power to PDVVPSSKL for captive use and shall sell surplus power to Maharashtra State Electricity Distribution Company Limited or any other licence holder in Maharashtra. Any shortfall in the minimum assured quantity of bagasse or biogas by PDVVPSSKL shall be made good by compensating PREL of the amount incurred in procuring the additional raw materials. Further, any shortfall in supply of minimum assured quantity of steam by PREL shall be made good by compensating PDVVPSSKL for the amount incurred by it in procuring steam from other sources. Further, PREL is required to pay ₹ 200 million to PDVVPSSKL for the carrying out of the modernisation and upgrade of PDVVPSSKL's sugar plant, out of which ₹ 85 million has already been paid.

Further, in terms of the Project Development Agreement, in case pursuant to the COD, the prevailing tariff is higher than regulatory tariff prevailing at the time of execution of this agreement, then PREL shall share 25% of the incremental revenue due to such increase in tariff, in the event such power has been generated using bagasse provided by PDVVPSSKL. PREL is also required to share 25% of net cash inflows received from the sale of carbon credits collected from the power generated by the Pravara Co-generation Power Project.

Engineering, Procurement & Construction Contract

PREL issued a letter of intent dated April 8, 2009 to GIL for the design, engineering, procurement and installation of equipment including boilers, cooling and ventilation systems and construction works and all other works and things necessary for the completion of the Pravara co-generation power project. A detailed EPC contract shall be entered into between PREL and GIL based on the terms of this letter of intent.

Youngthangkhab Hydroelectric Power Project

Youngthangkhab Hydroelectric Power Project involves the development of a 261 MW hydroelectric power project on the river Satluj and Spiti in Himachal Pradesh. GIL received a letter of intent dated August 1, 2008 ("the YPVL LoI") from the Government of Himachal Pradesh to develop the Youngthangkhab Hydroelectric Power Project on a BOOT basis. YPVL is required to pay an upfront fee of ₹ 1,057.05 million to the Government of Himachal Pradesh on achieving certain milestones, out of which ₹ 528.53 million has been paid. The balance is payable in two equal installments upon signing of the implementation agreement and achieving financial closure for the project.

Pursuant to a pre-implementation agreement dated February 16, 2009 entered into between YPVL and the Government of Himachal Pradesh, which is valid till February 16, 2012, subject to satisfactory completion of techno-feasibility, both the parties shall enter into an implementation agreement for a concession period of 40 years from COD. The COD is yet to be decided.

Financing Arrangements

The total cost of the project is estimated at ₹ 25,000 million.

YPVL has availed a loan of ₹ 450 million, through a short term credit facility agreement dated February 20, 2010 from Dhanalakshmi Bank. The loan is repayable by February 2012. As at August 31, 2011, the amount of the loan outstanding was ₹ 450 million.

Projects in the Pre-Development Phase

We propose to develop the following five projects, subject to applicable regulatory approvals, which are currently in the pre-development phase:

- Adityapur SEZ Project, which involves the development of an SEZ for automobile and auto components at Adityapur, in Jharkhand along with another consortium partner.
- Biomass power project in the state of Haryana, which involves construction and development of six biomass based power projects.
- Tidong Hydroelectric Power Project, which involves construction and development of 60 MW Tidong – II hydroelectric power project in Himachal Pradesh, along with another consortium partner.
- One biomass power project in the state of Punjab, which involves development of a 10 MW biomass based power project.
- TADA SEZ Project, which involves development of an SEZ in Chittoor district, Andhra Pradesh.
- Thermal power project in the state of Maharashtra, which involves development of a thermal power plant in Chandrapur district, Maharashtra.

Future Projects

We continue to identify and submit technical/financial bids, either ourselves or with GIL or with other partners for new projects.

Agreement between GIL and the Company: To facilitate the development of infrastructure projects through the Company, as the infrastructure business and operations company of the Gammon group, our Promoter, GIL entered into an agreement, dated March 11, 2006 with us, whereby GIL has undertaken that a) GIL and its subsidiaries, other than the Company, shall not bid for any PPP Ventures for which the Company desires to bid; and b) GIL and its subsidiaries shall extend all assistance to the Company to bid for the PPP Ventures it desires to bid for and to implement the PPP Ventures it procures. Further, for pre-existing agreements for PPP Ventures under which GIL is required to maintain a certain percentage of the shareholding of the SPV throughout the concession period, thereby limiting GIL's ability to transfer its stake to the Company, GIL has transferred the beneficial ownership in respect of its equity shareholding to the Company.

OPERATIONS AND MAINTENANCE ("O&M") BUSINESS

The Company also provides O&M and project advisory services for projects which are being undertaken by its SPVs. The Company has been sub-contracted O&M services for the REL and AEL Annuity Road Projects and shall provide maintenance services for Mumbai-Nasik Expressway Project. The Company shall also provide O&M services for the Kosi Bridge Project and Gorakhpur Bypass Project.

ALLIANCES AND PARTNERSHIPS

We enter into alliances and partnerships with various domestic and international companies to submit joint application or bids for projects in various sectors and locations. Set out below are some of the sectors and partners with whom we have bid for one or more projects or are currently implementing projects, by way of forming consortiums:

- Port sector projects: With Noble Group Limited (Noble), ACS Group and MMTC Limited;
- Roads: Moscow Metrostroy (Russia); and
- Water infrastructure: Abeima (Spain) and Cadagua (Spain)

COMPETITION

Road Sector

Under the National Highway Development Project of the NHAI, the Central Government has taken a number of initiatives to stimulate private sector participation in the road sector and we face competition from a number of Indian and international infrastructure operators. We believe other companies that are active in bidding for projects in the road sector include Larsen & Toubro Limited, GMR Infrastructure Limited, IRB Infrastructure Developers Limited, GVK infrastructure Madhucon Projects Limited, Punj Lloyd Limited and Infrastructure and Leasing Financial Services Limited.

Port Sector

We believe that competition in the port sector in bidding for new projects would come from AP Moeller Maersk, DP World and PSA International, and Larsen & Toubro Limited and J M Baxi.

Power sector

The Indian power sector is becoming increasingly competitive, largely as a result of the Government of India's measures to deregulate, liberalise and increase private investment in the Indian power sector. In addition, thrust of Government of India on increasing proportion of hydro power in total power generation, supported by proactive steps taken by various state government in encouraging private sector investment in hydro power sector, is leading to increased competition in the this sector of power generation as well. In other forms of renewable energy, such as solar, where Government of India has come out with National Solar Mission, for development of solar photovoltaic and solar thermal power projects through private sector participation, it has also witnessed tremendous interest and response from various national and international companies.

INSURANCE

We maintain insurance policies for all of our projects through our SPVs, which we believe are sufficient to cover all material risks to our operations and revenue. Our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, work accidents, fire, earthquake, flood and other force majeure events. This includes hazards that may cause injury and loss of life, damage and destruction of property, equipment and environmental damage.

Our insurance policies usually include advance loss of profit during construction phase of our SPVs, loss of profit, group personal accident insurance, public liability insurance, standard fire and special perils insurance during the operations phase of our SPVs, , contractors' all risk policy availed by the EPC contractor during construction, burglary insurance and cash insurance.

INTELLECTUAL PROPERTY

The Company has entered into a Trademark License Agreement ("TLA") with GIL on March 20, 2006. Under the TLA, GIL has granted to us an irrevocable right to use the licensed trademarks and to utilize and exercise all the rights in and over these trademarks and as are connected to the licensed trademarks. The trademarks that the Company has been licensed to use are the registered trademarks "Gammon" and the "Gammon logo". A non-exclusive license to use these trademarks has been granted. Under the TLA, the Company is not permitted to assign, sub-license, transfer, convey or pledge in whole or part, without the prior written consent of GIL. Further, the TLA can be assigned by GIL at any time. The TLA provides for, as consideration for the license, annual payment of ₹ 100 to GIL. The TLA was valid for a period of one year. The Company has extended the TLA for a further period of five years, i.e., until March 19, 2012, on the same terms and conditions.

HUMAN RESOURCES

As of August 31, 2011, we have a total of 325 employees, who are professionals holding formal qualifications in various disciplines, including engineering, management, law and accountancy and the others comprise our toll operators and support staff.

OFFICES

The registered office of the Company is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. Our corporate office is located at Orbit Plaza, 5, New Prabhadevi Road, Behind Marathe Udyog Bhavan, Prabhadevi, Mumbai 400025.

REGULATORY FRAMEWORK

Project Specific Regulations

The current projects of our subsidiaries and of the joint ventures entered into by us are operating in the roads, ports and power sectors.

The primary central legislations governing the roads sector are the National Highways Act, 1956 and the National Highways Authority of India Act, 1988. The National Highways Authority of India has been formed under the National Highways Authority of India Act, 1988 for the development, maintenance and management of national highways.

The Indian Ports Act, 1908 (the "Ports Act") is the primary legislation regulating the port sector. A 'major' port is regulated by the Government of India through a port trust under the Major Port Trusts Act, 1963 while a 'non-major' port is regulated by the relevant state government under the Ports Act through a state maritime board

Electricity, being an entry in the Concurrent List (Entry 38, List III) of the Seventh Schedule to the Constitution of India, is regulated by the Central Government and the State Governments. The Electricity Act, 2003 (the "Electricity Act") was enacted with effect from June 10, 2003. The Electricity Act seeks to provide for demarcation of the roles in relation to generation, transmission and distribution so as to provide for individual accountability in respect of each.

Environmental regulations

The development and operation of the Company's projects in India are required to comply with the provisions of the Environment (Protection) Act, 1986 (the "Environment Act"), the Forest (Conservation) Act, 1980 (the "Forest Act"), the Water (Prevention and Control of Pollution) Act, 1974 (the "Water Act"), the Air (Prevention and Control of Pollution) Act, 1981 (the "Air Act"), and the Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 (the "Hazardous Wastes Rules").

The Environment Act, the Air Act and the Water Act provide for protection and improvement of the environment and for prevention, abatement and control of pollution. Companies must obtain the prior clearance of the relevant state pollution control board for emissions and discharge of effluent into the environment, and are required to intimate relevant authorities and take other requisite remedial steps if the discharge of environmental pollutants exceeds prescribed standards. The Forest Act provides for the conservation of forests and regulates the reservation and use of forest land. The Forest Act requires state governments to obtain the prior approval of the government of India for certain matters, including those related to de-reserving of reserved forests, using forest land for non-forest purposes and assigning forest land in favour of private persons. The Hazardous Wastes Rules have been framed under the Environment Act and regulate the handling, storage, export, import, packing, labelling, transportation, recycling, reprocessing and reuse of specified types of hazardous wastes. Under the Hazardous Wastes Rules, companies are responsible for the safe and environmentally sound handling of hazardous wastes generated in their establishments.

OUR MANAGEMENT

Board of Directors

Under the Articles of Association of the Company, the Company is required to have not less than three Directors and not more than 12 Directors. The Company currently has 10 Directors.

The following table sets forth details regarding the Board of Directors of the Company as of the date of filing the Draft Letter of Offer:

Name, Father's Name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships/Partnerships/Trusteeships in which the Director is a trustee
Abhijit Rajan ***Designation***: Chairman and Managing Director ***Father's name***: Late Jagdish Rajan ***Term****:* Current three year term would expire on January 22, 2012 ***DIN****:* 00177173 ***Occupation****:* Industrialist ***Nationality****:* Indian ***Address***: Rituraj, 1, Military Road 2, Mittal Park, Juhu Mumbai 400 049	51	*Other Directorships* Fin Est S.P.A First Asian Capital Resources Private Limited Franco Tosi Meccanica S.P.A. (Italy) Gammon and Billimoria Limited Gammon Cities Limited Gammon India Limited Pacific Energy Private Limited Sadelmi S.P.A. (Italy) Sofinter S.P.A.(Italy) Vizag Seaport Private Limited *Partnerships* Nil *Trusteeships* Nil
Himanshu Parikh ***Designation:*** Vice Chairman ***Father's name***: Late Vinod Parikh ***Term:*** Liable to retire by rotation ***DIN:*** 00760181 ***Occupation****:* Service ***Nationality:*** Indian ***Address:*** 2A, 'Rituraj' Juhu Military Road Opposite Mittal Park Mumbai 400 049	51	*Other Directorships* Ashwin Overseas Private Limited Gammon India Limited Gammon Information Technologies Limited Gammon International LLC. Oman Gammon Power Limited Gammon Realty Limited Milkway Trading Private Limited Sneha Agencies Private Limited Vizag Seaport Private Limited *Partnerships* Nil *Proprietorships* M/s Vinod Enterprises *Trusteeships*

Name, Father's Name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships/Partnerships/Trusteeships in which the Director is a trustee
		Sneha Himanshu Parikh Family Benefit Trust
Kishor Kumar Mohanty ***Designation***: Managing Director ***Father's name:*** Dibya Singh Mohanty ***Term:*** Current three year term would expire on April 11, 2014 ***DIN:*** 00080498 ***Occupation:*** Service ***Nationality:*** Indian ***Address:*** 23 PH2, Cape Tower 1925 Chak Garia Hiland Park Kolkata 700 094	54	*Other Directorships* NAC Infrastructure Equipment Limited Nagpur-Seoni Expressway Limited Sweta Padma Finance and Leasing Limited Vizag Seaport Private Limited *Partnerships* Nil *Trusteeships* Nil
Rajeevkumar Malhotra ***Designation***: Whole Time Director ***Father's name***: Krishnakumar B.Malhotra ***Term:*** Current three year term would expire on March 31, 2014 ***DIN:*** 03429604 ***Occupation:*** Service ***Nationality:*** Indian ***Address:*** C-404 Greenfield Tower Saint Anthony Road Vakola Santacruz (E) Mumbai 400 055	59	*Other Directorships* Andhra Expressway Limited Chitoor Infrastructure Projects Private Limited Chitoor Infra Company Private Limited Gammon Logistics Limited Gorakhpur Infrastructure Company Limited Kosi Bridge Infrastructure Company Limited Mumbai Nasik Expressway Limited Rajahmundry Expressway Limited Rajahmundry Godavari Bridge Limited Tada Infrastructure Projects Private Limited *Partnerships* Nil *Trusteeships* Nil
Parag Parikh ***Designation***: Whole Time Director and Chief Financial Officer ***Father's name***: Arvind Parikh ***Term:*** Current three year term would expire on August 24, 2014	35	*Other Directorships* Andhra Expressway Limited Ashwin Overseas Private Limited Blue Water Iron Ore Terminal Private Limited Gorakhpur Infrastructure Company Limited Haryana Biomass Power Limited Indira Container Terminal Private Limited Kosi Bridge Infrastructure Company Limited Milkway Trading Private Limited

Name, Father's Name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships/Partnerships/Trusteeships in which the Director is a trustee
DIN: 01438929 ***Occupation:*** Service ***Nationality:*** Indian ***Address:*** 5 Dahanukar Building 480 Kalbadevi Resham Bazar Mumbai 400 002		Modern Tollroads Limited Mumbai Nasik Expressway Limited Patna Highway Projects Limited Rajahmundry Expressway Limited Rajahmundry Godavari Bridge Limited Sikkim Hydro Power Ventures Limited Vizag Seaport Private Limited *Partnerships* Nil *Trusteeships* Nil
Chandrahas Charandas Dayal ***Designation***: Independent Director ***Father's name:*** Late Charandas Dayal ***Term:*** Liable to retire by rotation ***DIN:*** 00178583 ***Occupation:*** Chartered Accountant ***Nationality:*** Indian ***Address:*** Arun B-7, Narayan Dabholkar Road Mumbai 400 006	67	*Other Directorships* Andhra Expressway Limited Cochin Bridge Infrastructure Company Limited Synchrofin Services Private Limited Gammon and Billimoria Limited Gammon India Limited Gammon Information Technologies Limited Mature Trading and Investment Private Limited Mumbai Nasik Expressway Limited Navdeep Chemicals Private Limited Rajahmundry Expressway Limited Raseera Investments Private Limited Spectrum Informatics Private Limited STFA Piling (India) Limited TML Industries Limited Vizag Seaport Private Limited *Partnerships* Dayal and Lohia, Chartered Accountants *Trusteeships* Nasik Sanatorium Trust
Sanjay Sachdev ***Designation***: Independent Director ***Father's name*****:** Niranjan Sachdev ***Term:*** Liable to retire by rotation ***DIN:*** 00415170 ***Occupation:*** Service	49	*Other Directorships* Freedom Financial Services Private Limited *Partnerships* Nil *Trusteeships* Nil

Name, Father's Name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships/Partnerships/Trusteeships in which the Director is a trustee
Nationality: Indian ***Address:*** India House No. 2 Flat # 21 4th floor Kemps Corner Mumbai 400 026		
Naresh Chandra ***Designation***: Independent Director ***Father's name:*** Rama Kant ***Term:*** Liable to retire by rotation ***DIN:*** 00015833 ***Occupation:*** Retired IAS Officer ***Nationality:*** Indian ***Address:*** Sector C-4 4053 Vasant Kunj New Delhi 110 070	77	*Other Directorships* ACC Limited Ambuja Cements Limited AVTEC Limited Bajaj Auto Limited Bajaj Finserv Limited Bajaj Holdings & Investment Limited Balrampur Chini Mills Limited Cairn India Limited Electrosteel Castings Limited Emerging Ventures India Private Limited Eros International Media Limited G4S Corporate Services Private Limited Hindustan Motors Limited *Partnerships* Nil *Trusteeships* Aspen India Trust, New Delhi Public Interest Foundation, New Delhi India Development Foundation Mathematical Sciences Foundation, New Delhi

Name, Father's Name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships/Partnerships/Trusteeships in which the Director is a trustee
Sushil Chandra Tripathi ***Designation***: Independent Director ***Father's name:*** Harish Chandra Pati Tripathi ***Term:*** Liable to retire by rotation ***DIN:*** 00941922 ***Occupation:*** Retired IAS Officer ***Nationality:*** Indian ***Address:*** 27, Sector 15A Noida 201 301	65	*Other Directorships* Indus Ind Bank IL & FS Energy Development Company Limited IL & FS Infrastructure Development Corporation Limited Kailash Healthcare Limited Reliance Capital Asset Management Company Limited Samvardhana Motherson Finance Limited Shipping Corporation of India Limited *Partnerships* Nil *Trusteeships* Nil
Kunal Shroff ***Designation***: Independent Director ***Father's name***: Kumudchandra Mulchand Shroff ***Term:*** Director liable to retire by rotation ***DIN:*** 00240439 ***Occupation:*** Service ***Nationality:*** Indian ***Address:*** 8 Jay Mahal First floor A Road Churchgate Mumbai 400 020	36	*Other Directorships* ChrysCapital Investment Advisors (I) Private Limited Parksons Packaging Limited Simplex Infrastructure Limited *Partnerships* Nil *Trusteeships* Nil

Relationship between the Directors

None of the directors of the Company are related to each other.

Brief Biographies

Abhijit Rajan is the chairman and managing director of the Company. He holds a bachelor's degree in commerce from Mumbai University. He joined the board of the Promoter in 1991 and was appointed as chairman and managing director of the Promoter with effect from April 17, 2001. He was appointed as chairman of the Company on August 4, 2001 and has been the chairman and managing director of the Company since January 23, 2006. He has over 25 years of experience in strategic planning and general management.

Himanshu Parikh is the vice chairman of the Company. He holds a bachelor's degree in commerce from Mumbai University. He joined the board of the Promoter on June 2, 1997 and has been an executive director of the Promoter since May 1, 2005. He was appointed as the executive vice chairman of the Company on July 3, 2010. Later, he was designated as the vice chairman of GIPL on relinquishment of executive functions. He has over 30 years of experience in areas such as purchase, taxation and finance, electronic data processing and general management.

Kishor Kumar Mohanty is the managing director of the Company. He holds a bachelor's degree in technology (electronics and telecommunications) from the National Institute of Technology, Warangal, Andhra Pradesh and a master's degree in business administration (finance and marketing) from Harvard Business School, Boston. He joined the Board on April 12, 2011 as managing director of the Company. He has over 30 years of managerial experience in various capacities including over 13 years in the infrastructure sector including business modeling and financial engineering.

Rajeevkumar Malhotra is the whole time director of the Company. He holds a bachelor's degree in engineering (civil) from Punjabi University and a master's degree in technology from the Indian Institute of Technology, Kanpur. He was a research scholar at the Indian Institute of Technology, Bombay. He joined the Board on February 11, 2011 and has been appointed as a whole time director of the Company with effect from April 1, 2011. He has over 32 years of experience in civil construction engineering.

Parag Parikh is the whole time director and chief financial officer of the Company. He holds a master's degree in commerce from Bombay University and a Post Graduate Masters in Business Administration in finance from Mumbai Educational Trust, Mumbai. He has been employed with the Company since its inception. He was appointed as the chief financial officer of the Company on May 1, 2008. He joined the Board on August 25, 2011 as a whole time director of the Company. He has over 11 years of experience in project finance, investment banking and strategic planning.

Chandrahas Charandas Dayal is an independent director of the Company. He is a chartered accountant. He joined the board of the Promoter in June, 1989. He joined the Board on September 19, 2005. He has over 30 years of experience in areas of internal audit, taxation and finance.

Sanjay Sachdev is an independent director of the Company. He holds a bachelor's degree in law from Mumbai University and a master's degree in business administration from Thunderbird University, USA. He joined the Board of the Company on March 25, 2006. He has over 20 years of experience in finance including 13 years of experience working with the pension and mutual fund operations at the Principal Financial Group.

Naresh Chandra is an independent director of the Company. He holds a master's degree in science (mathematics) from Allahabad University. He joined the Indian Administrative Service in May, 1956 and retired as cabinet secretary in 1992. He served as secretary to various ministries to the Government of India including water resources, defence and home affairs. On retirement he was appointed as senior advisor to the prime minister of India. He was made the governor of Gujarat in June, 1995. He was appointed as the ambassador of India to the USA in April, 1996 where he served till February, 2001. He was the chairman of the central government committees on 'Corporate Governance and Statutory Audit', 'Private Companies and Limited Liability Partnership' and 'Civil Aviation Policy and Reforms'. He was awarded Padma Vibhushan, the second highest civilian award in India, by the Government of India in March, 2007. He joined the Board on October 15, 2007. He has over 30 years of experience in public administration.

Sushil Chandra Tripathi is an independent director of the Company. He holds a master's degree in science (physics) from Allahabad University, bachelor's degree in law from Lucknow University and a diploma in management from All India Management Association. He joined the Indian Administrative Service in 1968. He retired from the Indian Administrative Service in 2005 after having served under various capacities with the State Government of Uttar Pradesh including as the principal secretary to the governor, advisor (industry and finance), and principal secretary (finance). He also held various posts under the Central Government such as additional secretary to the Ministry of Mines, education secretary to the Ministry of Human Resource Development and secretary to the Ministry of Petroleum and Natural Gas. He joined the board of the Company on May 21, 2008. He has over 30 years of experience in public administration.

Kunal Shroff is an independent director of the Company. He holds a bachelor's degree in science (computer science) with magna cum laude honors from Cornell University. He joined the Board of the Company on April 12, 2011. He is a managing director at ChrysCapital Investment Advisors. He has over 15 years of experience in the investment advisory business, having previously worked at Goldman Sachs and Chilton Investment Company.

Confirmations

None of the Directors is or was a director of any listed company during the last five years preceding the date of filing of the Draft Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Service agreements with the Directors

No service contracts have been entered into by the directors with the Company providing for benefits upon termination of employment.

As of the date of the Draft Letter of Offer there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which the Company has appointed a director or a member of senior management.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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 Rs 1,436,200,000 and the year-end balance of loans taken from such parties was Rs.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 Rs.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

GAMMON INFRASTRUCTURE PROJECTS LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

(All amounts in Indian Rupees)

		Schedule No.	As At March 31, 2011		As At March 31, 2010	
SOURCES OF FUNDS						
Shareholders' Funds						
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
Unsecured Loans		**4**		1,736,200,000		-
Deferred Tax Liability, Net				25,977,575		26,029,413
[Refer note C (4) of Schedule 19]						
				7,591,161,468		**5,420,233,407**
APPLICATION OF FUNDS						
Fixed Assets (Net)		**5**				
Gross Block			268,108,235		266,588,956	
Accumulated Depreciation and Amortisation			96,921,385		77,236,136	
Net Block				171,186,850		189,352,820
Investments		**6**		4,365,924,143		4,230,308,518
Current Assets, Loans and Advances						
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	
Current Liabilities and Provisions						
Current Liabilities		**11**	102,454,583		61,514,497	
Provisions		**12**	23,597,673		21,571,319	
	(B)		126,052,256		83,085,816	
Net Current Assets	(A-B)			3,054,050,475		1,000,572,069
				7,591,161,468		**5,420,233,407**
NOTES TO ACCOUNTS		**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 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

Place : Mumbai
Date : May 19, 2011

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

GAMMON INFRASTRUCTURE PROJECTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	Schedule No.	Year Ended March 31, 2011		Year Ended March 31, 2010	
INCOME					
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**
EXPENDITURE					
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
PROFIT BEFORE TAX			**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
PROFIT AFTER TAX			**357,302,385**		**140,037,627**
Add : Excess Provision for earlier years			-		3,229
NET PROFIT FOR THE YEAR			**357,302,385**		**140,040,856**
Add: Balance at the beginning of the year			488,712,867		348,672,011
BALANCE CARRIED TO THE BALANCE SHEET			**846,015,252**		**488,712,867**
Earnings Per Share [Refer note C (6) of Schedule 19]					
Basic			**0.49**		**0.19**
Diluted			**0.49**		**0.19**
Nominal Value of Equity Shares in Rupees			**2**		**2**
NOTES TO ACCOUNTS	**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 Natvarlal Vepari and Co.
Firm Registration No. : 106971W
Chartered Accountants

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

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

N. Jayendran
Partner
Membership No : 40441

per Hemal Shah
Partner
Membership No: 42650

Place : Mumbai
Date : May 19, 2011

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

GAMMON INFRASTRUCTURE PROJECTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

		Year Ended March 31, 2011		Year Ended March 31, 2010	
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	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 dimunition 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
	Operating Profit before Working Capital Changes		**643,562,880**		**209,810,625**
	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)
	Net Cash from Operating Activities		**479,655,877**		**204,778,454**
B.	**CASH FLOW FROM INVESTMENT ACTIVITIES :**				
	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 acquistion of controlling interest in subsidiaries equity shares transferred against deposits for acquisition of controlling				

		Year Ended March 31, 2011		Year Ended March 31, 2010	
	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	
	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	
	Net Cash (used for) Investing Activities		(2,070,660,499)		(831,813,706)
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	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)		-	
	Net Cash from Financing Activities		1,743,848,376		7,120,550
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**152,843,754**		**(619,914,702)**
	Closing Balances *		269,554,838		116,711,084
	Opening Balances		116,711,084		736,625,786
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**152,843,754**		**(619,914,702)**
	Note : Figures in brackets denote outflows.				
	Components of Cash and Cash Equivalents				
	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
			269,554,838		**116,711,084**

* Includes Rs. 593,007 (previous year : Rs. 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	For S.R. Batliboi & Co. Firm Registration No. : 301003E Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited	
N. Jayendran Partner Membership No : 40441	per Hemal Shah Partner Membership No: 42650	Abhijit Rajan Chairman and Managing Director	Himanshu Parikh Vice Chairman
Place : Mumbai Date : May 19, 2011		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	

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As at March 31, 2011		As at March 31, 2010	
Schedule '1': Share Capital				
Authorised :				
1,000,000,000 (Previous Year: 1,000,000,000) Equity shares of Rs 2/- each		2,000,000,000		2,000,000,000
		2,000,000,000		**2,000,000,000**
Issued and Subscribed:				
729,550,412 (Previous Year : 725,250,000) Equity Shares of Rs. 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 Rs. 2 fully paid held by Gammon India Limited - the holding Company and 22,400,000 (Previous Year 22,400,000) equity shares of Rs 2 each are held by Gactel Turnkeys Projects Limited]				
		1,459,100,824		**1,450,500,000**
Paid-up :				
729,550,412 (Previous Year : 725,250,000) Equity Shares of Rs. 2 each	1,459,100,824		1,450,500,000	
Less: 162,050 (Previous Year : 162,050) equity shares of Rs 10 each forfeited	1,620,500		1,620,500	
		1,457,480,324		1,448,879,500
Share Forfeiture Account :				
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 excercised, against which 4,300,412 (Previous Year: 2,500,000) equity shares @ Rs 2 per equity share were alloted.				
		1,465,582,824		**1,456,982,000**

(All amounts in Indian Rupees)

	As at March 31, 2011		As at March 31, 2010	
Schedule '2': Employee Stock Options Outstanding				
Employee stock options outstanding	50,221,500		50,221,500	
Less : Employee Stock Options Excercised	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]				
		9,207,934		**22,540,082**

(All amounts in Indian Rupees)

	As at March 31, 2011		As at March 31, 2010	
Schedule '3': Reserves and Surplus				
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 excercise of Employee Stock Options	82,247,838		16,725,000	
Less: Nil (Previous year : 162,050) Equity shares of Rs 10 at premium of Rs 157 per equity share forefeited	-		25,441,850	
	82,247,838		11,282,755	
Less : Share issue expenses during the year	39,000		-	
		82,208,838		11,282,755
		3,508,177,883		3,425,969,045
Profit & Loss Account balance		846,015,252		488,712,867
		4,354,193,135		**3,914,681,912**

(All amounts in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
Schedule '4': Unsecured Loans		
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: Rs. 1,000,000,000, Previous year : Nil)		
	1,736,200,000	**-**

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GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2011

SCHEDULE '5:

(All amounts in Indian Rupees)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 01.04.2010	Additions during the year	Deletions during the year	As on 31.03.2011	As on 01.04.2010	For the year	Deletions for the year	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
TANGIBLE ASSETS :										
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
	16,588,956	**1,918,278**	**398,999**	**18,108,235**	**4,054,409**	**1,556,868**	**154,528**	**5,456,749**	**12,651,486**	**12,534,547**
INTANGIBLE ASSET :										
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
	250,000,000	-	-	250,000,000	73,181,727	18,282,909	-	91,464,636	158,535,364	176,818,273
Grand Total	**266,588,956**	**1,918,278**	**398,999**	**268,108,235**	**77,236,136**	**19,839,777**	**154,528**	**96,921,385**	**171,186,850**	**189,352,820**
Previous year	*265,727,774*	*1,664,806*	*803,624*	*266,588,956*	*57,614,773*	*19,891,391*	*270,028*	*77,236,136*	*189,352,820*	

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	Face Value Rupees	Nos. as on March 31, 2011	Nos. as on March 31, 2010	As at March 31, 2011		As at March 31, 2010	
Schedule '6' : Investments							
Long term Investments unless otherwise stated (at cost) :							
Trade Investments, in Subsidiary Companies:							
(Fully paid-up unless otherwise stated)							
Ordinary Shares: (Unquoted)							
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	10	50,000	50,000	500,000		500,000	

	Face Value Rupees	Nos. as on March 31, 2011	Nos. as on March 31, 2010	As at March 31, 2011		As at March 31, 2010	
(formerly Gammon Hospitality Limited)							
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
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	10	2,143,950	2,143,950	21,439,500		21,439,500	

	Face Value Rupees	Nos. as on March 31, 2011	Nos. as on March 31, 2010	As at March 31, 2011		As at March 31, 2010	
Limited							
Modern Tollroads Limited	10	24,470	24,470	244,700		244,700	
					21,928,700		21,928,700
<u>Non-Trade Investments :</u>							
<u>(Fully paid-up unless otherwise stated)</u>							
<u>Non-Trade-Quoted Investments, in fully paid-up Equity Shares</u>							
<u>otherwise stated (Current Investments) (lower of cost and market value) :</u>							
Tata Consultancy Services Limited	1	-	1,160	-		-	
					-		-
Less: Provision for Dimunition 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 ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
Schedule '7': Inventories		
(at lower of cost and net realisable value)		
Stores and Materials at site	2,799,382	3,940,222
	2,799,382	**3,940,222**

(All amounts in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
Schedule '8': Sundry Debtors		
[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
	201,270,353	**117,529,722**
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	-
	201,270,353	**117,529,722**

(All amounts in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
Schedule '9': Cash and Bank Balances		
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
	269,554,838	**116,711,084**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As at March 31, 2011		As at March 31, 2010	
Schedule '10': Loans and Advances				
(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	
- 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	
- Indira 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 :				

	As at March 31, 2011		As at March 31, 2010	
- 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			
Prawara Renewable Energy Infrastructure 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
Loans and Advances				
(Unsecured - Considered doubtful)				
Advances recoverable in cash or in kind or for value to be received	1,891,408		5,546,985	
Intercorporate Deposits :				
- Gammon Logistics Limited	49,145,000		-	
- Others (including interest accrued receivable)	4,584,183		-	
Less : Provision made againts above	55,620,591	-	5,546,985	-
		2,706,478,158		**845,476,857**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As at March 31, 2011		As at March 31, 2010	
Schedule '11': Current Liabilities				
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
		102,454,583		**61,514,497**

(All amounts in Indian Rupees)

	As at March 31, 2011		As at March 31, 2010	
Schedule '12': Provisions				
Provision for Staff Benefits against :				
- Cash Compensatory Schme	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
		23,597,673		**21,571,319**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	Year Ended March 31, 2011	**Year Ended March 31, 2010**
SCHEDULE '13': Turnover		
Income from Professional services rendered :		
Developer's Fees	246,237,534	124,149,892
Operating & Maintenance Income	265,803,407	1,052,049,307
	512,040,941	**1,176,199,199**

(All amounts in Indian Rupees)

	Year Ended March 31, 2011	**Year Ended March 31, 2010**
SCHEDULE '13'A: Operating Income		
Dividend from Subsidiary Companies	348,000,000	-
	348,000,000	**-**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	Year Ended March 31, 2011		Year Ended March 31, 2010	
SCHEDULE '14': Other Income				
Dividend Income (comprises entirely dividend from short-term, non-trade investments)		1,808,309		6,877,277
Interest Income :				
- On Intercorporate Deposits placed	38,447,059		4,438,472	
(Tax Deducted at Source Rs. 4,216,600 ; Previous year Rs. 307,593)				
- 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
Other Income :				
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
		51,541,860		**52,968,660**

(All amounts in Indian Rupees)

	Year Ended March 31, 2011		Year Ended March 31, 2010	
SCHEDULE '15': Road Projects Maintenance Expenses				
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
		43,941,129		**850,154,352**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	Year Ended March 31, 2011		Year Ended March 31, 2010	
SCHEDULE '16': Establishment Expenses				
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 Dimunition in the Value of Investment		25,500,000		-
		176,497,024		**57,760,881**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	Year Ended March 31, 2011		Year Ended March 31, 2010	
SCHEDULE '17': Personnel Costs				
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
		102,606,108		**85,483,193**

(All amounts in Indian Rupees)

	Year Ended March 31, 2011		Year Ended March 31, 2010	
SCHEDULE '18': Finance Cost				
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
		109,441,119		**11,263,820**

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) <u>Fixed Assets and depreciation</u>

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.

c) <u>Impairment</u>

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) <u>Investments</u>

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) <u>Inventories</u>

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) <u>Provision for Taxation</u>

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) <u>Operating Lease</u>

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) <u>Earnings per share</u>

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.

i) <u>Provisions, Contingent Liabilities and Contingent Assets</u>

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) <u>Share Issue Expenses</u>

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

k) <u>Employee Benefits</u>

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.

C. OTHER NOTES

1. Investments

a) 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.

b) 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.

c) 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.

d) Gammon Hospitality Ltd ('GHL'), a wholly owned subsidiary of the Company was renamed as Tada Infra Development Co Ltd ('TIDCL') during the year.

e) 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.	Rupees	Nos.	Rupees	Nos.	Rupees	Nos.	Rupees
Subsidiary Companies :								
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 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	-	-
Total		**585,324,350**		**515,526,440**		**867,156,590**		**-**
Joint Ventures Companies:								
Blue Water Iron Ore Terminal	1,335,382	13,353,820	592	5,920	-	-	100	1,000

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.	Rupees	Nos.	Rupees	Nos.	Rupees	Nos.	Rupees
Private Ltd								
Indira Container Terminal Private Ltd	-	-	-	-	10,167,008	101,670,080	-	-
Punjab Biomass Power Ltd	24,166,665	24,166,665	-	-	-	-	-	-
Total		**37,520,485**		**5,920**		**101,670,080**		**1,000**

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.	Rupees	Nos.	Rupees
Subsidiary Companies :				
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	-	-
Total		**53,803,150**		**139,364,496**
Joint Ventures Companies:				
Indira Container Terminal Private Ltd	-	-	26,407,160	264,071,600
Total		**-**		**264,071,600**

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 Rs 1,352,219 (Previous year Rs 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	Rupees	Rupees	No. of Units	Rupees	Rupees
ICICI Prudential	11,169,433 (-)	1,181,000,000 (-)	1,787,429 (-)	1,1186,338 (-)	1,182,787,428 (-)	- (-)
Total	**11,169,433 (-)**	**1,181,000,000 (-)**	**1,787,429 (-)**	**1,1186,338 (-)**	**1,182,787,428 (-)**	**- (-)**

(Previous year figures are in brackets)

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 Rs 10/- each at a premium of Rs 157 per share in the year 2007-08. The equity shares pursuant to the offer were allotted on March 27, 2008.

During the year 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
Investments in Subsidiaries :			
Kosi Bridge Infrastructure Company Limited ('KBICL')	241,544,000	241,395,000	241,395,000
Gorakhpur Infrastructure Company Limited ('GICL')	368,900,000	193,400,000	193,400,000
Sikkim Hydro Power Ventures Limited ('SHVPL')	896,000,000	9,600,000	9,600,000
Mumbai Nasik Expressway Limited ('MNEL')	510,000,000	21,000,000	21,000,000
Repayment of loan taken from GIL	100,000,000	100,000,000	100,000,000
IPO Issue Expenses	161,006,000	102,104,965	102,104,965
General corporate purposes and investments in strategic initiatives	486,400,000	381,741,585	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
Total (A)	**2,763,850,000**	**2,744,855,490**	**2,742,172,305**
Less :			
162,050 equity shares of Rs 167/- each forfeited on non receipt of allotment money	27,062,350	-	-
Add :			
Amount of Rs 50/- per equity share received on the above forfeited 162,050 equity shares	8,102,500	-	-
Total	**2,744,890,150**	**2,744,855,490**	**2,742,172,305**

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

	Upto March 31, 2011	**Upto March 31, 2010**
Investments in Subsidiaries / Joint Venture Companies:		
Youngthang Power Ventures Limited (YPVL')	528,525,000	528,525,000
Rajahmundry Godavari Bridge Limited ('RGBL')	433,150,000	433,150,000
Pravara Renewable Energy Limited ('PREL')	126,000,000	126,000,000
Indira Container Terminal Private Limited ('ICTPL')	405,802,000	405,802,000
Punjab Biomass Power Limited ('PBPL')	34,100,000	34,100,000
Gammon Projects Developers 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
Total	**1,695,613,940**	**1,695,613,940**

Pending utilization, the funds are temporarily held in :

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

* 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 March 31, 2011	**Upto March 31, 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
Total	**2,744,890,150**	**2,744,890,150**

4. <u>Deferred Tax Liability</u> :

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

Particulars	**As at March 31, 2011**	**As at March 31, 2010**
Deferred Tax Liability on account of :		
- Depreciation	33,816,132	33,194,866

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred Tax Asset on account of :		
- Gratuity / Leave Encashment / Cash Compensation Scheme	7,838,557	7,165,453
Net Difference (Deferred Tax Liability)	**25,977,575**	**26,029,413**

5. **<u>Sub-division of Equity Shares :</u>**

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 Rs 10 per equity share to Rs 2 per equity share. The record date for effecting the sub-division was October 27, 2009.

6. **<u>Earnings Per Share ('EPS')</u> :**

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

Particulars	As at March, 31, 2011	As at March, 31, 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 (Rs.)	0.49	0.19
Earnings per Share - Diluted(Rs.)	0.49	0.19

<u>Reconciliation of weighted number of outstanding during the year</u>

Particulars	As at March, 31, 2011	As at March, 31, 2010
Nominal Value of Equity Shares (Rs per share)	2	2
For Basic EPS :		
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
For Dilutive EPS :		
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. **<u>Expenses in Foreign Currency</u>**

(on cash basis)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Travelling Expenses	1,188,137	377,437
Professional Fees (Net of TDS & Service Tax)	1,482,373	2,752,169
Total	**2,670,510**	**3,129,606**

8. **<u>Managerial Remuneration</u>**

a) Details of managerial remuneration:

Particulars	Year ended March 31, 2011	Year ended March 31, 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
Directors Remuneration	**18,078,124**	**16,811,206**

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

Particulars	Year ended March 31, 2011	Year ended March 31, 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	-
Net Profit u/s 349 of the Companies Act, 1956	**533,831,055**	**224,215,024**
Remuneration to Managing and Whole-time directors		
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
Commission to other directors		
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 Rs. 190,000 (Previous year Rs. 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 on March 31, 2011	Maximum Amount Outstanding during the year
Subsidiaries :		
Chitoor Infra Company Private Limited	725 (-)	6,475 (-)
Chocin Bridge Infrastructure Co Limited	5,314,391 (-)	5,314,391 (-)
Dohan Renewable Energy Private Limited	10,900 (-)	10,900 (-)
Gammon Logistics Limited	49,121,839 (50,421,239)	52,921,239 (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 (-)
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 (3,119)	56,270 (949,104)
Markanda Renewable Energy Private Limited	10,000 (-)	10,000 (-)
Mumbai Nasik Expressway Limited	- (171,764)	486,637 (619,732)
Pataliputra Highway Limited	634,700,727 (-)	634,700,727 (425,192)
Patna Highway Projects Limited	713,078 (319,848)	1,510,588 (319,848)
Pravara Renewable Energy Limited	469,341 (-)	469,341 (-)
Rajahmundry Godavari Bridge Limited	101,833 (615,685)	5,653,219 (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	- (1,784)	17,745 (22,936)
Sirsa Renewable Energy Private Limited	10,000 (-)	10,000 (-)
Tada Sez Private Limited	725 (-)	6,475 (-)
Tada Infra Development Co	-	1,460

Particulars	Balance as on March 31, 2011	Maximum Amount Outstanding during the year
Limited	(-)	(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)

Particulars	Balance as on March 31, 2011	Maximum Amount Outstanding during the year
Associates and Joint Venture Companies :		
Blue Water Iron Ore Terminal Private Limited	49,424 (1,467,141)	1,493,286 (1,467,141)
Haryana Biomass Power Limited	9,429,411 (9,245,254)	9,429,411 (9,245,254)
Indira Container Terminal Private Limited	3,622,232 (3,509,483)	3,727,251 (3,509,483)
Punjab Biomass Power Limited	143,044,977 (57,821,894)	143,044,977 (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 Rs 1,200,000 plus service tax (Previous year Rs 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
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

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. <u>Details of Joint Ventures</u>

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

Sno	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 (14,451,778)	15,078,922 (946,223)	12,265 (-)	7,555,294 (334,826)	2,182,050,000 (1,931,505,900)	- (-)
Haryana Biomass Power Ltd	5,452,919 (5,213,538)	5,236,961 (4,963,538)	0 (-)	6,730 (27,312)	561,250,000 (561,542,903)	- (-)
Indira Container Terminal Private Ltd	1,234,442,150 (732,257,107)	831,940,737 (557,010,119)	40,450,355 (35,266,750)	75,300,820 (65,056,816)	1,121,418,804 (1,554,862,500)	211,453,692 (187,500,000)
Punjab Biomass Power Ltd	412,228,237 (375,285,205)	341,365,605 (277,735,205)	1,872,963 (-)	20,439,495 (570,838)	- (270,521,725)	- (-)
Sez Adityapur Limited	127,065 (148,022)	147,913 (-41,978)	- (-)	31,508 (179,339)	- (-)	- (-)

(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 Rs. 4,414,375,955 (inclusive of share of capital commitment in joint ventures). Total capital commitment as on March 31, 2010, was Rs 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.

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 Rs. 10 each of the Company at an exercise price of Rs 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 Rs 63.95 per equity share of Rs. 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 Rs 63.95 per equity share of Rs. 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 Rs 72.10 per equity share of Rs. 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 (Rupees)	99.00	124.00	63.95	99.00	124.00	63.95
Market Price (as on grant date) of equity shares granted during the year (Rupees)	N.A.	N.A.	63.95	N.A.	N.A.	63.95
Exercise Price of Options granted during the year (Rupees)	80.00	80.00	63.95	80.00	80.00	63.95
Grant Dates	July 1,	October	October	July 1,	October	October

	2010-11			2009-10		
	2007	1, 2007	1, 2008	2007	1, 2007	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	-	-	-	-	-
Options granted and outstanding at the end of the year	**420,250**	**25,000**	**270,000**	**1,260,000**	**25,000**	**270,000**

ESOP Scheme 2008:

	2010-11			2009-10		
Fair Value (as on grant date) of equity shares (Rupees)	63.95	43.45	63.95	63.95	43.45	63.95
Market Price (as on grant date) of equity shares granted during the year (Rupees)	63.95	43.45	72.10	63.95	43.45	72.10
Exercise Price of Options granted during the year (Rupees)	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	-
Options granted and outstanding at the end of the year	**126,668**	**-**	**125,000**	**305,000**	**-**	**210,000**

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	Black Scholes Option Pricing	Black Scholes Option Pricing	Black Scholes Option Pricing

Particulars	ESOP Scheme 2007	ESOP Scheme 2008	ESOP Scheme 2008	ESOP Scheme 2008
	Model	Model	Model	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

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

If the compensation cost been determined in accordance with the fair value approach described in the guidance note, the Company's net profit for the year ended March 31, 2011 as reported would have changed to amounts indicated below:

Particulars	Year ended March 31, 2011	Year ended March 31, 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
Net profit (adjusted)	**347,288,420**	**118,255,851**
Basic earnings per share as reported	0.49	0.19
Basic earnings per share (adjusted)	**0.48**	**0.16**
Diluted earnings per share as reported	0.49	0.19
Diluted earnings per share (adjusted)	**0.48**	**0.16**
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. <u>Retention Bonus for employees</u>

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 Rs. 11,436,424 (Previous year Rs 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 March 31, 2011	Year ended March 31, 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)
Total	**1,309,500**	**272,950**

Particulars	Year ended March 31, 2011	Year ended March 31, 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 Rs. 1,571,933 (Previous year: Rs 1,162,433).

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

Particulars	Year ended March 31, 2011	Year ended March 31, 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)	-
Defined Benefit Obligation as at March 31, 2011	**1,571,933**	**1,162,433**

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 March 31, 2011	Year ended March 31, 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.

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 (Rs)
	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

a) The Company has issued a Corporate Guarantee of Rs. 150,000,000 (Previous year Rs 150,000,000) in favour of Bank of Maharashtra, as a security for loan availed by Cochin Bridge Infrastructure Company Limited, a subsidiary.

b) Counter Guarantees given to the bankers for the guarantees given by them on our behalf Rs 2,395,797,800 (Previous year Rs 1,579,310,000).

c) The Company has extended corporate guarantees on behalf of its two subsidiaries, Sikkim Hydro Power Ventures Limited for Rs 250,000,000 (Previous year : Rs. 250,000,000) and Youngthang Power Ventures Limited for Rs. 450,000,000 (Previous year : Rs. 450,000,000) for availing unsecured loans from the banks.

d) Disputed demand of Rs. 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 (Rs 211,977) and of British Sterling Pound 126,035 (Rs 8,574,514) of liability outstanding towards legal services. Further, there was an unhedged foreign currency exposure of US$ 50,000 (Rs 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.

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

Place : Mumbai
Date : May 19, 2011

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

GAMMON INFRASTRUCTURE PROJECTS LIMITED

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2011

Amounts in brackets relate to March 31, 2010

(All amounts in Indian Rupees)

Transactions	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
Operations & Maintenance Income :					
- 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
	(-)	(-)	(-)	(-)	(-)
Purchase of Assets					
- Gammon Logistics Limited	-	329,371	-	-	329,371
	(-)	(-)	(-)	(-)	(-)
Developer's Fees :					
- 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)
Insurance Claims received :					
- Gammon India Ltd	-	-	-	-	-
	(2,671,318)	(-)	(-)	(-)	(2,671,318)
Rent Paid :					
- Gammon India Ltd	1,200,000	-	-	-	1,200,000
	(1,323,600)	(-)	(-)	(-)	(1,323,600)
Share Application Money Paid :					
- 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 Co. 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)
- 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)
Refund received against Share Application Money Paid / Conversion into equity :					
- Blue Water Iron Ore Terminal Private Ltd	-	-	13,353,820	-	13,353,820
	(-)	(-)	(-)	(-)	(-)

Transactions	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
- Gammon Projects Developers Ltd	-	-	-	-	-
	(-)	(2,000,000)	(-)	(-)	(2,000,000)
- Gammon Renewable Energy Infrasructure Ltd	-	550,000	-	-	550,000
	(-)	(-)	(-)	(-)	(-)
- Gorakhpur Infrastructure Co. 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)
- 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)
Managerial Remuneration :					
- 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)
Finance provided (including Loans and Equity contribution in cash or in kind) :					
- 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 Pvt Ltd	-	-	10,000,000	-	10,000,000
	(-)	(-)	(101,670,080)	(-)	(101,670,080)
- Kosi Bridge Infrastructure Co. 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)
- 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)

Transactions	**Holding Company**	**Subsidiaries**	**Associates / Joint Ventures & Partnerships**	**Key Management Personnel**	**Total**
- Satluj Renewable Energy Pvt Ltd	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
- Youngthang Power Ventures Ltd	-	200,000	-	-	200,000
	(-)	(102,100,000)	(-)	(-)	(102,100,000)
Repayment in respect of finance provided including equity contribution :					
- 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 Pvt Ltd	-	-	10,000,000		
	(-)	(-)	(-)	(-)	(-)
- Punjab Biomass Power Ltd	-	-	-	-	-
	(-)	(-)	(72,200,426)	(-)	(72,200,426)
- Youngthang Power Ventures Ltd	-	-	-	-	-
	(-)	(439,025,000)	(-)	(-)	(439,025,000)
Finance provided for expenses and on account payments :					
- 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)
- Chitoor 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)
- 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 Co. 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 Co. 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)

Transactions	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
- 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)
- 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 Co 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)
Amount received towards the above finance :					
- 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 Co. 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)
- Gammon Metro Tranport 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 Co. 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 Co. 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

Transactions	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
	(-)	(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)
- 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 Co 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)
Interest income during the period :					
- 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)
Interest expenses during the period :					
- Andhra Expressway Ltd	-	8,374,109	-	-	8,374,109
	(-)	(-)	(-)	(-)	(-)
- Gammon India Ltd	40,561,611	-	-	-	40,561,611
	(-)	(-)	(-)	(-)	(-)
- Indira Container Terminal Pvt Ltd	-	-	600,000	-	600,000
	(-)	(-)	(320,548)	(-)	(320,548)
- Rajahmundry Expressway Ltd	-	13,938,082	-	-	13,938,082
	(-)	(-)	(-)	(-)	(-)
Finance received (including Loans and Equity contribution in cash or in kind) :					
- 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)
Finance received for expenses and on account payments :					

Transactions	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
- Gammon India Ltd	-	-	-	-	-
	(1,269,407)	(-)	(-)	(-)	(1,269,407)
- Mumbai Nasik Expressway Ltd	-	7,329,131	-	-	7,329,131
	(-)	(-)	(-)	(-)	(-)
Amount liquidated towards the above finance received :					
- 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
	(-)	(-)	(-)	(-)	(-)
Advance / Deposit towards purchase of Beneficial Interest of equity shares :					
- Gammon India Ltd	53,503,150	-	-	-	53,503,150
	(264,071,600)	(-)	(-)	(-)	(264,071,600)
- Gammon Projects Developers Ltd	-	300,000	-	-	300,000
	(-)	(-)	(-)	(-)	(-)
Margin Money Deposit kept with the Company :					
- Indira Container Terminal Pvt Ltd	-	-	-	-	-
	(-)	(-)	(10,000,000)	(-)	(10,000,000)
Bank or Corporate Guarantees issued by the Company :					
- Aparna Infraenergy	-	-	128,080,800	-	128,080,800
	(-)	(-)	(-)	(-)	(-)
- Blue Water Iron Ore Terminal Pvt Ltd	-	-	15,500,000	-	15,500,000
	(-)	(-)	(-)	(-)	(-)
- 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 Co. 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)
Oustanding Balances Receivable :					
- 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	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)

Transactions	Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
- Gammon Seaport Infrastructure Ltd	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
- 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 Co. 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
	(-)	(-)	(-)	(-)	(-)
- 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	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Oustanding Balances Payable :					
- 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)
- Youngthan Power Ventures Ltd	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)

Note :

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

GAMMON INFRASTRUCTURE PROJECTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS – MARCH 31, 2011
TOGETHER WITH AUDITORS' REPORT

AUDITORS REPORT

The Board of Directors
Gammon Infrastructure Projects Limited

1. We have audited the attached Consolidated Balance Sheet of Gammon Infrastructure Projects Limited ('GIPL' or 'the Company') Group ('the Group' or 'GIPL Group'), as at March 31, 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 Rs. 11,867,603,008 as at March 31, 2011 and total income of Rs. 1,328,726,636 and cash flows of Rs 190,987,144 for the year then ended;

   b. certain joint venture companies whose financial statements reflect total assets of Rs. 896,145,511 as at March 31, 2011, the total income of Rs. 3,778,809 and cash flows amounting to Rs. (8,200,625) for the year then ended, the Company's share of such assets, total income and cash flows being Rs. 440,355,632, Rs. 1,885,228 and Rs. (3,270,973) respectively and

   c. certain associates whose financial statements reflect a total loss Rs. 16,550,121 for the year ended March 31, 2011, the Company's share in the losses of such associates being Rs 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 Rs. 71,689,039 as at March 31, 2011, total income of Rs. 32,883 and cash flows of Rs. (6,602,752) for the year then ended, the Company's share of such assets, total income and cash flows being Rs. 28,127,395, Rs. 12,265 and Rs. (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:109671W
Chartered Accountants

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

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

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

GAMMON INFRASTRUCTURE PROJECTS LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(All amounts in Indian Rupees)

	Sch. No.		As At March 31, 2011		As At March 31, 2010	
SOURCES OF FUNDS:						
Shareholders' Funds:						
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
Loan Funds:						
Secured Loans	**4**		23,987,153,701		18,648,169,961	
Unsecured Loans	**5**		2,388,262,500		582,062,500	
				26,375,416,201		19,230,232,461
Deferred Payment Liability [refer note no B 1(c) of Schedule 19]				1,200,000,000		-
Deferred Tax Liability (Net)				26,638,707		26,525,958
[refer note no B (6) of Schedule 19]						
TOTAL				**35,352,731,140**		**26,097,887,320**
APPLICATION OF FUNDS:						
Fixed Assets (Net):	**6**					
- Gross Block			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	
		0		33,448,099,141		24,944,642,158
Goodwill on Consolidation				516,385,178		115,665,488
[refer note no. B (7) of Schedule 19]						
Investments	**7**			41,621,012		60,915,614
Current Assets, Loans and Advances:						
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	

	Sch. No.		As At March 31, 2011		As At March 31, 2010	
Loans & Advances	**10**		924,582,038		468,362,846	
		(A)	3,277,882,791		2,628,949,462	
Less: Current Liabilities and Provisions:						
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	
Net Current Assets		**(A - B)**		1,346,625,809		976,664,060
TOTAL				**35,352,731,140**		**26,097,887,320**
Notes to the Consolidated Financial Statements	**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 Natvarlal Vepari and Co.
Firm Registration No. : 106971W
Chartered Accountants

N. Jayendran
Partner
Membership No : 40441

Place : Mumbai
Date : May 19, 2011

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

GAMMON INFRASTRUCTURE PROJECTS LIMITED

CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	Sch. No.	Year Ended March 31, 2011		Year Ended March 31, 2010	
INCOME					
Turnover and Operating Income	**13**	3,173,031,166		3,273,282,603	
Other Operating Income		185,527,090		4,539,596	
Other Income	**14**	100,430,909		117,156,191	
			3,458,989,165		3,394,978,390
EXPENDITURE					
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
PROFIT BEFORE TAX AND SHARE OF LOSS OF ASSOCIATE			**262,303,942**		**420,861,506**
Add: Share of Profit / (Loss) of Associates			5,511,190		(3,342,488)
PROFIT BEFORE TAX AND AFTER SHARE OF LOSS OF ASSOCIATE			**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
PROFIT AFTER TAX			**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
PROFIT FOR THE YEAR			**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)		-
PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS			**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		-

	Sch. No.	Year Ended March 31, 2011		Year Ended March 31, 2010	
Balance carried to Balance Sheet			**1,198,982,085**		**1,287,194,361**
Earnings Per Share:					
Basic			**0.24**		**0.35**
Diluted			**0.24**		**0.35**
Nominal Value of Equity Shares in Rupees			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 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

Place : Mumbai
Date : May 19, 2011

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

GAMMON INFRASTRUCTURE PROJECTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

		Year Ended March 31, 2011		Year Ended March 31, 2010	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	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 dimunition 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
	Operating Profit before Working Capital Changes		**2,109,074,391**		**1,442,254,669**
	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)
	Cash generated from the Operations		**2,249,182,181**		**1,307,873,826**
	Direct Taxes paid		(233,524,146)		(150,498,098)
	Cash flow before extraordinary items		**2,015,658,035**		**1,157,375,728**
B.	**CASH FLOW FROM INVESTMENT ACTIVITIES:**				
	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	
	Intercorporate Deposits given:				

		Year Ended March 31, 2011		Year Ended March 31, 2010	
	- 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		-	
	Acquistion 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	
	Net Cash used in Investment activities		(8,720,082,591)		(6,535,631,346)
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	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)		-	
	Net Cash from Financing Activities		6,902,047,746		4,294,312,455
	NET DECREASE IN CASH AND CASH EQUIVALENTS		**197,623,190**		**(1,083,943,163)**
	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
	NET DECREASE IN CASH AND CASH EQUIVALENTS		**197,623,190**		**(1,083,943,163)**
	COMPONENTS OF CASH AND CASH EQUIVALENTS:				
	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
	Total Components of Cash and Cash Equivalents		**1,492,251,589**		**1,209,428,399**
	Less: Fixed Deposits above 90 days		85,200,000		-
	Closing Balances of Cash/Cash Equivalents		**1,407,051,589**		**1,209,428,399**

Note: Figures in brackets denote outflows.

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

Place : Mumbai
Date : May 19, 2011

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

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 1				
SHARE CAPITAL:				
Authorised:				
1,000,000,000 (Previous year: 1,000,000,000) equity shares of Rs 2/- each		2,000,000,000		2,000,000,000
		2,000,000,000		**2,000,000,000**
Issued and Subscribed:				
729,550,412 (Previous year: 725,250,000) equity shares of Rs. 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 Rs. 2 fully paid held by Gammon India Limited - the holding Company and 22,400,000 (Previous year 22,400,000) equity shares of Rs 2 each are held by Gactel Turnkeys Projects Limited]				
		1,459,100,824		**1,450,500,000**
Paid-up:				
729,550,412 (Previous year: 725,250,000) equity shares of Rs. 2 each	1,459,100,824		1,450,500,000	
Less: 162,050 (Previous year: 162,050) equity shares of Rs 10/- each forfeited	1,620,500		1,620,500	
		1,457,480,324		1,448,879,500
Share Forfeiture Account:				
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 excercised, against which 4,300,412 (Previous Year: 2,500,000) equity shares @ Rs 2 per equity share were alloted]				
		1,465,582,824		**1,456,982,000**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 2				
EMPLOYEE STOCK OPTIONS OUTSTANDING:				
Employee stock options outstanding	50,221,500		50,221,500	
Less: Employee Stock Options excercised	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]				
		9,207,934		**22,540,082**

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 3				
RESERVES AND SURPLUS:				
General Reserve		220,300,000		18,200,000
Capital Reserve :				
Capital Grant received [refer note B no. (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 excercising of Employee Stock Options	82,247,838		16,725,000	
Less: Nil (Previous year : 162,050) equity shares of Rs 10 at premium of Rs 157 per equity shares forefeited	-		25,441,850	
	3,523,216,883		3,440,969,045	
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
		5,439,119,968		**5,078,743,406**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As At March 31, 2011	**As At March 31, 2010**
SCHEDULE 4		
SECURED LOANS		
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	22,898,820	20,466,794
[for secuirty, refer note no. B (9) of Schedule 19]		
	23,987,153,701	**18,648,169,961**

(All amounts in Indian Rupees)

	As At March 31, 2011	**As At March 31, 2010**
SCHEDULE 5		
UNSECURED LOANS		
Term Loans from Banks	650,000,000	580,000,000
[repayable within one year Rs 650,000,000 Previous year Rs. 130,000,000]		
Intercorporate Loan received from Holding Company [repayable on demand]	736,200,000	-
Short Term, Unsecured Loans from Body Corporates	1,002,062,500	2,062,500
[repayable within one year: Rs. 1,000,000,000, Previous year Rs. Nil]		
	2,388,262,500	**582,062,500**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE 6

(All amounts in Indian Rupees)

FIXED ASSETS

PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION / AMORTISATION						NET BLOCK	
	As on 01.04.2010	**Additions on increase in holding in group companies (#)**	**Additions during the year**	**Deletions / adjustments during the year on consolidation**	**As on 31.03.2011**	**As on 01.04.2010**	**Depreciation due to increase in holding in group companies (#)**	**Depreciation for the year**	**Depreciation on deletions during the year**	**Deletions / adjustmentS during the year on consolidation**	**As on 31.03.2011**	**As on 31.03.2011**	**As on 31.03.2010**
TANGIBLE ASSETS :													
Buildings	25,461,191	-	74,265,206	-	99,726,397	5,929,779	-	4,155,391	-	-	10,085,170	89,641,227	*19,531,412*
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	*4,168,448,536*
Project Berths (**)	2,240,749,416	-	-	-	2,240,749,416	379,765,917	-	86,139,136	-	-	465,905,053	1,774,844,363	*1,860,983,499*
Project Bridge (***)	257,438,683	-	-	-	257,438,683	117,131,714	-	13,768,456	-	-	130,900,170	126,538,513	*140,306,969*
Freehold Land	23,226,343	-	242,657,995	-	265,884,338	-	-	-	-	-	-	265,884,338	*23,226,343*
Leasehold Land	113,560,660	-	33,489,717	-	147,050,377	-	-	-	-	-	-	147,050,377	*113,560,660*
Plant and Machinery	890,163,850	-	265,554,219	169,925	1,155,548,144	168,332,346	-	52,836,509	23,854	-	221,145,001	934,403,143	*721,831,504*
Earth Moving Machinery	120,797	-	-	-	120,797	23,881	-	13,662	-	-	37,543	83,254	*96,916*
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	*11,442,347*
Motor Vehicles	20,958,289	-	7,473,336	398,999	28,032,626	3,461,567	-	2,477,649	154,528	-	5,784,688	22,247,938	*17,496,722*
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	*8,960,106*
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	*13,657,759*
Total Tangible Assets	9,641,676,470	-	687,111,700	8,913,744	10,319,874,426	2,542,133,697	-	706,988,979	1,799,696	-	3,247,322,980	7,072,551,446	*7,099,542,773*
INTANGIBLE ASSETS :													
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	*176,818,273*
Licence Fees	125,000,000	-	-	-	125,000,000	-	-	-	-		-	125,000,000	*125,000,000*
Total Intangible Assets	375,000,000	-	5,758,186,987	-	6,133,186,987	73,181,727	-	144,889,231	-	-	218,070,958	5,915,116,029	*301,818,273*
Total Fixed Assets	**10,016,676,470**	**-**	**6,445,298,687**	**8,913,744**	**16,453,061,413**	**2,615,315,424**	**-**	**851,878,210**	**1,799,696**	**-**	**3,465,393,938**	**12,987,667,475**	***7,401,361,046***
EXPENSES CAPITALISED :													
Advance for Capital expenditure												134,997,220	*17,666,379*
Capital work in												20,325,434,446	*17,525,614,733*

PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION / AMORTISATION						NET BLOCK	
	As on 01.04.2010	**Additions on increase in holding in group companies (#)**	**Additions during the year**	**Deletions / adjustments during the year on consolidation**	**As on 31.03.2011**	**As on 01.04.2010**	**Depreciation due to increase in holding in group companies (#)**	**Depreciation for the year**	**Depreciation on deletions during the year**	**Deletions / adjustmentS during the year on consolidation**	**As on 31.03.2011**	**As on 31.03.2011**	**As on 31.03.2010**
progress													
Total Capital Work-in-progress	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,460,431,666**	***17,543,281,112***
GRAND TOTAL	**10,016,676,470**	**-**	**6,445,298,687**	**8,913,744**	**16,453,061,413**	**2,615,315,424**	**-**	**851,878,210**	**1,799,696**	**-**	**3,465,393,938**	**33,448,099,141**	***24,944,642,158***
Previous year	*7,190,785,761*	*1,526,691,228*	*1,301,818,316*	*2,618,834*	*10,016,676,471*	*1,862,668,101*	*221,421,798*	*499,726,634*	*1,016,706*	*30,980,255*	*2,615,315,425*	*24,944,642,158*	

* 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 the increase in the Company's share in assets and depreciation thereon of Vizag Seaport Private Limited has been shown under "Additions on Increase in holding in group companies" and "Additional Depreciation due to increase in holding in group companies" respectively.

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 7				
INVESTMENTS				
Long term Investments unless otherwise stated (at cost) :				
Trade Investments in Associates (Fully paid-up unless otherwise stated)				
Ordinary Shares: (Unquoted) of Rs 10/- each, unless otherwise stated				
[refer note no. B (3) of Schedule 19]				
2,143,950 (Previous Year : 2,143,950) Eversun Sparkle Maritime Services 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
Other Current Investments				
Non Trade Quoted Current Investments :				
Mutual Fund Units		-		24,805,792
Non-Trade-Quoted Investments, in fully paid-up Secured, Redeemable, Non Convertible Debentures				
30 (Previous Year : 30) Deutsche Investments India Private Limited (Rs 1,000,000 per unit)		30,000,000		30,000,000
		41,621,012		**60,915,614**
SUMMARY OF INVESTMENTS :				
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.				

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 8				
SUNDRY DEBTORS				
(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
		304,923,858		**503,968,788**
Sundry Debtors includes dues from companies under same management as under :				
Gammon India Limited, holding company		66,063,153		110,945,855
		66,063,153		**110,945,855**

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 9				
CASH AND BANK BALANCES				
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
		1,492,251,589		**1,209,428,399**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 10				
LOANS AND ADVANCES :				
(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 Entitilement		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
		924,582,038		**468,362,846**
Loans and Advances includes dues from companies under the same management as follows :				

	As At March 31, 2011		As At March 31, 2010	
Gammon India Limited, holding company		214,744,652		9,461,000
		214,744,652		**9,461,000**

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 11				
CURRENT LIABILITIES				
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
		1,901,619,302		**1,625,897,777**

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 12				
PROVISIONS :				
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
		29,637,680		**26,387,625**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 13				
TURNOVER AND OPERATING INCOME:				
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
		3,358,558,256		**3,277,822,199**

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 14				
OTHER INCOME				
Interest Income :				
Deposits with Joint Stock Companies	7,042,696		7,007,628	
Others	28,407,332		3,663,335	
		35,450,028		10,670,963
Miscellaneous Income :				
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
		100,430,909		**117,156,191**

(All amounts in Indian Rupees)

	As At March 31, 2011	As At March 31, 2010
SCHEDULE 15		
OPERATIONAL EXPENSES:		
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 Operationg Expenses	5,202,830	102,442,247
	985,105,784	**1,625,484,591**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As At March 31, 2011	As At March 31, 2010
SCHEDULE 16		
ESTABLISHMENT EXPENSES:		
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
	167,419,960	**114,734,450**

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 17				
PERSONNEL COSTS :				
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
		176,320,198		**153,005,765**

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

	As At March 31, 2011		As At March 31, 2010	
SCHEDULE 18				
FINANCIAL COSTS				
INTEREST PAID ON :				
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		-
		1,009,046,431		**574,542,321**

(All amounts in Indian Rupees)

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.

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 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.

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.

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.

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%
Chitoor 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	100.00%	100.00%

Details	Voting power and beneficial interest as at March 31, 2011	Voting power and beneficial interest as at March 31, 2010
(‘GREIL’)		
Gammon Road Infrastructure Limited (‘GRIL’)	100.00%	100.00%
Gammon Seaport Infrastructure Limited (‘GSIL’)	100.00%	100.00%
Gammon Projects Developers Limited (‘GPDL’)	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%
Sutlej 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%
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 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%

a) During the year, CICPL, SICPL and TSPL were incorporated as 100% subsidiaries of GPDL, 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 GPDL. CICPL, SICPL and TSPL thereby became wholly owned subsidiaries of the Company.

b) 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 GPDL and GREIL.

c) Further during the year, DREPL, GREPL, IREPL, KREPL, MREPL, Sirsa REPL, TREPL, and YREPL were incorporated as subsidiaries by GPDL, GREIL and GSIL, which are wholly owned subsidiaries of the Company.

d) 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.

e) 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.

f) As per the terms of the concession agreement MNEL is required to make a cash payout (‘Negative Grant’) of Rs. 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.

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

Details	As at March 31, 2011	As at March 31, 2010
Application of Funds :		
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
Current Assets :		
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
Total Application of Funds	**1,449,728,850**	**1,060,080,667**
Sources of Funds :		
Loan Funds :		
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)
Total Liabilities	**773,680,534**	**413,377,946**
Income / Expenses :		
Income :		
Turnover and Operating Income	41,718,694	34,080,052
Other Income	937,694	1,186,698
Total Income	**42,656,388**	**35,266,750**
Expenses :		
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
Total Expenses	**101,737,246**	**50,507,567**
Profit / (Loss) Before Tax	(59,080,858)	(15,240,817)
Provision for Tax	-	-
Deferred Tax Liability written back	-	-
Profit / (Loss) After Tax	**(59,080,858)**	**(15,240,817)**
Prior period items	(1,596,601)	(554,293)

Details	As at March 31, 2011	As at March 31, 2010
Net Profit for the year	**(60,677,459)**	**(15,795,111)**

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
Opening Balance of Adjusted / Accumulated Loss	(15,780,403)	(12,446,831)	-	-	(38,475)	(29,559)	(15,818,878)	(12,476,390)
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. <u>Partnership Firm</u>

During the year, PHL alongwith JPDL, MPSL, 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.

b) Sundry Debtors

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

During the year, the NHAI has paid the Bonus of Rs 46,520,000 and Rs 111,078,000 alongwith interest thereon of Rs 24,509,955 and Rs 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 Rs 66,063,153 (Previous year Rs 110,945,855) towards dues from holding company, Gammon India Limited.

c) Inventories :

Inventories comprise fuel stock, stores and spares.

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

6. Deferred tax

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

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

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

During the year, goodwill of Rs 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 Rs. 510,000,000 during the construction period. During the year, MNEL has received capital grant amounting to Rs.164,280,000 (Previous year Rs 332,380,000).Total capital grant received from NHAI as on March 31, 2011 is Rs 496,660,000 (Previous year Rs. 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. <u>Secured Loans in the consolidated financial statements :</u>

Details	March 31, 2011	March 31, 2010
Long Term Secured Loans :		
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
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
Total	**23,956,296,454**	**18,612,207,570**
Short Term Loans from Banks :		
PBPL	7,958,427	15,495,598
Total Secured Loans	**23,964,254,881**	**18,627,703,168**

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

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

AEL AND REL :

Term Loans availed from Banks are :

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

Secured by hypothecation / Charge over :

a) AEL's / REL's other properties, present or future, both tangible and intangible, whether immovable or movable.

b) All the rights, title, interest, benefits, claims and demands whatsoever of AEL/REL in, to, under and/in respect of project documents including all Guarantees and Bonds issued / to be issued in terms thereof including the Contractor Warranties, Liquidated damages, Performance Guarantees and Bonds.

c) All the rights, title, interest, benefits, claims and demands whatsoever of AEL/REL, in, to, under and/in respect of insurance related to or in any manner connected with the Project, both present and future, and all rights, claims and benefits to all monies receivable thereunder and all other claims thereunder.

d) All the rights , title, interest, benefits, claims and demands whatsoever of AEL/REL, in, to, under and/in respect of Project Accounts and all banks, all amount lying therein or to be credited therein, all proceeds, investment made out of the amounts received and / or lying in the accounts including all assets securities and records, documents and instruments which represents all amounts in the Accounts.

e) All amounts owing / payable / to and / or received by, AEL/REL and / or by any person on behalf of the AEL/REL including without limitation any payment from NHAI and / or any other person under the project documents or otherwise.

f) Floating Charges on all other assets of AEL/REL, both present and future, other than assets described above.

g) Pledge of 51% of equity shares of AEL/REL held by GIL and GIPL.

CBICL

a) Secured against mortgage of residential property of 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;

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 Sercives 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).

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 Bhaguara;

    iii. PBPL's moveable properties for the generation unit of PBPL at Bhaguara; 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 Bhaguara 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.

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 the 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. <u>Borrowing Costs Capitalised :</u>

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

Details	Year Ended March 31, 2011	Year Ended March 31, 2010
Subsidiaries :		
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
PREL	8,863	1,691
RCTPL	1,055	6,256
RGBL	218,212,442	51,454,966
SHPVL	28,163,137	1,249,751

Details	Year Ended March 31, 2011	Year Ended March 31, 2010
YPVL	45,678,929	5,185,596
Joint Ventures :		
BWIOTPL	-	61,970
HBPL	32,237	86,121
ICTPL	61,585,700	12,146,135
PBPL	1,203,643	18,912,936
Partnership Firm :		
Aparna Infra Energy	15,632,511	-
Total	**1,364,282,162**	**1,050,907,868**

10. Earnings per share

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

Details	As at March 31, 2011	As at March 31, 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 (Rs.)	**0.24**	**0.35**
Earnings per Share-Diluted (Rs.)	**0.24**	**0.35**

Reconciliation of weighted number of outstanding during the year

Details	As at March 31, 2011	As at March 31, 2010
Nominal Value of Equity Shares (Rs per share)	2	2
For Basic EPS :		
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**
For Dilutive EPS :		
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
Weighted average number of equity shares used in calculating diluted EPS	**728,045,403**	**724,306,516**

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

Details	Number of Equity Shares Pledged as at		Face Value
	March 31, 2011	March 31, 2010	(Rupees)
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 Rs 1,200,000 (Previous year Rs 1,200,000). There are no restrictions imposed on the Company by the lease agreement and there are no sub-leases.

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 Rs. 6,431,795 (Previous year Rs. 6,211,037) and under cancellable operating leases was Rs. 877,318 (Previous year Rs. 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 amounting of Rs.836,000 + Service Tax (Previous year Rs. 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.

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 March 31, 2011	Year Ended March 31, 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 March 31, 2011	As at March 31, 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
TOTAL	**3,535,601,565**	**1,798,929,393**

a) The Contingent Liability detailed hereinabove includes the Group's share of contingent liability in the joint venture companies amounting to Rs 23,953,692 (Previous year Rs 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, Rs 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 Rs 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 Rs 7,334,466 has not been provided for in their books of accounts.

ii An amount of Rs 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.

iii A winding up petition against GLL, a subsidiary of the Company has been filed by a creditor for recovery of Rs.14,140,343. GLL is disputing the said amount and has recognised Rs.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 Rs 6,985,000 (Previous year Rs 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, Rs. 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 Rs. 1,907,384 will need to be paid by ICTPL. The share in the contingent liability of the Company stands at Rs 953,692.

vi The penalty for non-achievement of Minimum Guaranteed Throughput of approximately Rs. 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, ICTPL is eligible to be indemnified by one of the shareholders in case this amount is ultimately determined to be payable to MbPT. The Company's share stands at Rs 23,000,000.

17. <u>Commitments</u>

Capital commitments

The total capital commitment as on March 31, 2011 is Rs 29,886,262,886 (Previous year Rs 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.

<u>Export obligations</u>

Details	As at March 31, 2011	As at March 31, 2010
Under EPCG Scheme	208,953.728	185,354,219

18. <u>Employees Stock Options Scheme ('ESOP')</u>

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 Rs. 10 each of the Company at an exercise price of Rs 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 Rs 63.95 per equity share of Rs. 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 Rs 63.95 per equity share of Rs. 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 Rs 72.10 per equity share of Rs. 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 :

Details	2010-11			2009-10		
Fair Value (as on grant date) of equity shares (Rupees)	99.00	124.00	63.95	99.00	124.00	63.95
Market Price (as on grant date) of equity shares granted during the year (Rupees)	N.A.	N.A.	63.95	N.A.	N.A.	63.95
Exercise Price of Options granted during the year (Rupees)	80.00	80.00	63.95	80.00	80.00	63.95
Grant Dates	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	-	-	-	-	-
Options granted and outstanding at the end of the year	**420,250**	**25,000**	**270,000**	**1,260,000**	**25,000**	**270,000**

ESOP Scheme 2008:

Details	2010-11			2009-10		
Fair Value (as on grant date) of equity shares (Rupees)	63.95	43.45	63.95	63.95	43.45	63.95
Market Price (as on grant	63.95	43.45	72.10	63.95	43.45	72.10

Details	2010-11			2009-10		
date) of equity shares granted during the year (Rupees)						
Exercise Price of Options granted during the year (Rupees)	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	-
Options granted and outstanding at the end of the year	**126,668**	**-**	**125,000**	**305,000**	**-**	**210,000**

Details	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

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:

Details	Year ended March 31, 2011	Year ended March 31, 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
Net Profit (adjusted)	**161,672,209**	**234,442,502**
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**
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**

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

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 March 31, 2011	Year ended March 31, 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
	2,391,979	**915,907**
Less : Gratuity capitalised	95,072	-

Details	Year ended March 31, 2011	Year ended March 31, 2010
Total	**2,296,907**	**915,907**

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

Details	As at March 31, 2011	As at March 31, 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	-
Defined benefit obligation, at end of the year	**4,497,122**	**3,149,507**

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 Rs. 18,078,124 (Previous year Rs 16,811,206).

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

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)

b) 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

Place : Mumbai
Date : May 19, 2011

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

GAMMON INFRASTRUCTURE PROJECTS LIMITED

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in Indian Rupees)

Amounts in brackets relate to March 31, 2010

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

Transactions	Holding Company	Associates	Key Management Personnel	Total
	(-)	(-)	(-)	(-)
Gross value of stock options vested: - Parvez Umrigar	- (-)	- (-)	47,520,000 (21,725,000)	47,520,000 (21,725,000)
Amortization of options issued to: - Mr. Parvez Umrigar	- (-)	- (-)	- (13,121,336)	- (13,121,336)
Finance provided (including Loans and Equity contribution in cash or in kind): - Gammon India Ltd	- (109,100,920)	- (-)	- (-)	- (109,100,920)
Finance provided for expenses and on account payments: - Gammon India Ltd	25,450,230 (710,079)	- (-)	- (-)	25,450,230 (710,079)
Amount liquidated towards the above finance: - Gammon India Ltd	19,472,322 (-)	- (-)	- (-)	19,472,322 (-)
Interest income during the period: - Gammon India Limited	- (782,466)	- (-)	- (-)	- (782,466)
Finance received (including Loans and Equity contribution in cash or in kind): - Gammon India Ltd	736,200,000 (4,412,500)	- (-)	- (-)	736,200,000 (4,412,500)
- Mr Parvez Umrigar	- (-)	- (-)	38,400,000 (5,000,000)	38,400,000 (5,000,000)
Finance received for expenses & on account payments: - Gammon India Ltd	2,337,933 (1,544,212)	- (-)	- (-)	2,337,933 (1,544,212)
Amount liquidated towards the above finance: - Gammon India Ltd	2,337,100 (858,351)	- (-)	- (-)	2,337,100 (858,351)
Interest paid during the year: - Gammon India Ltd	40,561,611 (-)	- (-)	- (-)	40,561,611 (-)
Deposit towards purchase of Beneficial Interest of equity shares: - Gammon India Ltd	53,503,150 (264,071,600)	- (-)	- (-)	53,503,150 (264,071,600)
Advance received for purchase of land: - Ansaldo Caldie Boilers (India) Pvt Ltd	- (-)	150,000,000 (-)	- (-)	150,000,000 (-)
Guarantee & Collaterals O/s - Gammon India Ltd	- (190,000,000)	- (-)	- (-)	- (190,000,000)
Retention Money recovered:				

Transactions	Holding Company	Associates	Key Management Personnel	Total
- Gammon India Ltd	329,883,844 (154,411,709)	- (-)	- (-)	329,883,844 (154,411,709)
Retention Money refunded: - Gammon India Ltd	 326,371,041 (142,268,467)	 - (-)	 - (-)	 326,371,041 (142,268,467)
Oustanding Balances Receivable: - Gammon India Ltd	 - (647,858,399)	 - (-)	 - (-)	 - (647,858,399)
Oustanding Balances Payable: - Gammon India Ltd	 685,628,426 (-)	 - (-)	 - (-)	 685,628,426 (-)
- Ansaldo Caldie Boilers (India) Pvt Ltd	- (-)	150,000,000 (-)	- (-)	150,000,000 (-)

MATERIAL DEVELOPMENTS

Recent Developments

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, the information required to be disclosed for the period between the last date of the financial statements provided to the shareholders and up to the end of the last but one month preceding the date of Draft Letter of Offer is provided below:

1. Un-audited Working results of the Company on a stand-alone basis for the period from April 1, 2011 to July 31, 2011:

Sr. No.	Particulars	Amount (In ₹ million)
(i)	Total sales/ turnover	266.46
(ii)	Other income	31.10
(iii)	Total income	297.56
(iv)	Estimated PBDIT	175.49
(v)	Interest/ finance charges (net)	76.12
(vi)	Provision for depreciation	6.66
(vii)	Provision for tax	27.27
(viii)	Estimated Profit after tax	65.45

2. Material changes and commitments, if any, affecting the financial position of the Company:

Except as disclosed below, there are no material changes and commitments, other than as disclosed in the Draft Letter of Offer, which are likely to affect the financial position of the Company since March 31, 2011 (i.e. last date up to which audited information is incorporated in the Draft Letter of Offer).

- In August 2011 the Company sold its entire shareholding in Punjab Biomass Power Limited ("PBPL"), which aggregated to 50% of the total equity share capital of PBPL, the 12MW operational biomass power plant at Ghanour, to its joint venture partner Bermaco Energy Systems Limited ("BESL") for a cash consideration. Further, the Company has sold its entire shareholding in seven other biomass projects in Punjab, aggregating to 50% of the total equity share capital of each of the project companies, to BESL and has in turn bought an additional 50% shareholding in six biomass power projects in Haryana and one in Punjab from BESL. The Company, as a result of the transaction, will own the entire sharecapital in seven biomass projects. The transaction, however, is subject to the approval of the concerned authorities and lenders.

- MNEL has commenced tolling on the entire stretch of the Vadape-Gonde toll road project, a 99.50 kilometre stretch of road on NH-3 connecting Mumbai and Nasik with effect from August 29, 2011.

- Financial closure of the Paradip Iron Ore Berth Project, which envisages construction and equipping of a berth to handle an annual throughput of 10 million tonnes of iron ore was achieved on June 27, 2011 through an agreement for loan for U.S.D 86 million, from a consortium banks comprising of Standard Chartered Bank, Sumitomo Mitsui Banking Corporation and ICICI Bank Limited (Hong Kong Branch).

3. Stock Market Data

a. The week end prices of the Equity Shares of the Company for last four weeks on the BSE and NSE are provided in the table below:

Week ended on	Closing Price (In ₹)	
	BSE	NSE
September 23, 2011	13.87	13.85
September 16, 2011	14.28	14.45
September 9, 2011	14.67	14.65
September 2, 2011	13.95	13.9

(*Source:* www.nseindia.com *and* www.bseindia.com*, the websites of NSE and BSE, respectively*)

b. The highest and lowest closing prices of the Equity Shares of the Company on the BSE and NSE for last four weeks are provided in the table below:

Week ended on	BSE		NSE	
	Highest Price (₹)	Date of Highest Price	Highest Price (₹)	Date of Highest Price
September 23, 2011	14.47	September 19, 2011	14.40	September 19, 2011
September 16, 2011	14.28	September 16, 2011	14.45	September 16, 2011
September 9, 2011	14.86	September 8, 2011	14.85	September 8, 2011
September 2, 2011	13.95	August 30, 2011	13.95	August 30, 2011

Week ended on	BSE		NSE	
	Lowest Price (₹)	Date of Lowest Price	Lowest Price (₹)	Date of Lowest Price
September 23, 2011	13.87	September, 23, 2011	13.85	September, 23, 2011
September 16, 2011	14.02	September 14, 2011	14.00	September 15, 2011
September 9, 2011	14.00	September 6, 2011	14.00	September 6, 2011
September 2, 2011	13.65	August 29, 2011	13.65	August 29, 2011

(*Source:* www.nseindia.com *and* www.bseindia.com*, the websites of NSE and BSE, respectively*)

c. Current Market Price:

The closing prices of our Equity Shares on the BSE and the NSE on September 29, 2011, the trading day immediately prior to the date of the Draft Letter of Offer, were ₹ 13.60 and ₹ 13.60 per Equity Share, respectively. (*Source:* www.bseindia.com *and* www.nseindia.com*, the websites of BSE and NSE, respectively*)

4. Since April 1, 2011, the following companies have ceased to be subsidiary and joint venture of the Company:

1. Punjab Biomass Power Limited

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain accounting and other ratios on standalone and consolidated basis derived from the Company's audited financial statements as at and for the year ended March 31, 2011 included in the chapter "*Financial Statements*" on page 61:

A. Standalone

Particulars	
Number of equity shares outstanding at the end of the year ended March 31, 2011	728,740,162
Earning Per Share:	
- Basic (₹)	0.49
- Diluted (₹)	0.49
Return on Net Worth (%)	6.13%
Net Asset Value Per Share (₹)	8.00

B. Consolidated

Particulars	
Number of equity shares outstanding at the end of the year ended March 31, 2011	728,740,162
Earning Per Share:	
- Basic (₹)	0.24
- Diluted (₹)	0.24
Return on Net Worth (%)	2.48%
Net Asset Value Per Share (₹)	9.49

The Ratios have been computed as below:

Earning Per Share (Basic) (₹)

$$\frac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Weighted average number of Equity Shares outstanding at the end of the fiscal year}}$$

Earning Per Share (Diluted) (₹)

$$\frac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Weighted average number of diluted Equity Shares outstanding at the end of the fiscal year}}$$

Return On Net worth (%):

$$\frac{\text{Net profit attributable to Equity Shareholders (excluding revaluation reserves)}}{\text{Net Worth (being Shareholders funds) at the end of the fiscal year (excluding revaluation reserves)}}$$

Net Asset Value per Share (₹)

$$\frac{\text{Net Worth (being Shareholders funds) at the end of the fiscal year (excluding revaluation reserves)}}{\text{Weighted average number of Equity shares outstanding at the end of the fiscal year}}$$

Net Profits attributable to Equity Shareholders (excluding extraordinary items, if any) used in computing the above ratios refers to

- Net Profit for the fiscal year as per the standalone financial statements of the Company as at and for the year ended March 31, 2011 for the standalone ratios, and;
- Profit attributable to shareholders of the Company as per the consolidated financial statements of the Company as at and for the year ended March 31, 2011 for the consolidated ratios.

Shareholders funds in the standalone and the consolidated ratios refers to the shareholders funds as per the standalone and consolidated financial statements of the Company as at and for the year ended March 31, 2011, respectively.

Capitalization Statement

The statement on our capitalization, on a standalone and a consolidated basis, is as set out below:

Standalone

(₹ in million)

Particulars	Pre-issue as at March 31, 2011	Adjusted for the Issue
Borrowing		
Short Term Debt	1,736.20	[●]
Long Term Debt	-	[●]
Total Debt	**1,736.20**	[●]
Shareholders' funds		
Equity Share Capital	1,465.58	[●]
Employee Stock Options Outstanding	9.21	
Share Application Money pending Allotment	-	[●]
Reserves & Surplus	4,354.19	[●]
Total Shareholders' Funds	**5,828.98**	[●]
Total Debt/ Equity Ratio	0.30	[●]
Long-term Debt/Equity ratio	-	[●]

Consolidated

(₹ in million)

Particulars	Pre-issue as at March 31, 2011	Adjusted for the Issue
Borrowing		
Short Term Debt	3,797.51	[●]
Long Term Debt	22,577.91	[●]
Total Debt	**26,375.42**	[●]
Shareholders' funds		
Equity Share Capital	1,465.58	[●]
Employee Stock Options Outstanding	9.21	
Share Application Money pending Allotment	-	[●]
Reserves & Surplus	5,439.12	[●]
Total Shareholders' Funds	**6,913.91**	[●]
Total Debt/ Equity Ratio	3.81	[●]
Long-term Debt/Equity ratio	3.27	[●]

The Ratios have been computed as below:

$$\text{Total Debt/ Equity Ratio} = \frac{\text{Short Term Debt + Long Term Debt}}{\text{Equity (i.e., Equity Share Capital + Reserves \& Surplus excluding Revaluation Reserves)}}$$

$$\text{Long Term Debt/ Equity Ratio} = \frac{\text{Long Term Debt}}{\text{Equity (i.e., Equity Share Capital + Reserves \& Surplus excluding Revaluation Reserves)}}$$

'Long Term Debt' represents debts with an original maturity of more than one year at inception as reduced by the amount of such debt repayable within one year as on the date of computing such Long Term Debt.

'Short Term Debt' represents debts with an original maturity of upto one year or less as increased by the amount of long term debt repayable within one year as described above.

STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY

The Company's Equity Shares are currently listed on the BSE and the NSE. Stock market data for our Equity Shares has been given separately for the BSE and NSE. As the Company's Equity Shares are actively traded on both the BSE and the NSE, stock market data has been given separately for each of these Stock Exchanges.

The high and low closing prices recorded on the NSE and the BSE for the preceding three fiscal years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

NSE

Year ending March 31	High (₹)	Date of High	No. of Shares traded on date of high	Total Volume traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (₹ in million)	Average price for the year (₹)*
2011	29.10	April 23, 2010	6,767,398	195.90	16.75	March 21, 2011	37,385	0.63	23.40
2010 (October 26, 2009 – March 31, 2010)**	26.10	January 19, 2010	7,914,565	206.18	17.95	November 27, 2009	516,203	9.21	22.23
2010 (April 1, 2009 – October 25, 2009)**	150.10	June 5, 2009	42,077	6.33	52.45	April 1, 2009	5,280	0.28	102.73
2009	175.75	May 13, 2008	120,405	20.96	37.2	October 27, 2008	8,489	0.31	92.20

** Average of the daily closing prices*

***The face value of the equity shares of the Company was sub-divided from ₹ 10 each to ₹ 2 each with effect from October 26, 2009, pursuant to resolution passed through postal ballot dated September 23, 2009.*

BSE

Year ending March 31	High (₹)	Date of High	No. of Shares traded on date of high	Total Volume traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (₹ in million)	Average price for the year (₹)*
2011	29.1	April 23, 2010	4,165,792	120.64	16.75	March 23, 2011	45,727	0.77	23.39
2010 (October 26, 2009 – March 31, 2010)**	26.25	January 19, 2010	5,095,091	132.97	17.9	November 27, 2009	336,475	5.98	22.22
2010 (April 1, 2009 – October 25, 2009)**	150.35	June 5, 2009	39,824	6.01	52.35	April 1, 2009	1,888	0.10	102.57
2009	175.8	May 7, 2008	130,532	22.64	38.2	October 27, 2008	2,506	0.09	92.17

** Average of the daily closing prices*

***The face value of the equity shares of the Company was sub-divided from ₹ 10 each to ₹ 2 each with effect from October 26, 2009, pursuant to resolution passed through postal ballot dated September 23, 2009.*

(*Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively*)

The high and low closing prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

NSE

Month	High (₹)	Date of High	No. of Shares traded on date of high	Total Volume of Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Shares traded on date of low	Total Volume of Shares traded on date of low (₹ in million)	Average price for the month (₹)*	Total volume of Shares traded in the month	
										In number	(₹ in million)
August 2011	15.65	August 3, 2011	233,246	3.53	13.35	August 26, 2011	74,461	1.01	14.17	3,029,491	43.06
July 2011	16.35	July 18, 2011	310,180	5.04	13.65	July 1, 2011	174,787	2.39	15.46	5,476,488	86.58
June 2011	16.95	June 9, 2011	246,495	4.15	13.50	June 22, 2011	547,515	7.55	15.36	3,519,496	53.35
May 2011	18.8	May 2, 2011	40,780	0.77	16.10	May 31, 2011	555,840	9.10	17.63	3,905,325	69.51
April 2011	22.7	April 15, 2011	929,899	21.05	18.40	April 1, 2011	61,272	1.12	20.14	7,430,850	161.80
March 2011	18.3	March 3, 2011	127,298	2.34	16.75	March 21, 2011	37,385	0.63	17.54	1,565,665	27.55

**Based on daily closing prices.*

BSE

Month	High (₹)	Date of High	No. of Shares traded on date of high	Total Volume of Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Shares traded on date of low	Total Volume of Shares traded on date of low (₹ in million)	Average price for the month (₹)*	Total volume of Shares traded in the month	
										In number	(₹ in million)
August 2011	15.45	August 1, 2011	36,976	0.58	13.30	August 18, 2011	37,915	0.51	14.14	1,209,098	17.20
July 2011	16.37	July 21, 2011	360,589	5.92	13.69	July 1, 2011	116,483	1.60	15.47	3,170,118	50.13
June 2011	16.95	June 9, 2011	127,758	2.16	13.50	June 22, 2011	137,583	1.89	15.37	1,225,921	18.76
May 2011	18.75	May 2, 2011	44,594	0.84	16.20	May 31, 2011	101,790	1.67	17.62	1,423,431	25.48
April 2011	22.6	April 15, 2011	490,092	11.07	18.40	April 1, 2011	28,568	0.52	20.1	4,822,779	106.66
March 2011	18.3	March 3, 2011	50,335	0.93	16.75	March 23, 2011	45,727	0.77	17.53	719,790	12.64

**Based on daily closing prices.*

(*Source:* *www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively*

In the event the high, or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.

FINANCIAL INDEBTEDNESS

The borrowings of the Company on a standalone basis, as of September 23, 2011, are as follows:

Sr. No.	Nature of borrowing/debt	Amount (in ₹ million)	Outstanding Amount (in ₹ million)	Repayment and Interest/ Commission	Security
1.	Agreement for term loan dated November 4, 2010, along with amendment dated March 30, 2011, from L&T Infrastructure Finance Company Limited	1,000	1,000	L&T Infra PLR minus 3%, payable monthly. Repayment at the end of 15 months from the date of first disbursement, due on February 29, 2012.	Pledge of the unencumbered shares held by the Company in AEL to the aggregate extent of 15% of loan amount valued on the basis of book value as on March 31, 2010 Demand Promissory Note
2.	Inter corporate deposit from Gammon India Limited in seven tranches from June 2010 to February 2011*	736.20	810.94	9% per annum from June 4, 2010 till December 31, 2010 and 12%** per annum from January 1, 2011 onwards Repayment on demand	Unsecured
3.	Working capital facility agreement dated December 2, 2010 and sanction letter dated May 29, 2010 from Bank of India	Overall limit of 1,500 comprising of the following sub limits: (a) Overdraft = 50 (b) Guarantee = 1,500 (c) Letter of credit = 500	1,256.88 (Non fund based)	Overdraft (interest) = BPLR minus 1% Guarantee (commission) = 0.75% + service tax Letter of credit (commission) = 0.75% + service tax (payable upfront) Repayment on demand	Pledge of equity shares held by the Borrower in REL such that value of shares pledged shall not be less than 15% of credit facility amount of ₹ 1,500 million.
4.	Sanction letter dated July 24, 2009 from Canara Bank	Overall limit of 1,750 comprising of the following sub limits: (a) Letter of Credit = 250 (b) Guarantee = 1,500	1,046.32 (Non fund based)	Commission for letter of credit and guarantee is 0.60% p.a. Repayment on demand	Unsecured

** Pursuant to agreements dated June 4, 2010, June 29, 2010, July 28, 2010, July 31, 2010, August 2, 2010, October 26, 2010 and February 10, 2011*
*** Pursuant to letter dated December 30, 2010*

Notes:

1. In terms of the Agreement for term loan dated November 4, 2010, along with the amendment dated March 30, 2011, from L&T Infrastructure Finance Company Limited ("Lender") the Company must prepay the entire loan amount in the event the Company raises any further equity and/or sells its investment in its' SPV which is pledged with the Lender. The Company proposed to repay this loan from the Net Proceeds. Please see the section "*Objects of the Issue*" on page 18.

2. Further the Company requires prior consent of the lenders for certain corporate actions which include:

(a) Entering into any contract or arrangement whereby all its business and operations are managed by some other person

(b) Payment of any commission to its promoters, directors, managers for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any indebtedness incurred by the Company or in connection with any other obligation undertaken for or by the Company.

(c) Declare or pay any dividend / make any distribution of profits or otherwise to any person, so long as any default has occurred / is subsisting or would occur as a result of such declaration or payment of dividend or authorisation.

(d) Buy back, cancel or reduce in any manner its share capital which leads to reduction in net worth in any manner whatsoever

(e) Amend/alter its constitutional documents in any manner that would be likely to affect the performance of its obligations hereunder and/or any rights of the lender.

(f) Undertake or permit any merger, de-merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.

(g) Change its fiscal year end and / or any material change in the accounting methods or policies currently being followed by the Borrower (unless such change is required by law)

(h) Implement any scheme of expansion or diversification or capital expenditure other than routine capital expenditure

(i) Declare dividends for any year except out of profits relating to that year after meeting all financial commitments to the Bank

(j) Repay monies brought in by promoters, partners, directors, shareholders, their relatives and friends in the business of the Company by way of deposits/loans/share application money etc unless required by law.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against us that would have a material adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional/ bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against us as of the date of the Draft Letter of Offer. Further, except as disclosed below the Company is not involved in any criminal litigation, litigation involving moral turpitude or economic offences.

Set forth below are details of certain material outstanding litigations against us and details of proceedings of certain material proceedings filed by us.

Litigation involving the Company

(i) The Commissioner of Service Tax, Mumbai has issued a show cause cum demand notice dated October 21, 2010 against the Company asking the Company to show cause as to why service tax amounting to ₹ 63,759,665 should not be recovered from the Company for the period June 16, 2005 to July 26, 2009 being service tax chargeable on services of maintenance or repairs of roads provided by the Company. The Company has, by its reply dated January 31, 2011 contended that the services provided are not in the nature of maintenance or repair services and are therefore not liable for payment of service tax.

(ii) The Company filed a writ petition on February 2, 2011 before the Delhi High Court against NHAI in relation to one of the bids submitted by the Company. Under the tender documents, the Company was required to provide a bank guarantee as bid security, which has to be valid for 180 days after the bid due date. The tender documents further stated that in case any bid submitted does not meet the requirements set out in the tender documents, it shall be treated as non responsive and shall entail forfeiture of 5% of the bid security. NHAI claimed that the bank guarantee provided by the Company was not valid for 180 days and therefore held that the bid by the Company was non-responsive. NHAI has sought deposit of ₹ 6.985 million from the Company being 5% of the bid security. The Company has filed the writ and has sought a direction from the High Court restraining NHAI from encashing the bank guarantee. The Delhi High Court vide its interim order dated February 2, 2011 has stayed the demand and the encashment of the bid security. The total amount involved in the matter is ₹ 6.985 million. The matter is currently pending.

(iii) The Company has filed an appeal on January 28, 2010 before the Commissioner of Income-Tax (Appeals), Mumbai, against the order of the Assistant Commissioner of Income Tax, Circle 6(3), Mumbai, dated December 29, 2009, disallowing certain deductions under section 80IA(4)(i) of the Income Tax Act, 1961 in respect of developers fees received for providing advisory services to Mumbai Nasik Expressway Limited. The matter is currently pending. The amount involved in the matter is ₹ 39,929,888.

Litigation involving our Associates and Subsidiaries

1. VSPL

(i) A writ petition has been filed before the Andhra Pradesh High Court by Visakha Harbour and Port Workers Union ("Union") against the Government of India, the Vishakhapatnam Port Trust ("VPT"), the Vishakhapatnam Dock Labour Board ("Labour Board") and VSPL challenging the engagement of private workers by VSPL for dock work, without engaging the dock workers registered with the Labour Board under the Vishakhapatnam Dock Workers (Regulation of Employment) Scheme, 1959. It was alleged that the provisions of the Dock Workers (Regulation of Employment) Act, 1948 have been violated by VSPL and by the other respondents which allowed VSPL to do so. The matter is currently pending.

(ii) A writ petition has been filed before the Andhra Pradesh High Court by Visakha Dock Labour Board and Dock Workers Union ("Union") against the Government of India, the VPT, the Vishakhapatnam Dock Labour Board ("Labour Board") and VSPL challenging the engagement of private workers by VSPL for dock work, without engaging the dock workers registered with the Labour Board under the Vishakhapatnam Dock Workers (Regulation of Employment) Scheme, 1959. It was alleged that the provisions of the Dock Workers (Regulation of Employment) Act, 1948 have been violated by VSPL and by the other respondents which allowed VSPL to do so. The matter is currently pending.

(iii) VSPL has filed an application before the principal district judge, Vishakhapatnam to set aside the order of the arbitral tribunal dated December 1, 2009 in favour of VPT. The dispute is regarding the 'scale of rates' for payment of royalty by VSPL to VPT. From the commencement of operations till June, 2008 VSPL paid royalty to VPT at the rate of 17.111%. However, a revised 'scale of rates' was fixed for VSPL by TAMP on March 31, 2005. VPT has demanded royalty for the entire period at the new 'scale of rates'. VSPL has disputed the applicability of the new 'scale of rates'. The arbitral tribunal decided the matter in favour of VPT and ordered VSPL to pay the sum of ₹ 9.89 million to VPT with interest at 12% per annum. Also, since the date of the order of the arbitral tribunal VSPL has been paying royalty at the revised 'scale of rates'. The total amount involved in the matter is ₹ 9.89 million

(iv) VSPL had initiated arbitration proceedings against Rashtriya Ispat Nigam Limited ("RINL") before a sole arbitrator disputing certain deductions, amounting to approximately ₹ 108,940,236 made by RINL from certain bills raised by VSPL allegedly on account of demurrage for pre-berthing delays. The arbitrator by an award dated July 27, 2011 has decided the matter against VSPL. VSPL may take further legal action in this matter.

(v) VSPL had initiated arbitration proceedings March 11, 2010 against Rashtriya Ispat Nigam Limited ("RINL") before a sole arbitrator in relation to RINL's failure in fulfilling its commitment to import at least one million metric ton of coal during the period of one year from December 04, 2008. VSPL made a claim of ₹ 54,445,606 before the arbitrator. The matter has been decided in favour of VSPL, however the arbitrator has awarded ₹ 131,334 along with an interest of 12 % per annum as damages to VSPL.VSPL may take further legal action in this matter.

(vi) VSPL has filed a writ petition on before the Andhra Pradesh High Court against the demand notice dated February 18, 2011 received from the Regional Transport Authority ("RTA") of Andhra Pradesh seeking recovery of lifetime road tax on the three 'harbour mobile cranes' ("HMC") being employed by VSPL at its berths. RTA has classified the HMCs as motor vehicles and has therefore levied lifetime tax on them. The Andhra Pradesh High Court has passed an order dated March 30, 2011 staying any punitive action by the RTA. The Andhra Pradesh High Court has directed VSPL to make a written representation in the matter to the RTA commissioner within 15 days of the order and has directed the RTA commissioner to pass an order on the same within six weeks. The total amount involved in the matter is estimated at ₹ 45 million.

(vii) VSPL had initiated arbitration proceedings on January 7, 2011 against the Steel Authorities of India Limited ("SAIL"), before an arbitral tribunal comprising three arbitrators, disputing certain deductions, amounting to approximately ₹ 15.31 million, made by SAIL from certain bills raised by VSPL. SAIL has allegedly made deductions on account of demurrage for pre-berthing delays, shortfall in discharge rate of cargo and under-loading of rakes. VSPL has contended that SAIL has misinterpreted the contractual provisions and cannot deduct those amounts. The amount involved in the matter is ₹ 15.31 million.

(viii) VSPL has received a show cause cum demand notice dated July 21, 2011 from the collector and district registrar, Vishakhapatnam alleging deficit payment of stamp duty on the license agreement dated November 28, 2011 entered into between VSPL and Vishakhapatnam Port Trust. The district registrar has classified the said license agreement as a lease agreement as has accordingly imposed a higher stamp duty. The amount involved in the matter is ₹ 47,055,000.

(ix) VSPL has filed an appeal on January 29, 2011 before the Commissioner of Income-Tax (Appeals) against the order of the Deputy Commissioner of Income Tax, Circle 7(3), Mumbai, dated December 31, 2010 disallowing deduction of ₹ 126,054 towards delayed deposit of provident fund contribution, ₹ 1,316,876 towards fees for increase in authorized share capital and ₹ 165,547,631 towards demurrage for the assessment year 2008-2009.

(x) VSPL has filed an appeal on January 29, 2011 before the Commissioner of Income-Tax (Appeals)-13, against the certain orders of the Deputy Commissioner of Income Tax, Circle 7(3), Mumbai, for Assessment Year 2005-2006. VSPL has challenged the order dated December 24, 2007 under section 143 (3) of the Income Tax Act, 1961 ("IT Act") for Assessment Year 2005-2006, disallowing certain deductions in relation to expenses incurred on increase in authorized share capital, liquidated damages, prior period expenses, capital expenditure and delayed deposit of provident fund contribution. Also, VSPL has challenged the order dated December 31, 2010 under section 147 (3) of the IT Act disallowing deprecation of ₹ 81,773,779 on project berth. The amount involved in the matter is ₹ 107,944,956.

2. REL

(i) A writ petition has been filed on April 19, 2005 by REL before the Andhra Pradesh High Court, against the Union of India, the collector and district registrar, Rajahmundry ("Registrar") and NHAI. REL has challenged a demand notice dated March 15, 2005, issued by the Registrar, alleging payment of deficient stamp duty amounting to ₹ 177,699,900 by REL on the concession agreement dated October 30, 2001 executed between REL and NHAI for its road project. The Andhra Pradesh High Court has admitted the petition and by an interim stay order dated April 28, 2005, in favour of REL, stayed of operation of the demand notice of the Registrar. The matter is currently pending.

(ii) REL had received a letter from NHAI seeking indemnification of any demand that may be raised by the Commissioner of Labour, Government of Andhra Pradesh, Hyderabad and Joint Commissioner of Labour, Government of Andhra Pradesh, Hyderabad under the Building and Other Constructions Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Constructions Workers Welfare Cess Act, 1996 ("Cess Acts"). REL has filed a writ petition in the Andhra Pradesh High Court challenging the provisions of the Cess Acts as ultra vires and unconstitutional. The High Court has, by an order dated October 20, 2009 ordered stay on the prosecution.

(iii) REL has filed an appeal on February 4, 2011 before the Commissioner of Income-Tax (Appeals), New Delhi, against an order of the Assistant Commissioner of Income Tax, range 15, New Delhi, dated November 11, 2010 disallowing the certain deduction under section 80IA(4)(i) and 14A of the Income Tax Act, 1961 in respect of a project awarded to REL by NHAI. The matter is currently pending. The amount involved in the matter is ₹ 140,125,688.

3. AEL

(i) AEL had received a letter from NHAI seeking indemnification of any demand that may be raised by the Commissioner of Labour, Government of Andhra Pradesh, Hyderabad and Joint Commissioner of Labour, Government of Andhra Pradesh, Hyderabad under the Building and Other Constructions Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Constructions Workers Welfare Cess Act, 1996 ("Cess Acts"). AEL has filed a writ petition in the Andhra Pradesh High Court challenging the provisions of the Cess Acts as ultra vires and unconstitutional. The High Court has, by an order dated October 20, 2009 ordered stay on the prosecution.

4. CBICL

(i) CBICL initiated arbitration proceedings on January 18, 2008 against the Government of Kerala ("GoK") and Greater Cochin Development Authority ("GCDA") before an arbitration tribunal in relation to a dispute arising out of the concession agreement dated October 27, 1999 ("CBICL Concession Agreement") entered into between the parties. Under the terms of the CBICL Concession Agreement, CBCIL had a right to collect fee for use of the bridge in accordance with the fee notification issued by GoK, in accordance with the terms of the said agreement. In light of the public agitation against revision of toll fee rates and the demand of 'multiple entry pass' for use of the bridge, GoK came out with orders dated January 24, 2005 and March 1, 2005 ("Original Orders") which provided for constant toll fee rates and multiple-entry pass for vehicles. To compensate CBICL for its resultant loss, the Original Orders also provided for annuity payments of ₹ 15.40 million per year starting from January 2004 during the concession period, compensation for multiple-entry passes for car category and extension of the concession period by six years beyond the original period. The Original Orders also provided for a revised concession agreement to be entered into by the parties incorporating the changes provided in the Original Orders. However, GoK did not execute the revised agreement and by its order dated December 26, 2008 ("Revoking Order") revoked the Original Orders. The arbitral tribunal by its order dated November 22, 2010 restrained GoK and GCDA from acting in furtherance of the Revoking Order and directed the toll to be collected at the prevailing rates as per the Original Orders. However, GoK issued another letter dated December 13, 2010 asking CBICL to charge user fee as per the fee notification of October 3, 2002, contravening the order of the arbitral tribunal. The letter dated December 13, 2010 has been placed before the arbitral tribunal for record and the same has been challenged by CBICL. The amount involved in the matter is ₹ 105,914,497 with an interest payable at State Bank of India prime lending rate plus 1%. The matter is currently pending.

5. MNEL

(i) Bhausaheb Fakir Dhongade and others (the "Petitioners") have filed a public interest litigation ("PIL") on September 18, 2010 against the Union of India, State of Maharashtra, NHAI, MNEL and Sheladia Associates (the independent engineer) challenging the issue of toll notification and provisional completion certificates by NHAI towards MNEL enabling MNEL to collect toll from May 29, 2010. The Petitioners have challenged the issuance of provisional completion certificates on the grounds that MNEL has achieved partial completion of work on the project highway. The Petitioners have sought an order restraining MNEL from collecting toll fees until the project work is completed. The matter is currently pending.

(ii) Vakas Musttaq Patel and others have filed a writ petition on March 29, 2010 before the Bombay High Court against NHAI, MNEL and others challenging the acquisition of certain plots of land at Arujunali, Maharashtra by NHAI, on the grounds that the acquisition was done without following the procedure under the Land Acquisition Act and without the payment of compensation. These plots of land are required by MNEL for the purpose of putting toll booth structures at Arjunali, Maharashtra. The Bombay High Court has passed an order dated June 9, 2011 to maintain status quo in relation to the possession of the said land.

6. GLL

(i) Go Airlines (India) Private Limited ("Go Air") had filed a winding up petition against GLL to recover certain dues arising from non-payment of certain invoices under an agreement entered with GLL. The Bombay High Court by an order dated June 23, 2010 directed the parties to refer the matter for arbitration before a sole arbitrator appointed by the Bombay High Court. In the arbitration proceedings, Go Air has claimed approximately ₹ 14,140,343 in dues while GLL has filed a counter claim of approximately ₹ 1,399,385. The matter is currently pending.

(ii) GLL has filed 67 complaints under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of 99 cheques by seven of its customers at the Magistrate's Court at Dadar in Mumbai. The aggregate amount involved is approximately ₹ 22.40 million. The complaints are at various stages of hearing.

7. GICL

(i) GICL has received a notice from the deputy labour commissioner upon a demand for payment of cess under the Building and Other Constructions Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Constructions Workers Welfare Cess Act, 1996, by the deputy labour commissioner, GICL has deposited a sum of ₹ 17,811,867 under protest. GICL may take further legal action in this matter.

8. RGBL

(i) RGBL has received a notice dated August 8, 2011 from the Office of the Joint Commissioner of Labour, Labour Department, Government of Andhra Pradesh under the Building and Other Constructions Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Constructions

Workers Welfare Cess Act, 1996 and the rules made under these legislations for furnishing of information like details of the employers and estimated cost of construction of the Godavari bridge project for assessment of cess.

GOVERNMENT AND OTHER APPROVALS

We have obtained necessary consents, licenses, permissions and approvals from the government and various governmental agencies that are required for our present business and except as mentioned below, no material approvals required for carrying on our present activities are pending. Some of the approvals and licenses that we require for our current business operations may expire in the ordinary course of business and we will apply for their renewal from time to time. We undertake to obtain all approvals, licenses, registrations and permissions required to operate our business.

Further, we may require further approvals from various agencies once certain of our projects under development become operational or reach implementation stage. Applications for such approvals shall be made by us accordingly.

The following table sets forth the details of the pending material approvals or material approvals which are pending renewals in relation to our business activities:

Sr. No	Particulars of pending approvals and applications made	Date of application	Authority to which application is made
A.	**Pravara Co-generation Power Project**		
1.	Application for environmental clearance for 30 MW Bagasse based Co-Generation project at Padamshri Dr Vitthalrao Vikhe Patil SSK Limited	February 28, 2011	Ministry of Environment and Forests, Government of India
2.	Application for conducting public hearing of 30 MW Bagasse based Co-generation project at Padamshri Dr Vitthalrao Vikhe Patil SSK Limited	June 28, 2011	Maharashtra Pollution Control Board
3.	Application for providing grid connectivity to PREL for setting up 30 MW Bagasse Cogeneration Power Project at Padamshree Dr. Vitthalrao Vikhe Patil SSK Limited, Pravaranagar	March 25, 2009	Maharashtra Energy Development Agency
4.	Application for approval of the project under clean development mechanism	February 10, 2010	United Nations Framework Convention on Climate Change
B.	**Vishakhapatnam Port project**		
1.	Application for revision of tariff proposals	December 31, 2010	Tariff Authority for Major Ports
C.	**Godavari Bridge Project**		
1.	Application for granting permission for setting up of asphalt plant	February 6, 2009	Andhra Pradesh Pollution Control Board
D.	**Haryana Biomass Power Project**		
1.	Application to grant no objection certificate for operation of 8.0 MW biomass based power plant at Jhansa, Tehsil- Pehowa, Haryana	February 20, 2011	Irrigation Department, Haryana
2.	Application to grant no objection certificate for setting up 8.0 MW biomass based power plant at Jhansa, Tehsil- Pehowa, Haryana	May 30, 2011	Divisional Forest Officer, Haryana
3.	Application to grant no objection certificate for setting up 8.0 MW biomass based power plant at Jhansa, Tehsil- Pehowa, Haryana	March 31, 2011	Deputy Commissioner, Kurukshetra
4.	Application for implementing six biomass projects in Haryana	January 25, 2011	Haryana Renewable Energy Development Agency

Sr. No	Particulars of pending approvals and applications made	Date of application	Authority to which application is made
E.	**Paradip Iron Ore Berth Project**		
1.	Application to grant forest clearance	-*	Forest and Environment Department, Government of Orissa
2.	Application for consent under Section 25 of the Water (Prevention & Control of Pollution) Act, 1974 and Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and Authorization under Rule 5 of the Hazardous Wastes (Management & Handling) Rules, 1989 and Amendment Rules, 2003 for construction of Iron ore Terminal	-*	Orissa Pollution Control Board
F.	**Thermal Power Project**		
1.	Application for providing grid connectivity and allotment of transmission capacity in intra state transmission system through long term open access	June 21, 2011	Maharashtra State Electricity Transmission Company Limited
G.	**Kosi Bridge Project**		
1.	Application for aggregate extension of COD by 631 days	April 6, 2011	National Highways Authority of India
H.	**Gorakhpur Bypass Project**		
1.	Application for aggregate extension of COD by 952 days for the period between October 5, 2009 to May 14, 2012	October 21, 2010	Independent Consultant of the National Highways Authority of India

* *Receipt of approval is the responsibility of the Paradip Port Trust, which has made this application.*

Further, the Company is yet to make applications for the following approvals:

1. Kosi Bridge Project - NHAI approval for extension of COD to March 2012;

2. Gorakhpur Bypass Project - NHAI approval for extension of COD to June 2012;

3. Godavari Bridger Project - approval from Government of Andhra Pradesh for extension of COD to December 2012; and

4. Mumbai Offshore Container Terminal Project - approval from Mumbai Port Trust for grant of extension of COD to December 2012.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors of the Company passed at their meeting held on May 19, 2011, pursuant to Section 81 of the Companies Act.

The Company has received in-principle approvals from the BSE and the NSE for listing of the Equity Shares to be allotted in the Issue pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or Other Governmental Authorities

SEBI, by its order dated December 21, 2006, had prohibited the Promoter, Abhijit Rajan and two other companies from directly or indirectly accessing the capital markets for a period of one year from the date of the order and further prohibited them from divesting, transferring, selling or alienating, in any manner, their shareholding in the Company for a period of three years from the date of allotment in the IPO of the Company. The periods of prohibition under the said order are over.

Except as above, the Company, the Promoter, Promoter Group entities, the Directors or person(s) in control of the Promoter have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

None of the Directors are associated with any entities which are engaged in securities market related business and are registered with SEBI for the same.

Prohibition by RBI

None of the Company, the Promoter, the Directors, Promoter Group entities and group companies have been identified as willful defaulters by the RBI or any other governmental authority.

Eligibility for the Issue

The Company is a listed company and has been incorporated under the Companies Act. The Equity Shares of the Company are presently listed on the Stock Exchanges. It is eligible to offer this issue in terms of Chapter IV of the SEBI Regulations.

Compliance with Part E of Schedule VIII of the SEBI Regulations

The Company is in compliance with the provisions specified in Clause (1), Part E, Schedule VIII of the SEBI Regulations as explained below:

(a) The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing the Draft Letter of Offer with SEBI.

(b) The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE and NSE or on a common e-filing platform specified by SEBI.

(c) The Company has an investor grievance-handling mechanism which includes meeting of the Shareholders/Investors' Grievance Committee at frequent intervals, appropriate delegation of power by the Board of Directors of the Company as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As the Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI Regulations, disclosures in the Draft Letter of Offer have been made in terms of Clause (5), Part E, Schedule VIII of SEBI Regulations.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGERS, COLLINS STEWART INGA PRIVATE LIMITED, ICICI SECURITIES LIMITED AND IDFC CAPITAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGERS, COLLINS STEWART INGA PRIVATE LIMITED, ICICI SECURITIES LIMITED AND IDFC CAPITAL LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 30, 2011 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

- **(a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

- **(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

- **(c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, SEBI REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

(3) **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

(4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE**

(5) **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE**

(6) **WE CERTIFY THAT REGULATION 33 OF THE SEBI REGULATIONS WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE**

(7) **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE**

(8) **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

(9) **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE, SUBJECT TO COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS.**

(10) **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**

(11) **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR**

VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI REGULATIONS WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI REGULATIONS CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

CAUTION

Disclaimer clauses from the Company and the Lead Managers

The Company and the Lead Managers accept no responsibility for statements made otherwise than in the Draft Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Managers and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this document. You must not rely on any unauthorized information or representations. The Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in the Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to the Company and Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

Disclaimer with respect to jurisdiction

The Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be [●].

Disclaimer Clause of the BSE

As required, a copy of the Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of the NSE

As required, a copy of the Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Selling Restrictions

The distribution of the Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making the Issue of Equity Shares on a rights basis to the Equity Shareholders of the Company and will dispatch the Letter of Offer and CAFs only to Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Draft Letter of Offer or any other material relating to the Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI.

Accordingly, the Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of the Draft Letter of Offer or any offering materials or advertisements in connection with the Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

The Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If the Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in the Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Each person who exercises Rights Entitlement and subscribes for Equity Shares or excess Equity Shares, or who purchases Rights Entitlement or Equity Shares shall do so in accordance with the restrictions set out below.

United States Restrictions

The Rights Entitlement and the Equity Shares have not been, and will not be, registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the United States (as defined in Regulation S). The Issue to which the Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement. Accordingly, the Draft Letter of Offer and the CAF should not be forwarded to or transmitted in or into the United States at any time. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Draft Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is not a U.S. person (as defined in Regulation S).

The Rights Entitlement and the Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlement, the Equity Shares or the accuracy or adequacy of the Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

Neither the Company nor any person acting on behalf of the Company will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, in the United States. Any envelope containing a CAF and postmarked from the United States will not be accepted. Similarly, any CAF in which the exercising holder or subscribing applicant requests Equity Shares to be issued in registered form or credited to a securities account and gives an address in the United States will not be accepted. The Company reserves the right to treat as invalid any CAF which: (i) appears to the Company or its agents to have been executed in or dispatched from the United States; (ii) does not include the relevant certifications; or (iii) where the Company believes acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF. Any payment made in respect of any CAF that does not meet the foregoing criteria will be returned without interest. Any person in the United States who obtains a copy of the Draft Letter of Offer or its accompanying documents is required to disregard it.

Until the expiration of the 40-day period beginning on the date on which the Company will allot and issue the Equity Shares, an offer to sell or a sale of, or subscription for, the [Rights Entitlement or the] Equity Shares within the United States by a broker/dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Each purchaser of the Rights Entitlement and/or the Equity Shares will be deemed to have represented and agreed as follows (terms defined in Regulation S have the same meanings when used herein):

(a) the purchaser (i) is, and the person, if any, for whose account it is acquiring such Rights Entitlement and/or the Equity Shares is, outside the United States, and (ii) is acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S;

(b) the purchaser is aware that the Rights Entitlement and the Equity Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S; and

(c) the purchaser acknowledges that the Company, the Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer of the Equity Shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Rights Entitlement or the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of Equity Shares or Rights Entitlement to the public in that Relevant Member State from and including the Relevant Implementation Date may be made:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last fiscal year; (2) a total balance sheet of more than Euro 43,000,000 and (3) an annual net turnover of more than Euro 50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Equity Shares shall result in the requirement for the publication by the Company or the Lead Managers pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/7 1/EC and includes any relevant implementing measure in each Relevant Member State.

In the case of any Rights Entitlement or Equity Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Rights Entitlement or Equity Shares acquired by them in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Rights Entitlement or Equity Shares acquired by them in the Issue to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined who are not financial intermediaries or in circumstances in which the prior consent of the Lead Managers has been obtained to each such proposed offer or resale.

United Kingdom Restrictions

The Draft Letter of Offer is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 does not apply.

Filing

The Draft Letter of Offer has been filed with the Corporation Finance Department of the SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations. After SEBI gives its observations, the final Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Issue Related Expenses

The expenses of the Issue payable by the Company include brokerage, fees and reimbursement to the Lead Managers, Joint Auditors, Legal Advisors, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses and will be met out of the Issue Proceeds.

Activity	Expense* (₹ in million)	Expense* (% of total expenses)	Expense* (% of Issue Size)
Lead Merchant Bankers	[●]	[●]	[●]
Registrars to the Issue	[●]	[●]	[●]
Legal Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Printing, stationery, distribution and advertising expenses, etc.	[●]	[●]	[●]
SCSB Commission	[●]	[●]	[●]
Others	[●]	[●]	[●]
Total estimated Issue expenses	**[●]**	**[●]**	**[●]**

** Amounts will be finalized at the time of filing the Letter of Offer and determination of Issue price and other details*.

Investor Grievances and Redressal System

The Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement. The Shareholders/Investors' Grievance Committee currently comprises Himanshu Parikh, as chairman, and C. C. Dayal and its broad terms of reference include redressing complaints from shareholders such as non-receipt of dividend or annual report, transfer of shares and issue of duplicate share certificates; monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of Equity Shares issued by the Company; and issues relating to the relationship of the Company with its share transfer agents.

Time normally taken for disposal of various types of investor complaints: Not more than one month.

Status of outstanding investor complaints in relation to the Company

As of date of the Draft Letter of Offer, there were no outstanding investor complaints.

Investor Grievances arising out of the Issue

The Company's investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ share certificate / demat credit / refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA applicants giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, application form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7-10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. The Company undertakes to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mill Compound
L.B.S. Marg
Bhandup (West)
Mumbai 400 078
Tel: (91 22) 2596 0320
Fax: (91 22) 2596 0329
Email: gipl.rights@linkintime.co.in
Investor Grievance Email: gipl.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Pravin Kasare
SEBI Registration No: INR000004058

Investors may contact the Compliance Officer in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/share certificates/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

G. Sathis Chandran
Gammon House
Veer Savarkar Marg
Prabhadevi
Mumbai 400 025
Tel: (91 22) 6111 4000
Fax: (91 22) 6111 4025
Email: compliances@gammoninfra.com

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Draft Letter of Offer, the Abriged Letter of Offer, the CAF, the Memorandum of Association and Articles of Association of the Company, and the provisions of the Companies Act, FEMA, the guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of securities issued by the Government of India and other statutory and regulatory authorities from time to time, the terms of listing agreements entered into by the Company with the Stock Exchanges and terms and conditions as stipulated in the allotment advice or security certificate.

Please note that QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs or whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please see "*Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process*" on page 201 below.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to the existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of the Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, i.e. [●], fixed in consultation with the Stock Exchanges.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of the Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of the Draft Letter of Offer, the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. The Company is making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer/Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States.

PRINCIPAL TERMS OF THE EQUITY SHARES

Face Value

Each Equity Share will have the face value of ₹ 2.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ [●] for cash at a premium of ₹ [●] per Equity Share. The Issue Price has been arrived at after consultation between the Company and the Lead Managers.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] Equity Shares for every [●] Equity Shares held on the Record Date.

Terms of Payment

Full amount of ₹ [●] per Equity Share is payable on application.

Fractional Entitlements

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Equity Shareholders shall be ignored. Equity Shareholders whose fractional entitlements are being ignored would be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

For example, if an Equity Shareholder holds between [●] and [●] Equity Shares, he will be entitled to [●] Equity Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one additional Equity Share if he has applied for the same.

Those Equity Shareholders holding less than [●] Equity Shares will therefore be entitled to zero Equity Shares under this Issue and shall be despatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of one additional Equity Share if he has applied for the same.

Ranking

The Equity Shares being issued shall be subject to the provisions of the Memorandum of Association and Articles of Association. The Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares.

Listing and trading of Equity Shares proposed to be issued

The Company's existing Equity Shares are currently traded on the Stock Exchanges under the ISIN INE181G01025. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges under the existing ISIN for fully paid up Equity Shares of the Company.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading shall be taken within seven working days of finalisation of the basis of Allotment. The Company has made an application for "in-principle" approval for listing of the Equity Shares to the BSE and the NSE and has received such approval from the BSE pursuant to the letter no. [●] dated [●] and from the NSE pursuant to letter no. [●] dated [●].

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders of the Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;

- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum of Association and Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of the Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one. In case an Equity Shareholder holds Equity Shares in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to each folio ("Consolidated Certificate").

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 109A of the Companies Act. An Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Equity Shareholder or all the joint Equity Shareholders, as the case may be, shall become entitled to the Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered Equity Shareholder. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Shares, in the event of death of the said Equity Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Shares are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such Equity Shareholders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company.

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depositary Participant ("DP") of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English language national daily newspaper, one Hindi national daily newspaper and one Marathi language daily newspaper with wide circulation in Maharashtra and/or, will be sent by post to the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders from time to time.

Additional Subscription by the Promoter

The Promoter has, through its letter dated September 29, 2011 (the "Subscription Letter"), confirmed that they and the shareholders forming part of the Promoter Group as on the Record Date (the "PG Shareholders") intend to subscribe to the full extent of their Rights Entitlement in the Issue. In addition to subscription to their Rights Entitlements, the Promoter and PG Shareholders intend to subscribe to additional Equity Shares for any unsubscribed portion in the Issue. As a result of such additional subscription, our Promoters and PG Shareholders may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoter and the PG Shareholder above the current shareholding along with the Rights Entitlement. The subscription to such additional Equity Shares to be made by the Promoter and PG Shareholders will be in accordance with Regulation 10(4)(b) of the Takeover Regulation and other applicable provisions of law.

For details, see "- *Basis of Allotment"* on page 208.

Procedure for Application

The CAF for the Equity Shares would be printed in black ink for all Equity Shareholders. In case the original CAFs are not received by the Equity Shareholder or is misplaced by the Equity Shareholder, the Equity Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Investor(s) does not match with the specimen registered with the Company, the application is liable to be rejected.

Please note that neither the Company nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit.

Please note that QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Equity Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection centers as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors in this regard. Investors at centres not covered by the collection branches of the Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "*Mode of Payment for Resident Investors*" and "*Mode of Payment for Non-Resident Investors*" on pages 200 and 200, respectively.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "*Basis of Allotment*" on page 208.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that the Company shall not Allot and/or register the Equity Shares in favour of (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation (i) from resident Indian equity shareholder(s) to non-resident(s); (ii) from non-resident equity shareholder(s) to resident Indian(s); or (iii) from a non-resident equity shareholder(s) to other non-resident(s), is subject to the renouncer(s)/ renouncee(s) obtaining the necessary regulatory approvals. The Company proposes to apply to the RBI for seeking approval for renunciation of Rights Entitlement by (a) an Investor resident in India, in favour of any person resident outside India (other than OCBs); (b) an Investor resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Investor resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs). In case the Company does not receive such approval, the renouncer/ renouncee is required to obtain such approval and attach to the CAF. All such renunciations shall be subject to any conditions that may be specified in the RBI approval. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be the conclusive evidence for the Company of the fact of renouncement to the person(s) applying for Equity Shares in Part 'C' of the CAF for the purpose of Allotment of such Equity Shares. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with the Company/Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the application money in full.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three including you, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason therefore.

Instructions for Options

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(All joint holders must sign)*
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares *(All joint holders must sign)*
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)	Fill in and sign Part D *(all joint holders must sign)* requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.

Option Available	Action Required
OR **Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee**	**On receipt of the SAF take action as indicated below.** (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A. (ii) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
4. Renounce your Rights Entitlement in full to one person *(Joint Renouncees are considered as one)*.	Fill in and sign Part B *(all joint holders must sign)* indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C *(All joint Renouncees must sign)*
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for each SAF should be made for a minimum of one Equity Share or, in each case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before [●].
- Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor(s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with the Company/ Depositories.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within [●] days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of either original CAF or both the applications. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Investor who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque drawn on a bank in Mumbai/ demand draft, net of bank and postal charges payable at Mumbai and the Investor should send the same by registered post directly to the Registrar to the Issue. For details of the mode of payment, please see "*Modes of Payment*" on page 200. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "Gammon Infrastructure Projects Limited – Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order and as per specimen recorded with the Company/ Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Company, being Gammon Infrastructure Projects Limited;
- Name and address of the Investor including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/ demand draft;
- Savings/current account number and name and address of the bank where the Investor will be depositing the refund order;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account; and
- A representation that the Investor is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is not a "U.S. Person" (as defined in Regulation S under the Securities Act).

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the Investor without any interest thereon.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. The Board may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under "- *Basis of Allotment*" on page 208.

Modes of Payment

Mode of payment for Resident Investors

- All cheques / demand drafts accompanying the CAF should be drawn in favour of "[●]" crossed 'A/c Payee only' and should be submitter along with the CAF to the Bankers to the Issue/ Collecting Bank or to the Registrar to the Issue;

- Investors residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with an account payee cheque drawn on a bank in Mumbai/demand draft for the full application amount, net of bank and postal charges drawn in favour of "[●]", crossed 'A/c Payee only' and payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Investors

As regards the application by non-resident Investor, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

  Link Intime India Private Limited
  C-13, Pannalal Silk Mill Compound
  L.B.S. Marg, Bhandup (West)
  Mumbai 400 078
  Tel: (91 22) 2596 0320
  Fax: (91 22) 2596 0329
  Email: gipl.rights@linkintime.co.in
  Investor Grievance Email: gipl.rights@linkintime.co.in
  Website: www.linkintime.co.in
  Contact Person: Mr. Pravin Kasare
  SEBI Registration Number: INR000004058

- Applications will not be accepted from non-resident Indian in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- All non-resident investors should draw the cheques/demand drafts in favour of "[●]", crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar to the Issue.

- Non-resident investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of "[●]", crossed 'A/c Payee only' and marked "[●]" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

  Application with repatriation benefits

  - By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

- By cheque/draft drawn on an NRE or FCNR Account maintained in Mumbai; or

- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai;

- FIIs registered with SEBI must utilise funds from special non-resident rupee account.

Application without repatriation benefits

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.

- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

- An eligible Equity Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected at the sole discretion of the Company and the Lead Managers.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.

- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

Please note that QIB applicants and other applicants whose application amount exceeds ₹ 200,000, can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as non ASBA process.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/pmd/scsb.html. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to the Equity Shareholders of the Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not in the United States and are eligible under applicable securities laws to subscribe for the Rights Entitlements and Equity Shares in the Issue;
- are not a Renouncee; and
- are applying through a bank account maintained with SCSBs.

CAF

The Registrar will despatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Mode of payment

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar’s instruction from the ASBA Account. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by the Company as per the provisions of section 73(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instruction to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

Options available to the Equity Shareholders applying under the ASBA Process

The summary of options available to the Investors is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF *(All joint holders must sign)*
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares *(All joint holders must sign)*

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor have selected to apply through the ASBA process option.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "*Basis of Allotment*" in this section on page 208.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

Renunciation under the ASBA Process

Renouncees cannot participate in the ASBA Process.

Application on Plain Paper

An Investor who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper and the Investors should send the same by registered post directly to the SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "[●]" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order and as per the specimen recorded with the Company/ Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Gammon Infrastructure Projects Limited;
- Name and address of the Investor including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; and
- A representation that the Investor is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is not a "U.S. Person" (as defined in Regulation S under the Securities Act).

Option to receive Equity Shares in Dematerialized Form

General instructions for Investors applying under the ASBA Process

(a) Please read the instructions printed on the respective CAF carefully.

(b) QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

(c) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected. The CAF must be filled in English**.**

(d) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Managers to the Issue.

(e) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from 16 August 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended credit" and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.**

(f) All payments will be made by blocking the amount in the ASBA Account. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the CAF as per the specimen signature recorded with the Company/or Depositories.

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company/ Depositories. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(i) All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Investor, folio numbers and CAF number.

(j) Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

(k) Only persons outside the United States and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

Do's:

(a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under *"Application on Plain Paper"* on page 203.

(b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.

(c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.

(d) Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.

(e) Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account before submitting the CAF to the respective Designated Branch of the SCSB.

(f) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

(g) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.

(h) Except for CAFs submitted on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.

(i) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(j) Ensure that the Demographic Details are updated, true and correct, in all respects.

(k) Ensure that you apply through ASBA process if you are a QIB or if you are an applicant whose application amount exceeds ₹ 200,000.

Don'ts:

(a) Do not apply if you are in the United States or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(c) Do not pay the amount payable on application in cash, by money order or by postal order.

(d) Do not send your physical CAFs to the Lead Managers to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(f) Do not instruct your respective banks to release the funds blocked under the ASBA Process.

(g) Do not submit more than five CAFs per ASBA Account;

(h) Do not apply through non ASBA process if you are a QIB or if you are an applicant whose application amount exceeds ₹ 200,000.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "*Grounds for Technical Rejection*" on page 213, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application for Rights Entitlements or additional shares in physical form.

(b) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

(c) Sending CAF to a Lead Managers / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

(d) Renouncee applying under the ASBA Process.

(e) Submission of more than five CAFs per ASBA Account.

(f) Insufficient funds are available with the SCSB for blocking the amount.

(g) Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

(h) Account holder not signing the CAF or declaration mentioned therein.

(i) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

(j) CAFs which have evidence of being executed in/dispatched from the United States.

(k) Application by ASBA Investors on SAFs.

Depository account and bank details for Investors applying under the ASBA Process

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository demographic details of these Investors such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblock of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of the Company, the SCSBs or the Lead Managers shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

Underwriting

The Issue is not underwritten.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for SAFs:	[●]
Issue Closing Date:	[●]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Investors who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.

(b) Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Share. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for allotment under for this head are more than number of Equity Shares available after allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

(c) Allotment to the Investors who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Regulations.

The Promoter has, through its letter dated September 29, 2011 (the "Subscription Letter"), confirmed that they and the shareholders forming part of the Promoter Group as on the Record Date (the "PG Shareholders") intend to subscribe to the full extent of their Rights Entitlement in the Issue. In addition to subscription to their Rights Entitlements, the Promoter and PG Shareholders intend to subscribe to additional Equity Shares for any unsubscribed portion in the Issue. As a result of such additional subscription, our Promoters and PG Shareholders may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoter and the PG Shareholder above the current shareholding along with the Rights Entitlement. The subscription to such additional Equity Shares to be made by the Promoter and PG Shareholders will be in accordance with Regulation 10(4)(b) of the Takeover Regulation and other applicable provisions of law.

Allotment Advices / Refund Orders

The Company will issue and dispatch Allotment advice/ share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("NECS") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and the Company issues letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order exceeding ₹ 1,500 would be sent by registered post/speed post to the sole/first Investors registered address. Refund orders up to the value of ₹ 1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the 68 centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to the Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.

4. RTGS – If the refund amount exceeds ₹ 200,000, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and is permitted by the SEBI from time to time.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case the Company issues Allotment advice, the relative shared certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL and Link Intime India Private Limited on April 28, 2007 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. The Company has also signed a tripartite agreement with CDSL and Link Intime India Private Limited on May 12, 2007 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical Equity Shares. Equity Shareholders of the Company holding Equity Shares in physical form may opt to receive Equity Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Investors who have already opened such beneficiary account(s) need not adhere to this step.*

- For Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of the Company/ Depositories.

  The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

  If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get Equity Shares in physical form.

  The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

  Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for Investors

(a) Please read the instructions printed on the CAF carefully.

(b) QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

(c) Application should be made on the printed CAF, provided by the Company except as mentioned under the head "Application on Plain Paper" in this section on page 199 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

    The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Managers to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by the

Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

(d) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**

(e) Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(f) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with the Company.

(h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with the Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company/Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor’s name and all communication will be addressed to the first Investor.

(j) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

(k) All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and Transfer Agents of the Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

(l) SAFs cannot be re-split.

(m) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

(n) Investors must write their CAF number at the back of the cheque /demand draft.

(o) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.

(q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(r) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

Grounds for Technical Rejections

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given;
- Age of Investor(s) not given (in case of renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs;

- CAFs accompanied by Stockinvest;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in the United States and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from the United States or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
- CAFs where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Applications by QIB applicants or applicants whose application amount exceeds ₹ 200,000, not through ASBA process.

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of the Company.

Applications will not be accepted from FIIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Applications will not be accepted from FIIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

"*Any person who makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years*".

Dematerialized dealing

The Company has entered into agreements dated April 28, 2006 and May 12, 2006 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE181G01025.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated 5 November 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board of Directors declares that:

(i) This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by the Company as per the provisions of section 73(3) of the Companies Act;

(ii) Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;

(iii) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested; and

(iv) The Company may utilize the funds collected in the Issue only after the basis of Allotment is finalized.

Undertakings by the Company

The Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock exchanges where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.

3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by the Company.

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. The Company accepts full responsibility for the accuracy of information given in the Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

6. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the basis of Allotment.

7. At any given time there shall be only one denomination for the Equity Shares of the Company.

8. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90% after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

Important

- Please read the Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

- All enquiries in connection with the Letter of Offer or CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed 'Gammon Infrastructure Projects Limited - Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

  Link Intime India Private Limited
  C-13, Pannalal Silk Mill Compound
  L.B.S. Marg, Bhandup (West)
  Mumbai 400 078
  Tel: (91 22) 2596 0320
  Fax: (91 22) 2596 0329
  Email: gipl.rights@linkintime.co.in
  Investor Grievance Email: gipl.rights@linkintime.co.in
  Website: www.linkintime.co.in
  Contact Person: Mr. Pravin Kasare
  SEBI Registration Number: INR000004058

- The Rights Entitlement and the Equity Shares are not intended to be offered or sold to persons in the United States or any other jurisdiction where such offer or sale may be prohibited. The offering to which the Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights to sale in the United States, the territories or possessions thereof, or a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, the Letter of Offer and the CAF should not be dispatched or forwarded to or transmitted in or to, the United States at any time. The Company and the Lead Managers reserve absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States or any other jurisdiction where such acquisition may be prohibited.

- The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

RESTRICITONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100% under automatic route in the Company.

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP"), issued Circular 1 of 2011 ("Circular 1 of 2011"), which with effect from April 1, 2011, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on March 31, 2011. The Government updates the consolidated circular on FDI policy once every six months and therefore, Circular 1 of 2011 will be valid until the DIPP issues an updated circular (expected on September 30, 2011).

FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and transfer does not attract the provisions of the Takeover Regulations (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of the Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by the Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Draft Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Engagement Letter dated September 29, 2011 between the Company and the Lead Managers.

2. Issue Agreement dated September 29, 2011 between the Company and the Lead Managers.

3. Memorandum of Understanding dated September 28, 2011 between the Company and the Registrar to the Issue.

B. Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of the Company as amended.

2. Certificate of Incorporation of the Company dated April 23, 2001.

3. Prospectus of the Company dated March 16, 2008.

4. Consents of the Directors, Company Secretary and Compliance Officer, Joint Auditors, Lead Managers, Bankers to the Issue, Legal Advisors and the Registrar to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities.

5. Resolutions of our Board of Directors dated May 19, 2011 in relation to this Issue and other related matters.

6. The Report of the Joint Auditors being, Natvarlal Vepari & Co. and S.R. Batliboi & Co., as set out herein dated May 19, 2011 in relation to the audited financial statements of the Company.

7. Annual Reports of the Company for the Fiscal Years 2007, 2008, 2009, 2010 and 2011 taken on a standalone and consolidated basis.

8. The statement of possible tax benefits available to the Company and its shareholders dated September 29, 2011 from the Joint Auditors.

9. Due Diligence Certificate dated September 30, 2011 addressed to SEBI from the Lead Managers.

10. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.

11. Tripartite Agreement dated April 28, 2006 between the Company, NSDL and Registrar to the Issue.

12. Tripartite Agreement dated May 12, 2006 between the Company, CDSL and Registrar to the Issue.

13. Letter no. [●] dated [●] issued by the SEBI for the Issue.

14. Agreements dated June 4, 2010, June 29, 2010, July 28, 2010, July 31, 2010, August 2, 2010, October 26, 2010, December 30, 2010 and February 10, 2011 in relation to inter corporate deposits issued by GIL to GIPL.

Any of the contracts or documents mentioned in the Draft Letter of Offer may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in the Draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in the Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Abhijit Rajan *Chairman and Managing Director*	
Himanshu Parikh *Vice Chairman*	
Kishor Kumar Mohanty *Managing Director*	
Rajeevkumar Malhotra *Whole Time Director*	
Parag Parikh *Whole Time Director*	
Chandrahas Charandas Dayal *Independent Director*	
Sanjay Sachdev *Independent Director*	
Sushil Chandra Tripathi *Independent Director*	
Naresh Chandra *Independent Director*	
Kunal Shroff *Independent Director*	

SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY

Parag Parikh	

Date: September 30, 2011
Place: Mumbai