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Red Herring Prospectus
Dated February 26, 2008
Please read Section 60B of the Companies Act, 1956
100% Book Building Issue

GAMMON

GAMMON INFRASTRUCTURE PROJECTS LIMITED

(Our Company was incorporated as Gammon Infrastructure Projects and Investments Limited under the Companies Act, 1956 on April 23, 2001 and subsequently renamed as Gammon Infrastructure Projects Limited on April 1, 2002.) (For changes in the registered office, see the section titled "History and Certain Corporate Matters" on page 109 of this Red Herring Prospectus.)

Corporate and Registered Office: Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. Tel: (91 22) 6661 4000; Fax: (91 22) 6661 4025.
Contact person: G. Sathis Chandran; E-mail: compliances@gammoninfra.com; Website: www.gammoninfra.com

PUBLIC ISSUE OF 1,65,50,000 EQUITY SHARES OF Rs. 10 EACH FOR CASH AT A PRICE OF Rs. [·] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [·] PER EQUITY SHARE) AGGREGATING Rs. [·] LAKHS (THE "ISSUE") BY GAMMON INFRASTRUCTURE PROJECTS LIMITED (THE "COMPANY" OR THE "ISSUER"). THE ISSUE COMPRISES A NET ISSUE OF 1,48,95,000 EQUITY SHARES TO THE PUBLIC AND A RESERVATION OF 16,55,000 EQUITY SHARES FOR ELIGIBLE EMPLOYEES. THE ISSUE WOULD CONSTITUTE 11.45% OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF THE COMPANY. THE NET ISSUE WOULD CONSTITUTE 10.30% OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF THE COMPANY.

PRICE BAND: Rs. 167 TO Rs. 200 PER EQUITY SHARE OF FACE VALUE Rs. 10

THE FACE VALUE OF THE SHARES IS Rs. 10. THE FLOOR PRICE IS 16.7 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 20 TIMES OF THE FACE VALUE.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and the Co Book Running Lead Managers ("CBRLMs") and at the terminals of the members of the Syndicate.

In terms of Rule 19(2) (b) of the Securities Contract Regulation Rules, 1957, this being an Issue for less than 25% of the post Issue equity share capital of the Company, the Issue is being made through the 100% book building process where at least 60% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, at least 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Payment Methods

Amount Payable per Equity Share (In Rs.)	**Payment Method-1@ Retail Individual Bidders and Non-Institutional Bidders**			**Payment Method-2 Any Category**		
	Face Value	**Premium**	**Total**	**Face Value**	**Premium**	**Total**
On Application	2.5	47.5	50.0	10.0	[•]	[•]
By Due Date for Balance Amount Payable	7.5	[•]	[•]	-	-	-
Total	**10.0**	**[•]**	**[•]**	**10.0**	**[•]**	**[•]**

@Non-Residents cannot subscribe to partly paid up Equity Shares under Payment Method-1. See page xxviii for risks associated with Payment Method – 1

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 and the Floor Price is 16.7 times of the face value and the Cap Price is 20 times of the face value. The Price Band (as determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this 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 this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page xiii of this Red Herring Prospectus.

IPO GRADING

This Issue has been graded by Credit Analysis & Research Limited as CARE IPO Grade 4 (Grade Four) indicating above average fundamentals. For details see the section titled "General Information" beginning on page 20 of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus 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 this Red Herring Prospectus 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 this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the NSE and BSE. NSE shall be the Designated Stock Exchange. We have received in-principle approval from the NSE and the BSE, for the listing of the Equity Shares pursuant to letters dated December 4, 2007 and December 13, 2007, respectively.

BOOK RUNNING LEAD MANAGERS

IDFC SSKI

IDFC - SSKI PRIVATE LIMITED*
803-4 Tulsiani Chambers, 8th Floor,
Nariman Point, Mumbai 400 021.
Tel: (91 22) 6638 3333, Fax: (91 22) 2204 0282
E-mail: gipl.ipo@idfcsski.com
Investor Grievance Id: complaints@idfcsski.com
Website: www.sski.co.in
SEBI Registration No.: INM000010254
Contact Person: Mr. Abhishek Jain
** name being changed from SSKI Corporate Finance Private Limited, subject to regulatory approvals*

MACQUARIE CAPITAL

MACQUARIE INDIA ADVISORY SERVICES PRIVATE LIMITED*
Level 3, Mafatlal Centre, Nariman Point,
Mumbai 400 021.
Tel: (91 22) 6653 3000, Fax: (91 22) 6653 3198
Email: gipl.ipo@macquarie.com
Website: www. Macquarie.com/in
SEBI Registration No.: INM000010932
Contact Person: Ms. Rajani Raikar
Investor Grievance Id: customercare.indiaipo@macquarie.com
** name proposed to be changed to Macquarie Capital Advisers (India) Private Limited subject to regulatory approvals*

REGISTRAR TO THE ISSUE

INTIME SPECTRUM REGISTRY LIMITED

INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup (West),
Mumbai 400 078
Tel.: (91 22) 2596 0320
Fax. : (91 22) 2596 0329
E-mail: gipl.ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sachin Achar

ISSUE PROGRAMME

BID/ISSUE OPENS ON : MARCH 10, 2008	**BID/ISSUE CLOSES ON : MARCH 13, 2008**

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
The "Company" or "our Company" or "GIPL" or "we" or "our" or "us"	Unless the context otherwise requires refers to Gammon Infrastructure Projects Limited on a consolidated basis, a company incorporated under the Companies Act

Company Related Terms

Term	Description
AEL	Andhra Expressway Limited, a company incorporated under the Companies Act and having its registered office at Alhuwalia Chambers, 16/17 LSC, Madangir, New Delhi 110 062
AIPL	ATSL Infrastructure Projects Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025.
ATSL	Associated Transrail Structures Limited, a company incorporated under the Companies Act and having its registered office at Neptune House, 7th Floor, Productivity Road, Alkapuri, Baroda 390 007.
Articles/ Articles of Association	The Articles of Association of the Company
Auditors	The joint statutory auditors of the Company are Natvarlal Vepari & Co., Chartered Accountants and S. R. Batliboi & Associates, Chartered Accountants
BEB	B. E. Billimoria & Company Limited, Shiv Sagar Estate, 'A' Block, 2nd Floor, Dr. Annie Besant Road, Worli, Mumbai 400 018
Bermaco	Bermaco Energy Systems Limited
Board of Directors/ Board	The board of directors of our Company or a committee constituted thereof
CBICL	Cochin Bridge Infrastructure Company Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
Director(s)	Director(s) of our Company, unless otherwise specified
ESMSPL	Eversun Sparkle Maritime Services Private Limited, a company incorporated under the Companies Act and having its registered office at S 4, Gallery Near GFCL, Visakhapatnam Port Area, Visakhapatnam 530 035
ESOPS	Employees Stock Option Scheme as approved by the shareholders in the meeting dated May 4, 2007
Equity Shares	Equity shares of the Company of face value Rs. 10 each
Gammon Group	GIL, GIPL Group and other companies forming part of the Promoter Group Companies
GBL	Gammon & Billimoria Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
GCTL	Gammon Cooling Towers Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
GICL	Gorakhpur Infrastructure Company Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
GIL	Gammon India Limited, a company incorporated under the Companies Act, 1913 and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
GILLC	Gammon International LLC, a company incorporated under the Law of Commercial Companies, Sultanate of Oman and having its office at P. O. Box No. 889, Postal Code 100 Muscat, Oman
GIPL Group	GIPL, AEL, AIPL, CBICL, GICL, GLIML, GPDL, GLL, HBPL, ICTPL, KBICL, MNEL, MPSL, MTL, PBPL, REL, SEZAL, SHPVL, THPL, MTL,

Term	Description
	ESMSPL and VSPL
GLIML	Gammon-L&T Infra MRTS Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
GLL	Gammon Logistics Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
GPDL	Gammon Projects Developers Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
GRL	Gammon Realty Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
GQ	Golden Quadrilateral
HBPL	Haryana Biomass Power Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
ICTPL	Indira Container Terminal Private Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
IPS	International Port Services
JUSCO	Jamshedpur Utilities and Services Company Limited
KBICL	Kosi Bridge Infrastructure Company Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
Memorandum/ Memorandum of Association	The Memorandum of Association of the Company
MNEL	Mumbai Nasik Expressway Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
MPSL	Marine Project Services Limited, a company incorporated under the Companies Act and having its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
MTCPL	Moreshwar Trading Company Private Limited, having its office at Datta Bhavan, Gokhale Road, Vijay Manjrekar Lane, Dadar (West), Mumbai 400 028
MTL	Modern Toll Roads Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
PBPL	Punjab Biomass Power Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
PEPL	Pacific Energy Private Limited, a company incorporated under the Companies Act and having its registered office at 301, Capri, Greenfields Estate, A.B. Nair Road, Juhu, Mumbai 400 049
PLL	Punj Lloyd Limited
PMS	Portia Management Services Limited, UK
REL	Rajahmundry Expressway Limited, a company incorporated under the Companies Act and having its registered office at Alhuwalia Chambers, 16/17 LSC, Madangir, New Delhi 110 062
RINL	Rashtriya Ispat Nigam Limited
Registered Office	The registered office of the Company being Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
SEZAL	SEZ Adityapur Limited a company incorporated under the Companies Act and having its registered office at Sakchi Boulevard Road, Northern Town, Jamshedpur, Jharkhand 831 001
SGSL	Satyagiri Shipping Company Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer

Term	Description
	Sarvarkar Marg, Prabhadevi, Mumbai 400 025
SHPVL	Sikkim Hydro Power Ventures Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
SPDC	Sikkim Power Development Corporation
STFAPL	STFA Piling (India) Limited, a company incorporated under the Companies Act and having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
THPL	Tidong Hydro Power Limited, a company incorporated under the Companies Act and having its registered office at Katoch House, Brow, Post Rampur, Himachal Pradesh 172 201
TPL	Torrent Power Limited
TULIP	Tulip Star Hotels Limited, having its office at Chandramukhi Building, Basement, Nariman Point, Mumbai 400 021
UTTAM	Uttam Galva Steels Limited, having its office at Uttam House, 69, P.D'Mello Road, Mumbai 400 009
VPT	Visakhapatnam Port Trust
VSPL	Vizag Seaport Private Limited, a company incorporated under the Companies Act and having its registered office at Administrative Block, S4/ Gallery, Near GFCL, Visakhapatnam Port Area, Visakhapatnam 530 025

Issue Related Terms

Term	Description
Amount Payable on Submission of Bid-cum-Application Form	The amount specified under Payment Method-1 or Payment Method-2 for Retail Individual Bidders and Non-Institutional Bidders and Payment Method-2 for any category.
Allotment/Allotted	Unless the context otherwise requires, the issue of Equity Shares pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares are being/have been Allotted
Balance Amount Payable	Issue Price less amount already paid, if any, payable by Retail Individual Bidders and Non-Institutional Bidders choosing Payment Method-1 and for which a Call Notice shall be issued by the Company on the date of Allotment
Banker(s) to the Issue	Canara Bank, Deutsche Bank AG, HDFC Bank Limited, ICICI Bank Limited, and Standard Chartered Bank
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation
Bid/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to Equity Shares of our Company and which will be considered as the application for issue of the Equity Shares pursuant to the terms of the Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being SSKI and Macquarie

Term	Description
Call Notice	A notice issued by the Company for payment of the Balance Amount Payable in respect of partly paid Equity Shares allotted to Retail Individual Bidders and Non-Institutional Bidders choosing Payment Method-1
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
CARE	Credit Analysis and Research Limited, being one of the IPO grading agencies, appointed pursuant to clause 2.5A of the SEBI Guidelines
CBRLM/ Collins Stewart Inga	Collins Stewart Inga Private Limited, a company incorporated under the Companies Act and having its registered office at 3/12, Seema Co-operative Society, N. Dutta Marg, Andheri (West), Mumbai 400 053
Cut-off Price	Any price within the Price Band finalised by the Company in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	NSE
Draft Red Herring Prospectus	The Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Due Date for Balance Amount Payable	Last date for payment of the Balance Amount Payable for Retail Individual Bidders and Non-Institutional Bidders choosing Payment Method-1, which is a date falling 21 days from the date of Allotment.
Eligible Employees	Permanent employees of the Company, GIL, KBICL, GICL, REL, AEL, GPDL, MPSL, GLL, THPL, SHPVL, CBICL and MNEL as of January 31, 2008 who are Indian Nationals based in India and are present in India on the date of submission of the Bid-cum-Application Form
Employee Reservation Portion	The portion of the Issue being up to 16,55,000 Equity Shares available for allocation to Eligible Employees
Equity Shares	Equity shares of our Company of Rs. 10 each fully paid up unless otherwise specified in the context thereof
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the BRLMs, the CBRLM and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker(s) to the Issue, at which the Escrow Account will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
IPO	Initial Public Offering
Issue	Public issue of 1,65,50,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating up to Rs. [●] lakhs. The Issue comprises a Net Issue to the Public of 1,48,95,000 Equity Shares and a Reservation of up to 16,55,000 Equity Shares for subscription by Eligible Employees
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Prospectus, as determined by the Company in consultation with the BRLMs on the Pricing Date
Macquarie	Macquarie India Advisory Services Private Limited*, a company incorporated under the Companies Act and having its registered office at Level 3, Mafatlal Centre, Nariman Point, Mumbai 400 021 * name proposed to be changed to Macquarie Capital Advisers (India) Private Limited subject to regulatory approvals

Term	Description
Margin Amount	The amount paid by the Bidder at the time of submission of their Bid, which may range between 10% to 100% of the Bid Amount
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Fund Portion	5% of the QIB Portion or 4,46,850 Equity Shares (assuming the QIB Portion is for 60% of the Net Issue size) available for allocation to Mutual Funds only, out of the QIB Portion
Net Issue	The Issue less the Employee Reservation Portion
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000
Non-Institutional Portion	The portion of the Net Issue being upto 14,89,500 Equity Shares available for allocation to Non Institutional Bidders
Pay-in-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending up to the closure of Pay-in Date
Payment Method	Either of Payment Method-1 or Payment Method-2 chosen by Retail Individual Bidders and Non-Institutional Bidders
Payment Method-1	Amount Payable on Submission of Bid-cum-Application Form in case of Retail Individual Bidders and Non-Institutional Bidders, is Rs. 50 per Equity Share, such that it shall not be less than 25% of the Issue Price and Balance Amount Payable shall be paid by the Due Date for Balance Amount Payable. Non-Resident Bidders cannot avail the option of Payment Method-1. Under Payment Method – 1, out of the Amount Payable on Submission of Bid-cum-Application Form, Rs. 2.5 is towards face value and Rs. 47.5 is towards premium.
Payment Method-2	Amount Payable on Submission of Bid-cum-Application Form in case of Retail Individual Bidders and Non-Institutional Bidders shall be 100% of Bid Amount and in case of QIBs is 10% of the Bid Amount with balance being payable on allocation
Price Band	The price band with a minimum price (Floor Price) of Rs. 167 and the maximum price (Cap Price) of Rs. 200, including any revisions thereof
Pricing Date	The date on which the Company in consultation with the BRLMs finalizes the Issue Price
Promoter Group Companies	Unless the context otherwise requires, refers to those companies mentioned in the section titled "Our Promoters" on page 147 of this Red Herring Prospectus
Promoter	Our promoter, Gammon India Limited
Prospectus	The Prospectus, to be filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Net Issue to public being not less than 89,37,000 Equity Shares each at the Issue Price, available for allocation to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 2,500 lakhs, pension funds with a minimum corpus of Rs. 2,500 lakhs, and multilateral and bilateral development financial institutions
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited, a company incorporated under the Companies Act and having its registered office at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West)

Term	Description
	Mumbai 400 078
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 1,00,000, in any of the bidding options in the Issue
Retail Portion	The portion of the Net Issue to the public being up to 44,68,500 Equity Shares available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	Means the document issued in accordance with the SEBI Guidelines, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC in terms of section 60B of the Companies Act, at least 3 days before the Bid Opening Date and will become a Prospectus after filing with the RoC after pricing and allocation
SSKI	IDFC- SSKI Private Limited*, a company incorporated under the Companies Act and having its registered office at 803-4 Tulsiani Chambers, 8th Floor, Nariman Point, Mumbai 400 021 * name being changed from SSKI Corporate Finance Private Limited, subject to regulatory approvals
Stock Exchanges	NSE and BSE
Syndicate	The BRLMs, CBRLM and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among the Company and the Syndicate in relation to the collection of Bids in this Issue
Syndicate Members	Sharekhan Limited and Macquarie Securities (India) Private Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs, the CBRLM and the Syndicate Members
Underwriting Agreement	The agreement among the members of the Syndicate and the Company to be entered into on or after the Pricing Date

Technical and Industry Terms

Term	Description
AAI	Airports Authority of India
AG&SP	Accelerated Generation & Supply Programme
APDRP	Accelerated Power Development and Reforms Programme
AREP	Accelerated Rural Electrification Programme
BEE	Bureau of energy Efficiency
BOO	Build, Own and Operate
BOOT	Build, Own, Operate and Transfer
BOT	Build, Operate and Transfer
BOLT	Build, Operate, Lease and Transfer
CERC	Central Electricity Regulatory Commission
COD	Commercial Operation Date
DBFO	Design-Build-Finance-Operate
DSM	Demand Side Management
EA 2003	Electricity Act 2003
ETS	Engineering and Technical Services
EPC	Engineering, Procurement and Construction
EPS	Electric Power Survey
MoP	Ministry of Power
MbPT	Mumbai Port Trust
MTPA	Million tonnes per annum
MRTS	Mass Rapid Transit System
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NSEW	North-South and East-West Corridors

Term	Description
O&M	Operations and Maintenance
PPA	Power Purchase Agreement
PPP	Public Private Partnership
R&M	Renovation & Modernization
REST	Rural Electricity Supply Technology
RFQ	Request for Qualification
RFP	Request for Proposal
RIDF	Rural Infrastructure Development Fund
SAIL	Steel Authority of India Limited
SERC	State Electricity Regulatory Commissions
SPV(s)	Special Purpose Vehicle(s)
T&D	Transmission and Distribution
TEU	Twenty Feet Equivalent Unit

Conventional/General Terms

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited
CAG	Comptroller and Auditor General
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Debt Equity Ratio	Secured and Unsecured debt divided by Net Worth
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A body corporate registered under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings per share
EPZ	Export Processing Zone
Electronic Transfer of Funds	Refunds through ECS, Direct Credit or RTGS as applicable
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
Financial Year/fiscal year/ FY/fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GCDA	Greater Cochin Development Authority
Government/ GOI	The Government of India
GOK	Government of Kerala
GOS	Government of Sikkim
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
NAV/Net Asset Value	Net Worth divided by number of shares. For subsidiaries net worth is defined as shareholders funds less miscellaneous expenditure, to the extent not written off as per its audited financial statements
NMDP	National Maritime Development Programme
NOC	No Objection Certificate
Non-Residents/ NR	Non-Resident is a Person resident outside India, as defined under FEMA and includes a Non-Resident Indian

Term	Description
NRE Account	Non-Resident External Account
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
p.a. / P.A.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000
Re.	One Indian Rupee
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, Maharashtra at Mumbai located at Everest House, Marine Lines, Mumbai 400 020
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement Process
SCRR	Securities Contract Regulation Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
SEZ	Special Economic Zone
SICA	Sick Industrial Companies (Special Provisions) Act, 1995
TAMP	The Tariff Authority for Major Ports
U.S. GAAP	Generally accepted accounting principles in the United States of America
UNCITRAL	United Nations Commission on International Trade Law

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated financial information prepared in accordance with paragraph B(1) of Part II of Schedule II of the Companies Act and the SEBI Guidelines and included in this Red Herring Prospectus. Our current financial year commenced on April 1, 2007 and ends on March 31, 2008. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP. Accordingly, the degree to which the Indian GAAP restated financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by Persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus 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.

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial information prepared in accordance with Indian GAAP.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India, all references to the "US", "USA", or the "United States" are to the United States of America, and all references to "UK" are to the United Kingdom. One million is equal to 10 lakhs and one crore is equal to 10 millions.

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the noon buying rate in the City of New York on the last business day of the applicable period for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The column titled "Average" in the table below is the average of the daily noon buying rate for each day in the period. Similarly, the rows titled "low" and "high" give the lowest and highest noon buying rates during the period.

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Period End	43.10	44.48	43.62
Average	45.12	44.17	44.86
Low	42.78	43.05	43.27
High	46.83	46.26	46.45

On December 31, 2007, the noon buying rate was Rs. 39.41 per U.S. Dollar.

For definitions, please see the section titled "Definitions and Abbreviations" on page iii of this Red Herring Prospectus. In the section entitled "Main Provisions of Articles of Association", defined terms have the meaning given to such terms in the Articles.

Use of Market data

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry sources such as CRISINFAC Report, the website of NHAI, Ministry of Shipping, Ministry of Road Transport and Highway and Indian Ports Association. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified.

Currency of Presentation

In this Red Herring Prospectus, all references to "Rupees" and "Rs." Are to the legal currency of India, all references to "U.S. Dollars", and "US$" are to the legal currency of the United States of America.

FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Implementation risks involved in our projects;
- Political and regulatory environment;
- Our ability to raise capital for our future projects;
- Our ability to service our debt service obligations;
- Continuation of tax benefits available to us;
- Our ability to successfully implement our strategy, growth and expansion plans;
- Our exposure to market risks;
- Changes in the value of the Rupee and other currencies;
- The monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates;
- Changes in the foreign exchange control regulations in India;
- Foreign exchange rates, equity prices or other rates or prices; and
- The performance of the financial markets in India.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” on page xiii of this Red Herring Prospectus. By their nature, certain 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. We, the members of the Syndicate and their respective affiliates do not have any obligation to, and do not intend 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 requirements, we and the BRLMs and the CBRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should consider all information in this red herring prospectus before making an investment in Equity Shares. If any of the following risks or any of the other risks and uncertainties discussed in this Red Herring Prospectus actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

Internal Risk Factors

1. ***There are outstanding litigations against us, our Directors, our Promoter and the Promoter Group Companies***

We, our Promoter and the Promoter Group Companies are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and statutory authorities, brief details of which are set out below:

Litigation involving the Company

SEBI related matter	Please refer to Risk Factor No. 2 below.
Arbitration matters	There are two arbitration petitions in which Company is a co-respondent in relation to the 'Passenger Water Transport System for the West Coast of Mumbai'.

Litigation involving our Directors

Criminal Cases	There are three criminal complaints involving our director Abhijit Rajan in relation to equity shares delivered by Prashant Glass Works (P) Limited pursuant to the public offer made by Pacific Energy Private Limited to the shareholders of GIL, non-maintenance of register under Section 8 of the Equal Remuneration Act, 1976 at a worksite and for employing unregistered security agency at one of the premises belonging to GIL respectively.
SEBI related matter	Please refer to Risk Factor No. 2 below.
Consumer related cases	There is one consumer complaint filed against our director Abhijit Rajan in relation to delivery of equity shares of GIL. No monetary claims have been made.

Litigation involving Our Associates and Subsidiaries

Civil matters

VSPL	There are three writ petitions pending involving our Associate company, VSPL in relation to deployment of Harbour Mobile Crane on General Cargo Berth of Visakhapatnam Port and engagement of private workers at the dock respectively by VSPL.
REL	There is one civil suit involving our subsidiary REL in relation to deficient payment of stamp duty of Rs. 17,76,99,900.
CBICL	There is one writ petition involving our subsidiary CBICL in relation to extension of concession period and grant of annuity. We have also initiated arbitration proceedings in relation to the aforesaid matter.
THPL	There is one writ petition involving our subsidiary THPL in relation to execution of MOU for Tidong (II) Hydro Electric Power Project.

Arbitration matters

VSPL	There is an arbitration petition involving our subsidiary, VSPL with respect to alleged delay in completion of construction of project facilities and the amount involved is Rs. 200 lakhs.

Litigation involving our Promoter

Criminal matters	There are three criminal matters filed against GIL in relation to non-maintenance of register under Section 8 of the Equal Remuneration Act, 1976 at a worksite and for employing unregistered security agency and non compliance with ESI Act.
SEBI related matter	Please refer to Risk Factor No. 2 below.
Departmental Inquiry	An Expert Committee has been constituted by Government of Andhra Pradesh to enquire into the collapse of a flyover at Hyderabad. The committee has recommended penal action of 10% of the total project costs and all costs direct and indirect concerned with loss to individual, private and public property.
Civil matters	There are 34 civil matters filed against GIL, comprising 25 matters in which the total claim is Rs. 7,000 lakhs and nine matters, in which, the claim amount is not ascertainable. There are 29 civil matters filed by GIL, comprising 12 matters in which the total claim made by GIL is approximately Rs. 3,700 lakhs and seventeen matters in which the amount is not ascertainable.
Income Tax matters	There are eight income tax related cases involving GIL.
Sales Tax matters	There are 42 sales tax related cases and the total amount which is the subject matter of these litigations is Rs. 940 lakhs.
Services Tax matters	There are thirteen service tax notices/disputes comprising two matters in which the cumulative liability against GIL is expected to be Rs. 366 lakhs and eleven matters in which the amount involved is not ascertainable.
Excise/Custom Duty matters	There are three excise/customs related cases in which total amount of claims of over Rs. 213 lakhs may arise.
Arbitration matters	There are five arbitration references made against GIL wherein a total amount of approximately Rs. 1,470 lakhs has been claimed against GIL. GIL has filed counter claim of approximately Rs. 320 lakhs in these references. There are twenty two arbitration references made by GIL in which GIL has claimed approx. Rs. 29,600 lakhs. Counter claims of approx. Rs. 5,050 lakhs have been made against GIL in these references.
Labour matters	There are 18 labour matters filed against GIL, comprising two matters in which the total claim is Rs. 12.5 lakhs and 16 matters in which the amount is not ascertainable. There are five labour matters filed by GIL.

Litigation involving our Promoter Group Companies

Civil matters

PEPL	A civil suit relating to recovery of an amount of Rs. 389.50 lakhs is pending.
ATSL	There are seven civil cases involving ATSL in which a total amount of Rs. 4.60 lakhs has been claimed by ATSL and a total claim of Rs. 9.50 lakhs has been raised by ATSL.

STFAPL	A recovery suit for an outstanding amount of Rs. 5,53,446 has been decreed against STFA Piling (India) Limited.

Labour matters

ATSL	There are eight labour cases pending against ATSL. The nature of claims in these cases is such that no financial value can be ascertained

Income Tax matters

ATSL	There are four income tax matters pending against ATSL before the Income Tax Appellate Tribunal, Ahmedabad wherein the amount involved in Rs. 45.50 lakhs.

Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, it could have a material adverse effect on our business and profitability.

For more information regarding litigation involving us and the Promoter Group Companies, see the section titled "Outstanding Litigation and Material Developments" beginning on page 271 of this Red Herring Prospectus.

2. ***SEBI passed an order prohibiting GIL, our Promoter, Mr. Abhijit Rajan, our Chairman and Managing Director and two other companies, controlled by Mr. Abhijit Rajan from accessing the capital markets, directly or indirectly***

   SEBI by way of its order dated December 21, 2006 prohibited our Promoter, GIL, Mr. Abhijit Rajan, our Chairman and Managing Director and two other companies from accessing the capital markets, directly or indirectly for a period of one year from the date of the order. Further, in terms of the order, GIL, Mr. Abhijit Rajan and the two others companies are also prohibited from divesting, transferring, selling or alienating in any way their shareholding in our Company for a period of three years from the date of allotment in the proposed IPO. The Securities Appellate Tribunal ("SAT") on March 23, 2007 admitted two appeals filed by GIL and Mr. Rajan and two others against the SEBI order. In light of the above order, SEBI passed a further order dated February 2, 2007 and prohibited our Company from accessing the capital market for a period of one year from December 21, 2006.

   SAT, by its order dated March 23, 2007 admitted the appeal filed by our Company against the order dated February 2, 2007 and has also granted an interim relief by directing SEBI to reopen and process the file pertaining to the earlier draft red herring prospectus dated March 28, 2006. In the event that the interim relief is reversed, this Issue may be significantly delayed and it may also result in adverse publicity, which could adversely impact our business. Further, the restriction on GIL in relation to divestment, transfer or sale of its entire shareholding for a period of three years from the date of allotment in the proposed IPO may also restrict our ability to raise financing through the pledge of these Equity Shares. The next hearing in the matter is scheduled on March 13, 2008.

3. ***The government order granting extension of the concession period and annuity to CBICL is under challenge and may affect our revenues***

   A writ petition has been filed by the Kerala State Private Bus Owners Federation before the Kerala High Court challenging the government order dated January 24, 2005 granting extension of the concession period and annuity to CBICL. The petition has direct bearing on the concession period and our revenues from the bridge earned in terms of fees. Further, the revised concession agreement has not been formalized. CBICL has initiated arbitration proceedings against the Government of Kerala and Greater Cochin Development Authority for entering into the amended concession agreement incorporating the terms of the restructured concession. In the event of an adverse order under the writ petition by the Kerala High Court, our Company may suffer shortfall in revenues which will have an adverse effect on our results of operations.

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

All infrastructure development projects involve agreements that are long-term in nature. As of the date of this Red Herring Prospectus, we derive a substantial portion of our revenues from long-term concession or license agreements that range from 15 to 90 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, cost overruns, inability to negotiate satisfactory arrangements with joint venture partners and disagreements with our joint venture partners.

For example, business circumstances may materially change over the life of one or more of our agreements and we may not have the ability to modify our agreements to reflect these changes. Further, being committed under these agreements may restrict our ability to implement changes to our business plan. This limits our business flexibility, exposes us to an increased risk of unforeseen business and industry changes and could have a material adverse effect on our business, financial condition and results of operations.

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

5. ***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***

All infrastructure development projects under public private partnership in India, including all of our projects, have been awarded by government-owned or government-controlled entities and, therefore, may be subject to political or financial pressures that may lead to such agreements being restructured or renegotiated by these entities, which could materially and adversely affect our business and results of operations.

Additionally, our projects are government-owned or government-controlled projects and these are often subject to delay. Such delays could be on account of 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.

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

The infrastructure business in India is highly regulated. Our businesses are regulated by various authorities and state governments, including the Ministry of Shipping, Road Transport and Highways, the NHAI, the GOK, the VPT, the Ministry of Power and the Government of Sikkim. 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. These restrictions may limit our flexibility in operating our business, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

7. ***We operate in an industry that is capital intensive in nature and we may not be able to raise the required capital 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. We have so far been able to arrange for the financing of all our projects. However, we cannot assure you that market conditions and other factors would permit us to obtain financing on terms acceptable to us. Our ability to arrange financing on a substantially non-recourse basis and the costs of capital of such financing are dependant on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our current projects and other laws that are conducive to our raising capital in this manner. Our attempts to complete future financings may not be successful or on favourable terms and failure to obtain financing on terms favourable to us could have an adverse effect on our business and results of operations.

8. ***We have substantial indebtedness and will continue to have substantial indebtedness and debt service obligations following the Issue***

We have substantial indebtedness at the SPV level. As of September 30, 2007, on a consolidated basis, the SPVs had a total indebtedness of Rs. 79,937 lakhs, which was secured by their assets. As of September 30, 2007, our consolidated Debt to Equity Ratio was 2.81. The high degree of leverage in the SPVs (i) renders them more vulnerable to downturns in their businesses, which are subject to general economic conditions in India, inflation and other factors; (ii) limits their ability to obtain additional financing, if required and (iii) limits their ability to refinance existing indebtedness on terms favorable to them. Any of these 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.

For more information regarding our indebtedness, see the section titled "Indebtedness" beginning on page 262 of this Red Herring Prospectus.

9. ***Increases 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 a material adverse effect on our business prospects and results of operations. Our current debt facilities carry interest at fixed rates with the provision for periodic reset of interest rates.

Although we may decide to engage in interest rate hedging transactions or exercise the right available to us to terminate the current debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counter-parties will perform their obligations, or that these agreements, if entered into, will protect us fully against interest rate risk.

10. ***Our growth strategy depends upon the award of new contracts***

The growth of our business depends on us winning new contracts. Generally, it is very difficult to predict whether and when we will be awarded a new contract since many potential contracts 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, governmental approvals and environmental matters. Because the growth of our business will be derived primarily from these contracts, our future results of operations and cash flows can fluctuate materially from period to period depending on the timing of contract awards.

11. ***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. There can be no assurance that future fluctuations in economic or business cycles, or other events that could influence GDP growth, will not have a material adverse effect on our business and results of operations.

12. ***We face margin pressure as a large number of infrastructure-related contracts are awarded by the GOI and state governments following competitive bidding processes***

Most of the infrastructure-related contracts are awarded by the GOI, state governments or their respective authorized 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 competitive financial 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. The nature of the bidding process may cause us and our competitors to accept lower margins in order to be awarded the contract, which may have a material adverse effect on our business, financial condition and results of operations.

13. ***Certain government interests 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, GCDA, PSEB and the Board of Trustees of VPT. In cases like REL and AEL, NHAI is our sole client, in PBPL, PSEB is our sole customer and in some cases, such as VPT, they 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. 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 favorable to us. Any such situation may have a material adverse effect on our business, financial condition 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***

    Presently, 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 terminate, our tax expense will materially increase, reducing our profitability. Further, the GOI could enact laws in the future that may adversely impact our tax incentives and consequently, our tax liabilities and profits.

15. ***Forward looking information may prove inaccurate***

    This Red Herring Prospectus contains certain forward-looking statements and information relating to us that is based on the beliefs of our management as well as assumptions made by, and information currently available to, our management. When used in this document, the words “anticipate”, “believe”, “estimate”, “expect”, “going forward” and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our business, financial condition and results of operations may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected.

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

    As a consequence of client requirements and to mitigate risks associated with projects, many of our current operations are conducted through subsidiaries and joint venture companies. Currently, we own a 42.22% interest in VSPL, which owns two multi-purpose berths at Visakhapatnam Port. In our road business, we own a 49.0% equity interest and a further beneficial interest in 44.50% of the equity of REL and AEL, the companies that own our two operational road projects. We also have a controlling interest in REL and AEL due to our right to appoint directors on their boards. This trend is likely to continue in the future. In case we are unable to forge alliances with other companies to meet the pre-qualification requirements, we may lose the opportunity to bid.

    Where we have been awarded the project, revenues from the project will be that of the joint venture. We can derive revenue only to the extent of our share in the joint venture, as agreed in the applicable joint venture arrangements. Further, if we are unable to successfully manage relationships with our joint venture partners, such projects and therefore our profitability may suffer.

    If our joint venture partners fail to perform their obligations satisfactorily, the joint venture may be unable to perform adequately or deliver its contracted services. In this case, we may be required to make additional investments and/or provide additional services to ensure the adequate performance and delivery of the contracted services because we are subject to joint and several liability as a member of the joint venture in most of our projects. These additional obligations could result in reduced profits or, in some cases, significant losses for us. The inability of a joint venture partner to continue with a project due to financial or legal difficulties 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.

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 a material adverse effect on our business, financial condition and results of operations.

17. ***Delays in the completion of current and future projects could have adverse effects on our operating results***

We provide performance guarantees to our clients which require us to complete projects within a specified time frame. If we fail to complete a project as scheduled, we may generally be held liable for penalties in the form of agreed liquidated damages, which would ordinarily range between 5% to 10% of the total project cost or, in some cases, the client may be entitled to appoint, at our expense, a third party to complete the work. To the extent that this happens and is not otherwise covered by the escalations clause in the relevant contracts, the total cost of a project would exceed our original estimates and we could experience reduced profit or a loss on that project.

18. ***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***

Our revenues are currently dependent largely on the operation of four assets: the roads under REL, AEL and CBICL; and the port facilities under VSPL. As per the concession agreements of the Mumbai-Nasik road project, Gorakhpur by-pass project, Kosi Bridge project and the Rangit II hydroelectric power project, we are required to begin full commercial operation by April 2009, October 2009, April 2010 and December 2011, respectively, on these projects. Consequently, we expect that for the next two fiscal years, our revenues will depend principally on these four operating assets. If one or more of these four assets is damaged and our losses are not adequately covered by the relevant insurance policies, or if any such asset undergoes maintenance for a longer period than was estimated, our business, financial condition and results of operations could be materially adversely affected.

19. ***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 REL, AEL and CBICL where our clients are NHAI in case of AEL and REL and GOK in case of CBICL. NHAI is also our client in two annuity and one toll projects being developed by us. In addition, the revenues from our port project is expected to come from long-term take-or-pay agreement with SAIL for the duration of the license agreement between VSPL and VPT.

The loss of business from these clients may adversely impact our business, revenues and profitability.

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

In REL and AEL, the NHAI pays us a fixed annuity at pre-determined intervals. The REL project commenced operations 70 days before schedule for which, under the terms of the agreement with NHAI, REL was to receive a bonus of Rs. 1,151.9 lakhs (net of TDS Rs. 1,084.9 lakhs, outstanding as on September 30, 2007) for achieving the commencement date ahead of schedule. This amount has not been paid by NHAI and REL has issued a notice to NHAI for the payment of such amount. The AEL project commenced operations 30 days before schedule for which, under the terms of the agreement with NHAI, AEL was to receive a bonus of Rs. 465.2 lakhs for achieving the commencement date ahead of schedule. This amount has also not been paid by NHAI. Failure on the part of NHAI to fulfill its obligations under its agreements, such as non payment of the bonus amount accrued to REL, would have an adverse effect on our revenues, ability to service our debt, business, financial condition and results of operations.

The annuity portion of revenues in CBICL is approximately 30% of its current total revenues as of September 30, 2007 and we have yet to sign the supplementary concession agreement and receive the annuity from the GOK for the past 2 years. Any material failure on the part of the GOK to fulfill its obligations would have a material adverse effect on our revenues, ability to service our debt, business, financial condition and results of operations.

Our port project company, VSPL, has entered into a long-term take-or-pay agreement with SAIL for the duration of the license agreement between VSPL and VPT. When the facilities at the port and the take-or-pay agreement become fully operational, this agreement is expected to account for a substantial portion of the total revenues of the project. Any material failure on the part of our company / SAIL to fulfill its obligations under the take-or-pay agreement may have an adverse effect on our revenues, ability to service our debt, business, financial condition and results of operations.

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

We sub-contract work on all our projects and payments may depend on the sub-contractor's performance. A delay in completion on the part of a sub-contractor, for any reason, could result in delayed payment. In addition, we may be liable to the client due to failure on the part of a sub-contractor to maintain the required performance standards or insufficiency of a sub-contractor's performance guarantees.

22. ***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. Entering into any new projects may pose significant challenges to our management, administrative, financial and operational resources. We cannot provide any assurance that we will succeed in any new projects 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 materially and adversely affect our business, financial condition and results of operations. For example, as disclosed under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview", our subsidiary VSPL has incurred losses in recent fiscal periods, which losses may continue or increase in future.

23. ***We have pledged or have agreed to pledge and will continue to pledge a portion of our shares in our project companies in favor of lenders, who may exercise their rights under the respective pledge agreements in events of default***

We have pledged, or have agreed to pledge, a portion of the shares we hold in each of REL, AEL, KBICL, GICL, MNEL and VSPL in favor of the lenders as security for the loans provided to these companies. If our project companies default on their obligations under the relevant financing documents, the lenders may exercise their rights under the share pledges, have the shares transferred to their names and take management control over the pledged companies. If this happens, we will lose the value of any such pledged shares and we will no longer be able to recognize any revenue attributable to them. In addition, if we lose control of any of our major subsidiaries, our ability to implement our overall business strategy would be adversely affected.

24. ***Our SPVs have entered into debt agreements which contain restrictive covenants***

We have entered into various financing arrangements that grant our lenders certain rights to determine how we operate our projects, which, among other things, restrict the ability of the project companies to raise additional debt or equity, pay dividends, 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 SPV's and hypothecation of movables and future receivables. Further, 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.

25. ***We presently do not have legal ownership over 44.5% of the equity share capital of AEL and REL, 26.01% of the equity share capital of KBICL and 31.11% GICL and our revenues may be impacted if there is any objection to our beneficial interest***

Under the concession agreements signed by AEL and REL with NHAI, the aggregate shareholding of GIL and PLL in AEL and REL respectively, has to be a minimum of (i) 51% of their respective paid up equity capital until the completion of three years from COD and (ii) 26% of their respective paid up capital for the remainder of the concession period. We have acquired 49% of the equity share capital of AEL and REL and pursuant to agreements with GIL and GIL's agreements with PLL, we shall acquire 25% of the equity share capital of AEL and REL upon expiry of three years from COD (which is September 20, 2007 for REL and October 30, 2007 for AEL) and another 19.5% upon the expiry of the respective concession periods, unless permission for the transfers from NHAI is obtained earlier to such dates. Until such transfer is completed, GIL has, directly or indirectly, transferred to us the beneficial interest in these shares. Additionally, we also have the right to vote, receive dividends and accretions. We also have a controlling interest in REL and AEL due to our right to appoint directors on their boards. We have made certain refundable deposits as consideration under these agreements. For more details on these agreements, see the section titled "History and Certain Corporate Matters-Shareholder Agreements in relation to AEL and REL" on page 112 of this Red Herring Prospectus. Whilst GIL and PLL are the legal owners (the holders on record of these shares), we have a beneficial interest over 44.5% of the equity share capital of AEL and REL. We derived 76.61% of our total revenues from AEL and REL for the period ended September 30, 2007.

Additionally, in case of KBICL, we directly hold only 73.99%, whilst GIL holds the remaining 26.01% of the equity share capital. Under the concession agreements with NHAI, the consortium is required to hold 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 is required to hold a minimum equity stake of 51% of the consortium holding in the paid up capital of KBICL during the concession period. GIL has recently transferred 24.99% of the paid up equity capital of KBICL to us. Separately, GIL has also transferred to us the beneficial ownership and economic interest in its 26.01% shareholding in KBICL together with the right to vote, receive dividends and accretions. We also have a controlling interest in KBICL due to our right to appoint directors on the board of KBICL.

Similarly, in case of GICL, we directly hold 68.89% whilst GIL holds 26.01% and ATSL, one of our Promoter Group Companies, hold 5.10% of the equity share capital. Under the concession agreements with NHAI, the consortium is required to hold 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 is required to hold a minimum equity stake of 51% of the consortium's holding in the paid up capital of GICL during the concession period. GIL and ATSL has recently transferred 24.99% and 4.9% respectively of the paid up equity capital of GICL to us. Separately, GIL has by virtue of an agreement also transferred the beneficial ownership and economic interest in its 26.01% shareholding together with the right to vote, receive dividends and accretions to us. We also have a controlling interest in GICL due to our right to appoint directors on the board of GICL.

We believe that the above transfers are in compliance with the terms of the respective concession agreement with NHAI. However, in the event that NHAI raises 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 derive and expect to continue to derive a substantial portion of our revenues from AEL, REL and we expect to continue to derive revenues KBICL and GICL in the future, the occurrence of such an event may have a material adverse effect on our financial conditions and the results of our operations.

26. ***We presently do not have legal ownership and our revenues may be affected if there is any objection to our beneficial interest for certain of our projects in the pre development phase***

In three of our projects in the pre-development phase, (i) the eight biomass based power projects in Haryana; (ii) 60–80 MW Hydro-Electric Power Project in Tidong Himachal Pradesh; and (iii) development of two berths for the Mumbai Offshore Container Terminal, GIL has transferred its beneficial interest in its equity stake to us. Whilst there is no express restriction in the respective letters of intent, the respective project documents may be interpreted to restrict the assignment of interest by GIL to us. If the respective consortium partners or the client object to such assignment, we may be required to take corrective steps as we may not be allowed to continue to hold such interest over these equity shares.

27. ***The difference between the exercise price and the fair value of employee stock options granted by us will result in a charge to our income statement and will adversely impact our net income***

Under the ESOP Scheme of the Company, we have granted 16,40,000 options all of which are currently outstanding. The exercise price at which these options can be exercised is Rs. 80. As stated in the fair value report of Almondz Global Securities Limited, the fair value of the options so granted is Rs. 99 for options granted on July 1, 2007 and Rs. 124 for options granted on October 1, 2007. The issue of Equity Shares in connection with these options will result in a charge to our income statement equal to the difference between the fair value of our Equity Shares as determined above and the exercise price at which the eligible employees will exercise their options granted. This may have an adverse impact on the net income of the Company.

28. 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. To prepare and submit bids we incur significant costs, which are one time costs. For more details see the section titled "Business" on page 75 of this Red Herring Prospectus. 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 might 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 finalized within the expected time frame. As a result, our results of operations from period to period may not be comparable.

29. Our management has limited experience in international operations

We have entered into a Memorandum of Terms for acquiring an interest in a consortium which intends to develop an airport in an African region subject to necessary government approval. This is our first transaction where we may be investing and undertaking business overseas and therefore we shall remain subject to business risks and uncertainties associated with the political, economic and industrial sectors in that country. In the event, we invest substantial resources in this project and the revenue generated are not commensurate, with the investment, our results of operations may be adversely affected. For more details see "History and Certain Corporate Matters–Agreements" on page 109 of this Red Herring Prospectus.

30. Our success largely 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.

31. 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 companies, we may have insufficient income to issue dividends to our shareholders or to meet our operating expenses.

32. Our principal shareholders and Promoter will have the ability to determine the outcome of any shareholder resolution

After the completion of the Issue, our Promoter and Promoter Group will hold approximately 76.15% of our outstanding Equity Shares. As a result, our Promoter will continue to exercise significant control over us, including being able to determine decisions requiring 51% of the total voting power of the Company. The interests of our Promoter as our controlling shareholder could conflict with our interests or the interests of our other shareholders. As a result, our Promoter may take actions with respect to our business that may conflict with our interests and the interests of our other investors.

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

We have entered into transactions with several related parties, including our Promoters and Directors. For more information regarding our related party transactions, see 'Related Party Transactions' on page 159 and Annexure XIV of our consolidated financial statements on page 163 of this Red Herring Prospectus.

34. ***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 and acquisition of other projects. 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, due to our relative inexperience in these new types of projects, such new business may not be successful. An inability to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

35. ***Our financial statements follow different accounting years and as a result, our results of operations for the periods discussed on page 163 of this Red Herring Prospectus are not comparable***

Our financial statements follow different accounting years. Our results for March 31, 2007 reflect a twelve month period, for March 31, 2006 reflects a fifteen month period and for December 31, 2004 reflects a nine month period, as a result of change of fiscal year ends. Due to the difference in fiscal year ends, our results of operations discussed under the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 245 of this Red Herring Prospectus are not comparable and our historical financial performance may not be considered as an accurate indicator of future financial performance.

36. ***Financial Closure of some of projects are still to be achieved***

Under the terms of the agreement in relation to certain infrastructure projects, financial closure of such projects is required to be achieved within a specified timeframe. For example, under the agreement dated December 8, 2005 between our SPV, Sikkim Hydro Power Ventures Limited and the Governor of Sikkim, we were required to achieve financial closure of the project within twelve months from the date of signing the agreement. We have not achieved financial closure for the project as of the date of the Red Herring Prospectus. While we have not received any adverse notice from any authority including the Governor of Sikkim, we cannot assure you that such notice will not be issued by the Governor of Sikkim or any other authority in the future.

37. ***Our statutory auditors may in the future qualify their opinion in their audit reports on our audited consolidated financial statements, which may adversely affect the trading price of our Equity Shares***

Our statutory auditors, S.R. Batliboi & Associates and Natvarlal Vepari & Co. have in the past qualified their opinions in the audit reports on the audited financial statements of the Company and its subsidiaries. We cannot assure you that our statutory auditors will not qualify their opinion in their audit report on the audited consolidated or unconsolidated financial statements in the future, which may adversely affect the trading price of our Equity Shares.

38. ***Our biomass projects are dependent on the availability of rice straw and adverse weather conditions or crop diseases could affect the operations of our biomass projects***

Our biomass projects are 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.

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 Rs. 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 may have an adverse affect on the "Gammon" brand. This reflects our concerns with respect to the September 2007 incident of the collapse of a segment of the fly-over at Hyderabad which was being built by GIL. The recommended penal action against GIL for this incident is 10% of the total project costs and all costs, direct and indirect, concerned with loss to individuals and private and public property. Such incidents may adversely affect our brand equity, reputation and business.

40. ***We have not entered into any definitive agreements to utilize the proceeds of the Issue. Further, our management will have significant flexibility in applying the proceeds of the Issue***

We intend to use the proceeds of the Issue for capital expenditure described in the section "Objects of the Issue" beginning on page 35 of this Red Herring Prospectus. Except as stated in the section titled "Objects of the Issue" on page 35 of this Red Herring Prospectus, we have not yet identified projects for the investment of funds and we have not entered into any definitive agreements to utilise such net proceeds. We shall use the net proceeds of the Issue as and when bids for projects are accepted and we are required to fund such projects.

The objects of the Issue include one project which has not been appraised by any bank or financial institution. The deployment of funds is entirely at the discretion of our management and our Board of Directors and is not subject to monitoring by any independent agency. We intend to rely on our internal systems and controls to monitor the use of such proceeds. All the figures included in section titled the "Objects of the Issue" beginning on page 35 of this Red Herring Prospectus are based on our own estimates and there has been no independent appraisal of the projects.

41. ***If we are unable to raise Rs. 26,900 lakhs of third party debt to fund the costs of our Rangit II hydroelectric project for which the proceeds of this Issue are proposed to be utilized, or experience any delays in raising such funds, there will be a adverse effect on our ability to complete such projects and in turn this would impact our revenues and profitability***

The proceeds received in connection with the Issue cover only a part of the estimated total cost to complete the projects for which the proceeds of this Issue are proposed to be utilized. We have to raise an additional Rs. 26,900 lakhs to cover the total cost of Rangit II hydroelectric project (a 66 MW run-of-the-river hydroelectric project on the Rimbi river in west Sikkim), to be developed and maintained by an SPV, Sikkim Hydro Power Ventures Limited. Although we have agreed to a preliminary term sheet with certain banks and financial institutions to enable us to borrow, on a secured basis, Rs. 25,000 lakhs, the letter is indicative and is subject to conditions. We may not be able to fulfill all or any of these conditions and as a result, the banks and financial institutions would have no obligation to provide such funds to us. Our Promoter, GIL, has resolved during its board meeting dated October 30, 2007 that in the event that entire debt of Rs. 26,900 lakhs is not tied up, it shall arrange for or provide any shortfall amount as may be required to complete this project. Our inability to obtain the necessary additional funds, or any delay in raising such additional funds, will have a adverse effect on the implementation of the such projects, timelines, project costs and in turn impact our revenues and profitability.

42. ***The funds proposed to be utilized for general corporate purposes, investment in strategic initiatives and acquisitions out of the proceeds of the Issue shall exceed 25% of the total Issue size***

Out of the total Issue size of Rs. [●] lakhs, we intend to use Rs. [●] lakhs towards general corporate purposes, investment in strategic initiatives and acquisitions and this amount constitutes [●]% of the total

Issue size. The objects for which we will be using this amount shall include meeting working capital requirements, strategic initiatives, partnerships, joint ventures and acquisitions, meeting exigencies, which our Company in the ordinary course of business may face, or any other purposes as approved by our Board. As of date, we have not identified any such opportunity. The deployment of such funds is entirely at the discretion of our management and our Board of Directors.

43. ***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 effect 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. 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 materially adversely affected. For more information, see the section titled "Licenses and Approvals" beginning on page 276 of this Red Herring Prospectus.

44. ***One of our directors, Mr. C.C. Dayal was a director of a company which appears in the defaulters list maintained by the Reserve Bank of India***

Mr. C.C. Dayal, was an independent director in Chemstar Organics Limited for more than 10 years until March 16, 2007. Chemstar Organics Limited appears in the defaulters' list maintained by the Reserve Bank of India. Mr. Dayal has informed us that whilst a default relating to dishonour of cheque did take place during his tenure, he has subsequently been discharged from the criminal complaint instituted by the concerned party.

45. ***Our business faces 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 to cover our economic losses***

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

- breakdown, failure or substandard performance of equipment;
- improper installation or operation of equipment;
- labor 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.

We maintain insurance coverage, including business interruption insurance with respect to each of our operating road projects and port, which we believe is customary for the infrastructure industries in India in which we operate. 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. Under the terms of our agreements with NHAI, if we do not remedy any defect in our roads within certain agreed periods after being made aware of the same, NHAI may fix such defect at its own cost, but we will have to promptly reimburse NHAI for an amount equal to the full amount of such cost. 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.

46. ***Restrictions on foreign investment in certain infrastructure sectors limit our ability to raise debt or capital outside India***

Indian laws constrain our ability to raise capital outside India through the issuance of equity or convertible debt securities and restrict the ability of non-Indian companies to acquire us. Generally, foreign investment in, or an acquisition of, an Indian company requires approval from the relevant government authorities in India, including the RBI and FIPB in certain cases. Currently, companies in the road, port and power sectors are entitled to receive 100% foreign investment under the automatic route. However, we are presently a company whose primary activity relates to making investments in SPVs operating in the roads, ports and power sectors. In such sectors, foreign investment in such companies is capped at 49%. Additionally, any foreign investment requires the prior approval of the FIPB. Thus, foreign direct investment in the Company is restricted. For details, please refer to the section titled "Restriction on Foreign Ownership of Indian Securities" beginning on page 327 of this Red Herring Prospectus.

Our ability to obtain investments, or be acquired by foreign companies, may be limited because of the cap on the foreign equity ownership of such companies and need to obtain the prior approval of the GOI for such investment or acquisition. In addition, making investments in, or the acquisition of, a foreign company by us requires various approvals from the GOI. We may not be able to obtain such approval from the relevant Indian or foreign authorities. Failure to obtain such approvals may have a material adverse effect on our growth, financial condition and results of operations.

47. ***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 (PCBs) 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 remediation costs, as well as damages, other liabilities and related litigation, could adversely affect our business, financial condition and results of operations.

48. ***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.

49. ***As per our consolidated restated financial statements, we have a number of contingent liabilities and our profitability could be adversely affected if any of these contingent liabilities materializes***

As per our Consolidated Restated Financial Statements, our contingent liabilities including share of contingent liabilities in joint ventures, as of September 30, 2007 were Rs. 2,102.20 lakhs. Our contingent liabilities in joint ventures consisted of the following:

(In Rs.)

Particulars	**As At September 30, 2007**
Bank Guarantees	1,56,34,483.0
Disputed Liquidated Damages	84,44,453.0
Others	84,44,453.0
Total	***3,25,23,389.0***

Additionally, we have estimated amount of contracts remaining to be executed on capital account for the period ending September 30, 2007 by our subsidiaries and joint ventures of Rs. 2,32,490 lakhs. If any of these contingent liabilities materialize, our profitability may be adversely affected. For more detailed descriptions of our contingent liabilities, see the section titled "Financial Statements" beginning on page 163 of this Red Herring Prospectus.

50. ***Certain of our Promoter Group companies have incurred losses in the last three years***

Certain of our Promoter Group companies have incurred losses (as per their standalone financial statements) in recent years, as set forth in the tables below:

(In Rs. lakhs)

	Year ended March 31,		
Name of Promoter Group company	**2007**	**2006**	**2005**
Gammon & Billimoria Limited	-	-	(00.7)*
STFA Piling (India) Limited	(2.48)	(10.22)	(10.6)
Gammon Realty Limited	(25.2)**	-	-
Gammon Cooling Towers Limited	-	(0.05)	(0.08)
Fin Est S.P.A.	-	-	(61.3)***

**The figures relate to the nine month period ended December 31, 2004.*

***The financial year ended March 31, 2007 is the first audited financial year.*

**** The figures relate to the period ended December 31, 2005.*

In addition, our promoter group company, Pacific Energy Private Limited has incurred a loss of Rs. 241.8 lakhs for the year ended March 31, 2004. The audited accounts of Pacific Energy Private Limited for the year ended March 31, 2007 are awaited.

51. ***We cannot guarantee the accuracy of facts and other statistics with respect to India, the Indian economy, and the Indian road, port, power and SEZ sectors contained in this Red Herring Prospectus***

Facts and other statistics in this Red Herring Prospectus relating to India, the Indian economy and the Indian road, port and power sectors have been derived from various government publications and obtained in communications with various Indian government agencies that we believe to be reliable. However, we cannot guarantee the quality or reliability of such source of materials. While we have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. These facts and other statistics include the facts and statistics in the section titled "Industry" on page 52 of this Red Herring Prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or statistics.

External Risk Factors

52. Political, economic and social changes in India could adversely affect our business

The GOI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our shares, may be affected by changes in the GOI's policies, including taxation. Social, political, economic or other developments in or affecting India could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. Parliament was dissolved in February 2004 and, following the general elections held during April and May 2004, a new coalition government, the United Progressive Alliance, led by the Indian National Congress Party, was formed. The new cabinet was sworn in on May 22, 2004. The new government has announced its general intention to continue India's current economic and financial sector liberalization and deregulation policies. However, there can be no assurance that such policies will be continued and any significant change in the GOI's policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

India has also witnessed civil disturbances in recent years. While these civil disturbances have not directly affected the operations of our project companies, it is possible that future civil unrest, as well as other adverse social, economic and political events in India, could have an adverse impact upon us.

Our performance and the growth of our business are necessarily dependant on the performance of the overall Indian economy. India's economy could be adversely affected by a general rise in interest rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy and increase our participation in the infrastructure sector. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon our business. While recent governments have been keen on encouraging private participation in the infrastructure sector, any adverse change in policy could result in a slowdown of the Indian economy. Additionally, these policies will need continued support from stable regulatory regimes that stimulate and encourage the investment of private capital into infrastructure development. Further, since infrastructure services in India have historically been provided by central or state governments without charge or at a nominal charge, the growth of the private infrastructure industry will be impacted by consumer income levels and the extent to which they would be willing to pay, or can be induced to pay for, infrastructure services. Any downturn in the macroeconomic environment in India or in the infrastructure sector could adversely affect the price of our shares, our business and results of operations.

53. Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

Risks Related To Our Equity Shares

54. If investors who opt for Payment Method-1 (partly paid shares) do not pay the Balance Amount Payable, the amount raised through the Issue will be lower than the proposed Issue size. Furthermore, Equity Shares issued to investors who opt for Payment Method-1 will not be traded until the time these Equity Shares become fully paid

The Balance Amount Payable, if any, may not be paid and the amount raised through the Issue may be lower than the proposed Issue size. In the event of such shortfall, the extent of the shortfall will be made by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us. Furthermore, Equity Shares, if any, issued pursuant to Payment

Method-1, will, not be traded after the date of allotment until the Balance Amount Payable is received, the Equity Shares have been fully paid-up and corporate actions for credit of such Equity Shares into demat accounts of the successful allottees has been taken, receipt of listing and trading approval from the Stock Exchange. The process of corporate action may take about two weeks from the Due Date for Balance Amount Payable. During this period, shareholders who pay the Balance Amount Payable for the partly paid Equity Shares will not be able to trade in those Equity Shares. For more details see "The Issue" on page 6 of this Red Herring Prospectus.

55. ***Any future issuance of Equity Shares may dilute your shareholding and sales of the Company's Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares***

Any future equity issuances by the Company, including in a primary offering or issuance of equity shares under the employees stock option scheme of our Company, may lead to the dilution of investors' shareholdings in the Company. Any future equity issuances by the Company or sales of its Equity Shares by the Promoters or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Company's Equity Shares.

56. ***The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop***

Prior to this Issue, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship with the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, competitive conditions, general economic, social and political factors, volatility in Indian and global securities market or significant developments in India's fiscal regime.

57. ***Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares***

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian Stock Exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian Stock Exchanges, and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

58. ***You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals***

Our Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by NSE and BSE. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

In accordance with section 73 of the Companies Act, in the event that the permission of listing the Equity Shares is denied by the Stock Exchanges, the Company is required to refund all monies collected to investors. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

Notes to Risk Factors

1. Public issue of 1,65,50,000 Equity Shares for cash at a price of Rs. [•] per Equity Share (including a share premium of Rs [•] per Equity Share) aggregating Rs. [•] lakhs by the Company. The issue comprises a Net Issue of 1,48,95,000 Equity Shares to the public and a reservation of 1,655,000 Equity Shares for Eligible Employees. The Issue would constitute 11.45% of the fully diluted post issue paid-up equity capital of the Company. The Net Issue would constitute 10.30% of the fully diluted post issue paid-up equity capital of the Company.

2. The net worth of the Company was Rs. 24,307 lakhs as on September 30, 2007 as per our restated unconsolidated financial statements under Indian GAAP.

3. The net asset value per Equity Share was Rs. 18.99 as on September 30, 2007, as per our restated unconsolidated financial statements under Indian GAAP.

4. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Investors, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, please refer to the section titled "Basis of Allotment" on page 318 of this Red Herring Prospectus.

5. Investors are advised to refer to the section titled "Basis for Issue Price" on page 42 of this Red Herring Prospectus.

6. The average cost of acquisition of our Equity Shares by our Promoter, Gammon India Limited is Rs. 10. The average cost of acquisition of our Equity Shares by our Promoter Group Company, GCTL is Rs. 151.76. For details, refer to the section titled "Capital Structure" on page 27 of this Red Herring Prospectus.

7. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.

8. Any clarification or information relating to the Issue shall be made available by the BRLMs, the CBRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs, the CBRLM and the Syndicate Members for any complaints pertaining to the Issue.

9. For details of our related party transactions and other interests of our Promoters in the Company, please refer to the section titled "Related Party Transactions" beginning on page 159 of this Red Herring Prospectus.

10. The Draft Red Herring Prospectus was initially filed on March 28, 2006 with three lead mangers namely SSKI Corporate Finance Private Limited, DSP Merrill Lynch Limited and JM Morgan Stanley Private Limited. Subsequently, DSP Merrill Lynch Limited and JM Morgan Stanley Private Limited did not continue as lead managers to the issue because the terms and conditions of the assignment while renewing the earlier engagement letter (which has expired) could not be mutually agreed upon. SSKI Corporate Finance Private Limited (name changed to IDFC-SSKI Private Limited) continues to be associated with the Issue as BRLM. In addition, Macquarie India Advisory Services Private Limited has also been appointed as one of the BRLMs.

SECTION III – INTRODUCTION

SUMMARY

Introduction

We are an infrastructure project development company incorporated in 2001 to participate in the development of infrastructure projects in India. We are among the first companies in India to be modelled as an infrastructure development company undertaking projects on a public-private partnership basis ("PPP"). In India, PPPs refer to long-term, contractual relationships between governmental agencies and private sector companies, specifically targeted towards financing, designing, implementing, and operating infrastructure facilities and services that were traditionally provided by the government or its agencies. These collaborative ventures are developed and operated on the expertise and capabilities of the consortium partners and are based on a contractual agreement, which ensures appropriate and mutually agreed allocation of resources, risks and returns.

We currently undertake and develop projects such as roads, bridges, ports, hydroelectric power and biomass power projects on a PPP basis. In addition, we have also identified urban infrastructure, airports, mass rapid transit systems, power transmission lines and SEZs as areas of focus for project development. We also offer services in other areas of project development, such as project advisory services, project funding and operations and maintenance activities.

Current Projects

Currently, our infrastructure project development business includes fourteen (14) projects, of which four are already in the operations phase, seven are in the development phase and three are in the pre-development phase.

Projects in the operations phase are as follows:

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

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

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

- Visakhapatnam port project (two multipurpose berths in the northern arm of the inner harbour at Visakhapatnam port), developed and maintained by an SPV, Vizag Seaport Private Limited ("VSPL").

Projects in the development phase are as follows:

- Vadape-Gonde toll road project (a 99.5 kilometer stretch of road on NH-3 connecting Mumbai and Nasik), to be developed and maintained by an SPV, Mumbai Nasik Expressway Limited ("MNEL").

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

- Biomass power project (two biomass-based power plants of approximately 12 MW each at Bahgaura village and at Sawai Singh Wala village, in the district of Patiala, Punjab), to be developed and maintained by an SPV, Punjab Biomass Power Limited ("PBPL"). In addition, we have rights to develop seven more such projects, each in the range of 10-15 MW.

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

- Gorakhpur Bypass annuity Project (a 32 kilometer green-field bypass to Gorakhpur town on NH 28 in Uttar Pradesh), to be developed by an SPV, Gorakhpur Infrastructure Company Limited ("GICL").

- Construction of offshore container berths and development of container terminals in Mumbai Harbour and operations and management of the Ballard Pier Station Container Terminal for an initial period of five years for the Mumbai Port Trust ("MbPT"). This project will be developed by an SPV, Indira Container Terminal Private Limited ("ICTPL").

- Pravara Co- generation Power Project (a 30 MW bagasse based power project in Pravara Nagar, Maharashtra), to be developed and maintained by an SPV which is yet to be set up.

In addition to the projects that are already operational and under development phase, we intend to develop the following projects, each of which is in the pre-development phase:

- Development of an auto-component SEZ over 90 acres at Adityapur, Jharkhand.

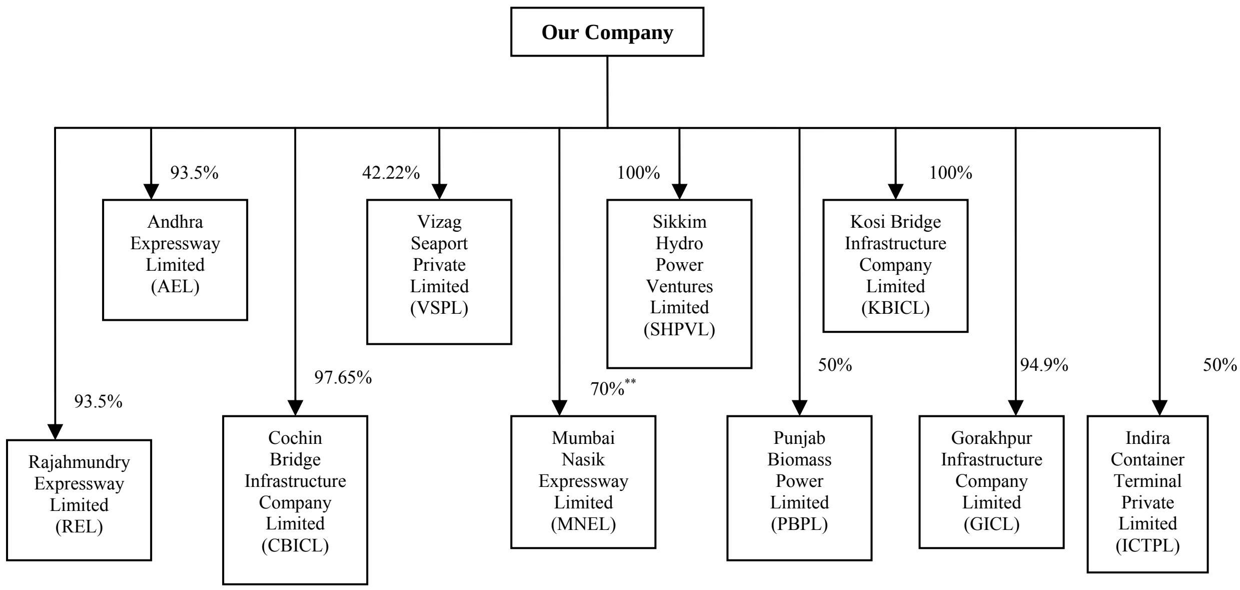
- Eight biomass based power projects in Haryana (in the range of 10-12 MW each) under Letters of Intent from Haryana Renewable Energy Development Agency ("HAREDA").

- Investigation and implementation of Tidong – II (60 – 80 MW) Hydro-Electric Power Project for the Government of Himachal Pradesh.

O&M and Project Advisory Services:

Our Company provides O&M and project advisory services for projects which are being undertaken by its SPVs. Our Company has O&M contracts for the Rajahmundry-Dharmavaram annuity road project, the Dharmavaram-Tuni annuity road project, the Vadape-Gonde toll road project, the Kosi Bridge annuity project and Gorakhpur Bypass annuity road project. While the O&M contracts for the Rajahmundry-Dharmavaram and Dharmavaram-Tuni annuity road projects are operational, the O&M contracts for the other three projects will become operational once these projects commence commercial operations. Our Company also provides project advisory services to these five projects.

The following chart outlines our present beneficial interest in each of the eleven (11) project SPVs which are in the operations phase and the development phase:



**This chart does not provide SPVs relating to projects in the pre-development phase.*
*** We currently hold 79.99% which shall reduce to 70%.*
**** The SPV (proposed to be wholly owned by the Company) for the development of Pravara Co- generation Power Project is yet to be set up.*

History and background of Gammon

Gammon Group is an 85-year old diversified business group with civil engineering and construction as its major business interests. GIL, the flagship company of the Gammon Group, is among the leading construction companies in India specializing in 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. With a ten year CAGR of more than 25%, GIL's consolidated total income for the year ended March 31, 2007 was Rs. 2,36,800 lakhs (as stated in its audited financial results) and it has outstanding work orders of over Rs. 7,00,000 lakhs as of March 31, 2007 (as stated in the Management Discussion and Analysis in the GIL Annual Report 2006-2007).

The GOI policy to supplement its resources through PPP projects and an immediate need for developing infrastructure in India were the primary drivers in Gammon Group's expansion into infrastructure project development. Gammon Group believed that there was a need to have a clear demarcation between its core infrastructure contracting business and its infrastructure project development business. Consequently, our Company was incorporated in 2001 to lead the Gammon Group's foray into the development of infrastructure projects on a PPP basis and we intend to lead all infrastructure development projects for the Gammon Group in the future. In a short period of approximately six years, we have fourteen (14) infrastructure assets, operating, under development or in pre-development phase.

Agreement between GIL and our Company

To facilitate the development of infrastructure projects through our Company, as the infrastructure business and operations company of the Gammon Group, our Promoter, GIL has entered into an agreement, dated March 11, 2006 with us, whereby GIL has undertaken that, on and from the date thereof,

- GIL and its subsidiaries, other than our Company, shall not bid for any PPP Ventures for which our Company desires to bid; and
- GIL shall extend all assistance to our Company to bid for the PPP Ventures it desires to bid for and to implement the PPP ventures it procures.

The agreement defines PPP Ventures as "public private partnership ventures".

The agreement shall automatically be terminated on the date of occurrence of the earliest of the following events:

- Our Company ceasing to be a subsidiary of GIL; or
- A resolution for winding up of either of the parties is passed or a party goes into receivership or liquidation or has a receiver or official liquidator appointed in respect of all or substantially all of that party's property (then at the option of the other party).

In addition to the above agreement, GIL has, pursuant to its letter dated March 15, 2006, confirmed that our Company shall develop such PPP Ventures where GIL has submitted financial bids prior to March 11, 2006 and wherever such PPP Ventures are awarded to GIL. This would be achieved by GIL inviting our Company to subscribe to or participate in the equity stake in the SPV of the concerned PPP Venture, to the maximum extent permissible under the relevant bid documents and contracts with the respective joint venture partners, if any.

There are certain 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 our Company. In certain projects involving PPP ventures, GIL has transferred the beneficial ownership in respect of its equity stake to GIPL.

Competitive strengths

- *Substantial operating experience:* We are among the first companies in India incorporated exclusively to participate in infrastructure development through the PPP model. As an early entrant in the infrastructure development business with our operational road, bridge and port projects, we have familiarized ourselves with the risks associated with the development, operations and maintenance of such facilities in India and we believe that this experience will help us to ensure the continued growth of our business operations.

- *Quality and strength of execution:* We have a track record in meeting project completion targets and at times before the scheduled COD. We have experience in the successful development and execution of new projects, such as roads. We believe that our expertise in the successful and timely implementation of projects provides us with significant competitive advantages owing to the fact that we are well positioned to deal with any construction or implementation risk in an industry. We also believe that we are less likely to encounter the types of difficulties that new operators of infrastructure projects typically experience in India and the industry.

- *Ability to mobilize 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. As infrastructure project development on a PPP basis is a highly capital-intensive business activity, we believe that our ability to mobilize financial resources efficiently gives us an edge over other competitors in the industry.

- *Project portfolio with assured revenues:* All of our operational projects have assured sources of revenue under either an annuity or take-or-pay type arrangement with various governmental or quasi-governmental entities, under which such governmental or quasi-governmental entities are required to pay for the project's output or availability at predetermined levels. The annuities receivable by REL and AEL from NHAI are structured to cover the fixed costs of operating the projects, interest and depreciation. 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. For example, the bridge project at Cochin has a fixed annuity amount payable by the GOK until the end of the revised concession period. Contracts of this nature have reduced the revenue risk associated with the project, thereby balancing market risk with assured returns.

- *Project portfolio spread across diverse sectors and geographies:* Our projects (both in operational and development phase) are spread across roads, bridges, ports, hydropower and biomass power sectors. Further, these projects are geographically dispersed across various states in India. We believe that through such sectoral and geographic diversity, we are able to effectively mitigate the risks associated with any particular sector and any particular State in India.

- *Highly qualified and motivated employee base and proven management team:* Our management team is well qualified and experienced in the industry and is responsible for the growth in our business operations. In addition, our Board has a combination of managerial acumen as well as entrepreneurial spirit, which together provide significant business expertise (both domestic and international) to us. We believe that a motivated and empowered employee base is essential for maintaining a competitive advantage. We have a well-qualified and experienced employee base with sound managerial experience in the infrastructure sector in India. We are dedicated to the development of the expertise and know how of our employees and continue to invest in them to ensure that they have the necessary training and tools needed to be successful in today's challenging environment.

- *Synergies with the Gammon Group:* Successful infrastructure development is dependent upon two major expertise: (i) project development, which includes appraisal, bidding, financing and project management; and (ii) engineering, procurement and construction. 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.

- *Gammon brand:* We are the infrastructure arm of the Gammon Group. The Gammon Group has been operating in India for over 85 years in the fields of construction and infrastructure. Due to the long-standing history of Gammon Group, we believe that the Gammon brand enjoys strong brand recognition. Further, we believe that our customers, along with Indian financial institutions, associate the Gammon brand with quality, reliability and the ability to complete projects on schedule.

Strategy

We intend to increase our presence in the infrastructure sector by continuing to invest in the development of additional infrastructure projects in locations across India and continue to grow by applying the following strategies:

- *Establish our presence across diverse sectors and geographies:* We are actively focused on becoming a diversified infrastructure player. We are currently analyzing a number of new potential projects in the infrastructure sector, including roads, mass rapid transit systems ("MRTS"), urban infrastructure, ports, airports, power transmission lines, SEZs and hydroelectric power projects, which will diversify our revenue sources and, subject to market conditions and opportunities, we may also invest in other infrastructure sectors. Additionally, we may also evaluate opportunities from time to time in the logistics sector, which we believe is a part of the infrastructure business. 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 locate our future assets in various locations across India. Additionally, we may also explore opportunities in projects beyond India in the future. For example, we have entered into a Memorandum of Terms for acquiring an interest in a consortium which intends to develop an airport in the African region.

- *Build upon our synergistic position in infrastructure development:* The Gammon Group is already an established player in the EPC field and caters to diverse sectors primarily through its flagship company, GIL. We intend to build upon the synergy we derive from the established presence of Gammon Group in the infrastructure sector. Accordingly, we will participate and expand in those sectors where we derive the necessary strengths from GIL in terms of technical expertise, execution skills and an established presence.

- *Make an early entry and achieve a dominant position in identified sectors:* We believe that our early entry into identified growth areas in the various infrastructure sectors within which we operate provides us with a head start in each such sector. We intend to continue to pursue the advantages associated with early entry in order to achieve a dominant position within such sectors. We believe that by adopting this strategy, we will be able to realize specific advantages of higher margins in certain identified sectors and the flexibility to grow and allocate our resources to sectors that offer more attractive margins.

- *Focus on achieving a mix of market-based and assured-return projects:* We intend to balance our risk return profile with a mix of market-based projects (where market risk is carried by us) and assured return projects (where market risk is carried by the project client). We believe that our balancing strategy will offer us significant upside potential with market-based projects and stable revenues from assured-return projects.

- *Expanding upon our core strengths*: We intend to offer fee-based O&M services by capitalizing upon our experience of managing, operating and maintaining infrastructure projects. We expect substantial capacity enhancement in the infrastructure sector in India and will aggressively market our capabilities as an O&M service provider, both within and beyond our infrastructure projects.

- *Leveraging our strategic relationships:* We intend to leverage our strategic relationships with global infrastructure companies such as Dragados S. P. L., China Light & Power, Alstom, Siemens and Noble Group to enhance our project bidding and development opportunities. We expect that these relationships will also enhance our brand and optimize our ability to develop and deliver quality complex projects.

- *Undertake asset management in the infrastructure sector:* We intend to leverage our experience in the infrastructure sector to set up an infrastructure fund. We may undertake this, either alone or with a partner. We may also make the seed investment in this infrastructure fund. This would be subject to applicable regulatory approvals and licences required for undertaking this business, none of which we have applied for.

THE ISSUE

Equity Shares offered by

The Company .... 1,65,50,000 Equity Shares

Less: Employee Reservation Portion .... Up to 16,55,000 Equity Shares

Therefore,

Net Issue to the Public .... 1,48,95,000 Equity Shares

Out of which:

QIB Portion .... At least 89,37,000 Equity Shares

Of which:

Mutual Fund Portion 4,46,850 Equity Shares

Non-Institutional Portion.............................. 14,89,500 Equity Shares

Retail Portion.. 44,68,500 Equity Shares

Equity Shares outstanding prior to the Issue .... 12,80,00,000 Equity Shares

Equity Shares outstanding after the Issue .... 14,45,50,000 Equity Shares

Use of proceeds by the Company …………………... See the section titled "Objects of the Issue" on page 35 of this Red Herring Prospectus.

Payment Methods

The Payment Methods available to investors to apply in this Net Issue are as follows:

Amount Payable per Equity Share (Rs.)	Payment Method-1@ Retail Individual Bidders and Non-Institutional Bidders			Payment Method-2 Any Category***		
	Face Value	**Premium**	**Total**	**Face Value**	**Premium**	**Total**
On Application	2.5	47.5	50.0	10.0	[●]	[●]
By Due Date for Balance Amount Payable **	7.5	[●]	[●]	-	-	-
Total	10.0	[●]	[●]	10.0	[●]	[●]

Note: Non-Residents cannot subscribe to partly paid up Equity Shares under Payment Method- 1.

@ See page xxviii for risks associated with Payment Method-1

** Retail Individual Bidders and Non-Institutional Bidders opting for Payment Method 1 shall be required to make the payment of the Balance Amount Payable by the Due Date for Balance Amount Payable. The notice of the Balance Amount Payable will also be published in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper along with the statutory advertisement for the Basis for Allotment.

*** Bidders in QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of Equity Shares bid, with the balance being payable on allocation.

Key Features of the Payment Methods

1) *Payment Method – 1*

a) Only Retail Individual Bidders and Non-Institutional Bidders are eligible for this method. QIBs cannot submit a Bid under this Payment Method.

b) While bidding, the Bidder shall make a payment of Rs. 50 per Equity Share, irrespective of the Bid Price. Investors should note that the total Bid Amount will be used to determine whether a Bid is in the Retail Individual category, Non-Institutional category or not, and not the amount payable on submission of Bid-Cum-Application Form.

c) Under Payment Method-1, of the Rs. 50.0 paid while bidding, Rs. 2.5 would be adjusted towards face value of the Equity Shares and Rs. 47.5 shall be towards share premium of the Equity Shares applied for.

d) At the time of allotment:

1. If the amount paid by the Bidder is equal to or higher than the total amount payable (being the Issue Price multiplied by the number of shares allotted) by the Bidder on the Equity Shares allotted to the Bidder, we reserve the right to adjust the excess amount towards the Balance Amount Payable and issue fully paid Equity Shares only. The excess amount, if any, after adjusting the Balance Amount Payable shall be refunded to the Bidder (i.e., Refund = Total amount paid on bidding minus the total amount payable on the shares allotted).

2. If the amount paid by the Bidder is less than the total amount payable by the Bidder (being the Issue Price multiplied by the number of shares allotted) on the Equity Shares allotted to the Bidder, we reserve the right to adjust the excess of the amount received from the Bidder over the Amount Payable on Submission of Bid-cum-Application Form towards the Balance Amount Payable and issue a Call Notice for the balance.

3. The notice of the Balance Amount Payable will also be published in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper along with the statutory advertisement for the Basis for Allotment.

e) Equity Shares in respect of which the Balance Amount Payable remains unpaid may be forfeited, at any time after the Due Date for Balance Amount Payable.

f) Indicative timetable for payment and corporate action with respect to Balance Amount Payable under d (2) above:

Sr. No.	Event	Indicative Time Period (On or around)
a.	(i) Basis of Allotment	Day X – 9 days
	(ii) CAN along with the Call Notice, including a statement of Balance Amount Payable per allotted share, issued to the successful Bidders opting for Payment Method-1	
b.	Listing of shares	Day X
c.	Period (21days) during which shareholders may make payment for the Balance Amount Payable (at the designated bank branches to be announced)	Day X + 12 days
d.	Corporate action for appropriation of Balance Amount Payable and for credit of fully paid shares to the demat accounts of shareholders who have paid the amount	Day X + 26 days

INVESTORS PLEASE NOTE THAT THESE SHARES WILL NOT BE TRADED UNTIL THE DATE OF CORPORATE ACTION FOR CREDIT OF FULLY PAID UP EQUITY SHARES TO THE DEMAT ACCOUNT OF SUCH ALLOTTEES AND LISTING AND TRADING APPROVAL FROM THE STOCK EXCHANGE IS RECEIVED ON THESE SHARES. SEE RISK FACTOR ON PAGE XXVIII OF THIS RED HERRING PROSPECTUS.

NON-RESIDENT BIDDERS CANNOT AVAIL THE OPTION OF PAYMENT METHOD-1.

THE BALANCE AMOUNT PAYABLE, IF ANY, MAY NOT BE PAID AND THE AMOUNT TO BE RAISED THROUGH THE ISSUE/ NET ISSUE MAY BE LOWER THAN THE PROPOSED ISSUE SIZE.

2) Payment Method – 2

a) Bidders under any category can choose this method.

b) While bidding, the Bidder shall have to make the full payment (Bid Amount multiplied by number of Equity Shares bid) for the equity shares bid. Bidders in QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of Equity Shares bid, with the balance being payable on allocation but before allotment.

3) *Illustration of Payment Methods (Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)*

Illustration of the payment methods available to the investors for applying in this Issue are as follows:

I. This illustration is for the benefit of the investors and should not be indicative of the Issue Price.

Assumptions:

- *Issue Price Rs. 100 per equity share*
- *Under Payment Method–1, Rs. 25.0 is payable on submission of the Bid-cum-Application Form, and*
- *Under Payment Method – 1, out of the Amount Payable on Application, Rs. 2.5 is towards face value and Rs. 22.5 is towards premium.*

Amount Payable (In Rs.) (per share)	Payment Method-1 Retail Individual Bidders and Non-Institutional Bidders Face Value	Premium	Total	Payment Method-2 Any Category*** Face Value	Premium	Total
On Application	2.5	22.5	25.0	10.0	90.0	100.0
By Due Date for Balance Amount Payable **	7.5	67.5	75.0	-	-	-
Total	**10.0**	90.0	100.00	**10.0**	90.0	100.0

** Retail Individual Bidders and Non-Institutional Bidders opting for Payment Method 1 shall be required to make the payment of the Balance Amount Payable by the Due Date for Balance Amount Payable.

*** Bidders in QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of equity shares bid, with the balance being payable on allocation.

II. Comparison of Payment Methods using different application sizes based on the above assumptions:

Payment Method	**Illustration 1** 1	2	**Illustration 2** 1	2	**Illustration 3** 1	2	**Illustration 4** 1	2	**Illustration 5** 1	2
Application (no. of equity shares)	150		100		200		400		500	
Subscription (times)	3.00		2.00		1.33		4.00		10.00	
Allotment (no. of equity shares)*	**50**		**50**		**150**		**100**		**50**	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Amount Paid on Application	3750.0	15,000.0	2,500.0	10,000.0	5,000.0	20,000.0	10,000.0	40,000.0	12,500.0	50,000.0
Refund, if any	Nil	10,000	Nil	5,000	Nil	5,000	Nil	30,000	7,500	45,000
By Due Date for Balance Amount Payable	1,250.0	Nil	2,500.0	Nil	10,000.0	Nil	Nil	Nil	Nil	Nil
Total Amount payable on allotment	5,000.0	5,000.0	5,000.0	5,000.0	15,000.0	15,000.0	10,000.0	10,000.0	5,000.0	5,000.0

Payment Method	**Illustration 1** 1	2	**Illustration 2** 1	2	**Illustration 3** 1	2	**Illustration 4** 1	2	**Illustration 5** 1	2
Type of share issued	Not tradable till corporate action for credit of fully paid shares and receipt of listing and trading approval from the stock exchange	Fully paid-up and tradable	Not tradable till corporate action for credit of fully paid shares and receipt of listing and trading approval from the stock exchange	Fully paid-up and tradable	Not tradable till corporate action for credit of fully paid shares and receipt of listing and trading approval from the stock exchange	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable

* Assuming allotment arrived based on the Basis of Allocation and as per the mechanism described in the "Issue Procedure" on page 299 and approved by the Stock Exchanges.

In the event the Issue under the retail category is oversubscribed by 4 or more times as explained in the Illustration 4 and Illustration 5 in the table above, no further amount will be payable on allotment. Excess amount after adjusting the full amount payable for the shares allotted will be refunded

In the event the Issue under the retail category is subscribed less than 4 times as explained in Illustration 1 to 3 above, the successful bidders under Payment Method-1 will be required to pay the Balance Amount Payable. Excess amount after adjusting the Balance Amount Payable for the allotted shares will be refunded. The balance amount shall have to be paid by the Due Date for Balance Amount Payable.

Every Retail Individual Bidder should indicate the choice of Payment Method (i.e. Payment Method-1 or Payment Method-2 as applicable) in the Bid cum-Application Form, subject to the Bidder's eligibility for the Payment Method. Once the choice is indicated, the Bidder should not revise the selection. No Bidder can select both the Methods in a Bid-cum-Application Form. In case no Payment Method is selected and the full Bid Amount is paid, then the default Payment Method would be Payment Method-2.

Important note:

If investors who opt for Payment Method-1 do not pay the Balance Amount Payable, the amount raised through the Issue will be lower than the proposed Issue size. In the event of such shortfall, the extent of the shortfall will be made by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us.

Further, shares issued to investors who opt for Payment Method-1 will not be traded till the corporate action for credit of fully paid shares and receipt of listing and trading approval from the stock exchange is completed. The Equity Shares of which the Balance Amount Payable has not been paid within the prescribed time limit are liable for forfeiture. The shortfall due to forfeiture may be made up by re-issue of the forfeited Equity Shares.

SELECTED FINANCIAL INFORMATION

The following tables set forth summary information on our consolidated and standalone restated statements of assets and liabilities, profits and losses and cash flows. This should be read in conjunction with our restated consolidated and standalone financial statements prepared under Indian GAAP, the notes thereto in the section titled "Financial Statements" on page 163 of this Red Herring Prospectus and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 245 of this Red Herring Prospectus.

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED FOR LAST THREE REPORTING PERIODS

(All figures in Rupees)

		As At		
		September 30, 2007	**March 31, 2007**	**March 31, 2006**
A.	**ASSETS :**			
	Fixed Assets-Gross block	6,77,40,66,961	6,77,31,63,638	6,23,12,14,547
	Less: Depreciation	1,20,42,89,852	99,62,87,264	59,37,64,616
	Net Block	5,56,97,77,109	5,77,68,76,374	5,63,74,49,931
	Add : Capital Work In Progress	3,95,30,47,687	2,00,25,67,227	19,63,50,171
	TOTAL	**9,52,28,24,796**	**7,77,94,43,601**	**5,83,38,00,102**
B.	**GOODWILL ON CONSOLIDATION**	**1,09,09,358**	**90,62,372**	**0**
C.	**INVESTMENTS**	**86,91,44,887**	**5,39,18,772**	**4,84,25,267**
D.	**CURRENT ASSETS, LOANS & ADVANCES :**			
	Inventories	79,26,265	37,94,249	5,82,734
	Sundry debtors	62,11,40,706	74,09,78,946	60,73,19,372
	Cash and bank balances	25,24,07,016	129,14,50,683	152,10,58,938
	Loans and advances (gross of provision for tax)	57,34,90,208	44,99,93,745	16,38,17,123
	Total	**1,45,49,64,195**	**2,48,62,17,623**	**2,29,27,78,167**
	TOTAL ASSETS (A + B +C + D)	**11,85,78,43,236**	**10,32,86,42,368**	**8,17,50,03,536**
E.	**LIABILITIES AND PROVISIONS :**			
	Loan funds			
	Secured loans	7,99,37,00,761	6,67,83,16,489	5,11,77,75,865
	Unsecured loans	14,10,00,000	0	0
	Deferred Tax Liability, net	6,05,09,740	4,61,46,326	1,09,67,761
	Current liabilities and provisions			
	Current liabilities	35,20,75,370	43,87,57,242	26,65,77,827

		As At		
		September 30, 2007	**March 31, 2007**	**March 31, 2006**
	Provision for Taxation	20,93,41,565	16,58,51,749	8,85,74,830
	Provision for staff benefits	28,53,922	7,82,679	4,74,315
F.	**Minority Interest**	**20,72,61,001**	**19,55,63,218**	**17,46,90,912**
	Total (E + F)	**8,96,67,42,359**	**7,52,54,17,703**	**5,65,90,61,510**
	NET WORTH [(A+B+C+D)-(E+F)]	**2,89,11,00,877**	**2,80,32,24,665**	**2,51,59,42,026**
G.	Represented by:			
	Shareholders funds			
	Share Capital	1,28,00,00,000	1,28,00,00,000	1,28,00,00,000
	Warrants issued*	1,00,000	1,00,000	1,00,000
(i)	**Share Capital and Warrants**	1,28,01,00,000	1,28,01,00,000	1,28,01,00,000
(ii)	**Employees Stock Options Outstanding**	38,35,922		
	Security premium	97,98,18,046	100,19,65,014	99,08,15,658
	General Reserve	1,82,00,000	1,82,00,000	1,82,00,000
	Capital Reserve on Consolidation		0	1,86,72,036
	Profit and Loss account	61,98,71,458	51,03,01,999	21,17,72,602
(iii)	Reserves and Surplus	1,61,78,89,504	1,53,04,67,013	1,23,94,60,296
(iv)	Less: Preliminary/Share Issue Expenses of subsidiaries not written off	1,07,24,549	73,42,348	36,18,270
	Total (G) (i+ii+iii-iv)	**2,89,11,00,877**	**2,80,32,24,665**	**2,51,59,42,026**

* For details of warrants issued, see the "History and Certain Corporate Matters–Warrant Agreement in relation to CBICL" on page 111 of this Red Herring Prospectus.

SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED FOR LAST TWO REPORTING PERIODS

(All figures in Rupees)

	Year / Period Ended		
	September 30, 2007 (6 months)	**March 31, 2007** (12 months)	**March 31, 2006** (15 months)
INCOME :			
Turnover			
- Income from advisory services	0	0	1,07,10,922
- Operation & Maintenance revenue	7,05,81,399	14,34,16,064	12,46,93,194
- Income from port operations	10,57,41,911	12,85,62,713	5,62,28,355
- Annuity revenues	58,30,10,000	116,60,20,000	55,45,21,670
- Toll proceeds	1,78,41,326	3,65,08,405	2,03,90,015
- Miscellaneous receipts	0	24,96,442	12,73,056
Total Turnover	**77,71,74,636**	**147,70,03,624**	**76,78,17,212**
Other Income	5,95,15,034	11,18,01,757	1,71,75,852
TOTAL INCOME	**83,66,89,670**	**158,88,05,381**	**78,49,93,064**
EXPENDITURE :			
Operational Expenses	15,23,56,848	22,37,57,886	13,15,82,309
Administrative Expenses	3,72,73,014	7,02,80,551	5,42,87,665
Finance Costs	25,54,25,261	44,95,47,145	23,12,73,789
Depreciation	19,88,48,008	38,43,22,298	19,31,44,568
Amortisation of Intangible Asset	91,66,500	1,82,82,909	0
Amortisation of Goodwill	14,63,883	22,65,592	0
Miscellaneous expenditure written off	2,99,444	7,67,778	3,42,022
TOTAL EXPENDITURE	**65,48,32,958**	**114,92,24,159**	**61,06,30,353**
Net Profit before tax and Share of Profits / (Losses) in Associates	**18,18,56,712**	**43,95,81,222**	**17,43,62,711**
Share of Profits / (Losses) in Associates	(3,748,741)	(6,580,843)	10,16,86,611
Net Profit before tax and after Share of Profits/ (Losses) in Associates	**17,81,07,971**	**43,30,00,379**	**27,60,49,322**
Provision for taxation	5,78,87,949	11,35,97,916	7,02,66,192
NET PROFIT AFTER TAX	**12,02,20,022**	**31,94,02,463**	**20,57,83,130**
Less : Profit after tax attributable to Minority Interest	1,06,50,563	2,08,73,066	2,31,30,084
NET PROFIT	**10,95,69,459**	**29,85,29,397**	**18,26,53,046**
Profits brought forward	51,03,01,999	21,17,72,602	3,74,29,624
Less: Minority Interest of earlier years	0	0	83,10,068
Balance carried to Balance sheet	**61,98,71,458**	**51,03,01,999**	**21,17,72,602**

STATEMENT OF CONSOLIDATED CASH FLOW, AS RESTATED FOR THE PERIOD / YEAR ENDED SEPTEMBER 30, 2007

(All figures in Rupees)

	Period ended September 30, 2007		Year ended March 31, 2007	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before Tax		17,81,07,971		43,30,00,379
Adjustments for :				
Employees Stock Options	38,35,922		0	
Depreciation & Amortisation	20,80,14,508		40,26,05,207	
Dividend Income	(6,32,534)		(23,46,392)	
Profit on sale of Investments	(78,49,955)		(1,76,13,739)	
Interest (Net)	20,44,64,521		36,48,45,148	
Goodwill amortised	14,63,883		22,65,592	
Capital WIP written off	0		8,85,243	
Preliminary and Share Issue Expenses written off	2,99,444		7,67,778	
		40,95,95,789		75,14,08,837
Operating Profit before Working Capital Changes		58,77,03,760		1,18,44,09,216
Adjustments for :				
Trade and Other Receivables	12,57,46,272		(13,57,51,979)	
Trade Payables & Working Capital Finance	1,07,51,904		(3,73,68,834)	
Inventories	(41,32,016)		(32,11,515)	
		13,23,66,160		(17,63,32,328)
Cash Generated from the Operations		72,00,69,920		1,00,80,76,888
Direct Taxes paid		(7,96,00,250)		(9,84,30,211)
Cash flow before extraordinary items		64,04,69,670		90,96,46,677
Extraordinary items		0		0
Net Cash from Operating Activities		**64,04,69,670**		**90,96,46,677**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(86,51,76,674)		(2,13,42,47,266)	
Purchase consideration comprising entirely cash and cash for acquisition of subsidiaries	(60,94,25,825)			
Purchase of Investments :				
- Joint Venture / Group Companies	(4,89,200)		(1,52,98,657)	
- Mutual Funds	(74,78,25,656)		(1,78,81,72,298)	
Sale of Investments :				
- Joint Venture / Group Companies	41,88,741			
- Mutual Funds			177,76,57,950	
Fixed Deposit with banks (above 90 days)	(10,71,00,000)			
Deposit with Joint Stock Companies	(4,50,00,000)		(17,43,56,000)	
Advances to Joint Venture / Group Companies	17,56,932		(67,77,387)	
Goodwill on acquisition of stake in Joint Venture	0		(3,00,00,000)	

	Period ended September 30, 2007		Year ended March 31, 2007	
Share Application Money Pending Allotment	0		2,03,19,500	
Capital WIP written off	0		(8,85,243)	
Interest received	4,59,05,898		7,90,38,947	
Profit on sale of Investments	78,49,955		1,76,13,739	
Dividend received	6,32,534		23,46,392	
Net Cash from Investing activities		**(2,31,46,83,295)**		**(2,25,27,60,323)**
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Increase in Securities Premium	0		1,50,00,000	
Proceeds from borrowings	98,12,10,465		190,17,58,466	
Repayment of Loans	(18,43,74,966)		(34,05,88,000)	
Minority Interest Contribution	10,47,220		(760)	
Interest Paid	(25,45,16,562)		(44,32,65,218)	
Preliminary Expenses	(8,55,365)		(44,74,241)	
Share Issue Expenses	(1,44,40,834)		(1,49,24,857)	
		52,80,69,958		**1,11,35,05,390**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(1,14,61,43,667)**		**(22,96,08,256)**
			0	
Cash & cash equivalents, end of year		14,53,07,016		129,14,50,683
Cash & cash equivalents, beginning of year		129,14,50,683		152,10,58,939
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(1,14,61,43,667)**		**(22,96,08,256)**
		0		
COMPONENTS OF CASH AND CASH EQUIVALENTS				
Cash and Cheques on hand		15,01,818		15,04,891
Balances with Banks:				
-On Current Account		14,38,05,198		8,30,16,808
-On Deposit Account		9,61,00,000		120,69,28,984
		24,14,07,016		**129,14,50,683**

Notes:
The financial period from January 1, 2005 to March 31, 2006, is the first year of preparation of Consolidated financials statements and since the adjusted consolidated balances at December 31, 2004 which are relevant for the period's cash flow are not available it is not practical to present the indirect method consolidated cash flow statement for the period from January 1, 2005 to March 31, 2006. Therefore there is only one year for which cash flow statement is prepared and reported.

SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, AS RESTATED

(All figures in Rupees)

		As At					
		September 30, 2007	**March 31, 2007**	**March 31, 2006**	**December 31, 2004**	**March 31, 2004**	**March 31, 2003**
A.	**ASSETS :**						
	Fixed assets - Gross block	26,05,51,582	26,01,48,131	18,64,239	2,06,281	2,00,781	1,51,181
	Less: Depreciation	2,84,48,725	1,88,75,018	59,399	23,878	15,714	6,896
	Net block	23,21,02,857	24,12,73,113	18,04,840	1,82,403	1,85,067	1,44,285
	Add : Capital WIP		0	11,49,197	0	0	0
	Total (A)	**23,21,02,857**	**24,12,73,113**	**29,54,037**	**1,82,403**	**1,85,067**	**1,44,285**
B.	**INVESTMENTS (B)**	**2,35,15,60,884**	**1,71,98,17,661**	**1,65,00,04,553**	**42,88,83,261**	**39,91,25,017**	**27,91,23,100**
C.	**CURRENT ASSETS, LOANS & ADVANCES :**						
	Inventories	16,23,182	27,50,225	0	0	0	0
	Sundry debtors	4,58,75,214	4,72,22,641	3,48,33,099	1,20,77,303	15,93,900	0
	Cash & bank balances	1,27,38,718	29,11,44,373	68,27,49,288	26,49,005	3,31,792	3,62,303
	Loans and advances	13,89,01,987	25,28,22,042	5,02,17,878	20,03,319	12,53,421	11,71,75,291
	Total (C)	19,91,39,101	59,39,39,281	76,78,00,265	1,67,29,627	31,79,113	11,75,37,594
	TOTAL ASSETS (A + B +C)	**2,78,28,02,842**	**2,55,50,30,055**	**2,42,07,58,855**	**44,57,95,291**	**40,24,89,197**	**39,68,04,979**
D.	**LIABILITIES AND PROVISIONS**						
	Unsecured loans	14,10,00,000	0	0	2,53,84,750	0	0
	Deferred tax liability	1,96,60,804	1,50,56,479	66,399	24,945	16,705	9,621
	Current liabilities & provisions :						
	Current liabilities	8,90,19,411	5,13,48,477	5,91,91,416	31,03,203	5,80,936	25,10,655
	Provisions - Staff benefits	30,13,394	7,82,679	4,74,315	0	0	0
	Provisions for taxation	9,94,03,368	7,86,90,496	4,28,26,391	98,38,881	28,92,664	8,00,616
	Total (D)	**35,20,96,977**	**14,58,78,131**	**10,25,58,521**	**3,83,51,779**	**34,90,305**	**33,20,892**
	NET WORTH [(A)+(B)+(C)-(D)]	**2,43,07,05,865**	**2,40,91,51,924**	**2,31,82,00,334**	**40,74,43,512**	**39,89,98,892**	**39,34,84,087**
E.	Represented by:						
	Share capital	1,28,00,00,000	1,28,00,00,000	1,28,00,00,000	40,42,29,000	40,42,29,000	39,50,00,000
	Employee Stock Options Outstanding	38,35,922	0	0	0	0	0
	Security premium (Net of share issue expenses)	96,48,18,046	98,69,65,014	99,08,15,658	0	0	0
	Profit and loss account	18,20,51,897	14,21,86,910	4,73,84,676	64,22,022	(20,22,598)	(13,75,653)
	Less: Preliminary / share issue expenses not written off		0	0	32,07,510	32,07,510	1,40,260
	Total (E)	**2,43,07,05,865**	**2,40,91,51,924**	**2,31,82,00,334**	**40,74,43,512**	**39,89,98,892**	**39,34,84,087**

SUMMARY STATEMENT OF STANDALONE PROFITS AND LOSSES, AS RESTATED

(All figures in Rupees)

	Year / Period Ended					
	September 30, 2007 (6 months)	**March 31, 2007 (12 months)**	**March 31, 2006 (15 months)**	**December 31, 2004 (9 months)**	**March 31, 2004 (12 months)**	**March 31, 2003 (12 months)**
INCOME :						
Turnover						
- Developer Fees	5,74,78,342	4,97,43,408	0	0	0	0
- Advisory Fees	0	0	1,14,59,884	1,26,00,000	72,68,982	81,49,261
- Operation and Maintenance income	7,05,81,399	14,34,16,064	12,46,93,194	1,03,36,640	0	0
Total Turnover	12,80,59,741	19,31,59,472	13,61,53,078	2,29,36,640	72,68,982	81,49,261
Other Income	40,28,521	4,39,35,467	2,66,99,280	2,85,179	39,50,810	5,523
TOTAL INCOME	13,20,88,262	23,70,94,939	16,28,52,358	2,32,21,819	1,12,19,792	81,54,784
EXPENDITURE :						
Operating and Maintenance Expenses	1,89,51,543	2,55,69,900	4,69,41,242	0	0	0
Administrative Expenses	3,72,52,618	4,67,74,758	3,52,60,603	65,30,327	65,07,195	62,14,557
Finance Costs	10,87,449	2,78,243	56,33,984	8,93,644	16,34,334	2,37,212
Share Issue Expenses		0	0	0	13,87,250	28,00,000
Depreciation	4,52,005	5,32,710	35,521	8,164	8,818	6,610
Amortisation	91,66,500	1,82,82,909	0	0	0	0
TOTAL EXPENDITURE	6,69,10,115	9,14,38,520	8,78,71,350	74,32,135	95,37,597	92,58,379
Net Profit / (Loss) before tax	6,51,78,147	14,56,56,419	7,49,81,008	1,57,89,684	16,82,195	(1,103,595)
Provision for taxation :						
Current Tax	2,05,00,000	3,55,00,000	3,38,57,678	73,36,824	23,22,056	5,70,608
Deferred Tax	46,04,325	1,49,90,080	41,454	8,240	7,084	8,317
Fringe Benefit Tax	2,08,835	3,64,105	1,19,222	0	0	0
Net Profit / (Loss) after tax	3,98,64,987	9,48,02,234	4,09,62,654	84,44,620	(646,945)	(1,682,520)
Profit Brought Forward from Previous years	14,21,86,910	4,73,84,676	64,22,022	(2,022,598)	(1,375,653)	3,06,867
Balance carried to Balance sheet	18,20,51,897	14,21,86,910	4,73,84,676	64,22,022	(2,022,598)	(1,375,653)

STATEMENT OF STANDALONE CASH FLOW, AS RESTATED

(All figures in Rupees)

	Year / Period ended					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**December 31, 2004**	**March 31, 2004**	**March 31, 2003**
A. CASH FLOW FROM OPERATING ACTIVITIES :						
Net Profit / (loss) before Tax	6,51,78,147	14,56,56,419	7,49,81,008	1,57,89,684	16,82,195	(11,03,595)
Adjustments for :						
Depreciation / Amortisation	96,18,505	1,88,15,619	35,521	8,164	8,818	6,610
Profit on Sale of Investments	(70,154)	0	0	0	(33,36,810)	0
Dividend Income	(6,32,534)	(11,33,082)	(4,56,345)	(1,98,540)	(6,14,000)	0
Interest (Net)	(23,22,561)	(3,95,37,000)	(2,00,83,951)	8,07,005	16,34,334	2,31,689
Employee Stock Options	38,35,922	0	0	0	0	0
Asset Scrapped	1,08,483	0	0	0	0	0
Provision for dues from joint venture	0	9,38,441	0	0	0	0
Share Issue Expenses written off	0	0	0	0	13,87,250	28,00,000
Operating Profit before Working Capital Changes	7,57,15,808	12,47,40,397	5,44,76,233	1,64,06,313	7,61,787	19,34,704
Adjustments for :						
Inventories	11,27,043	(27,50,225)	0	0	0	0
Trade and Other Receivables	25,81,731	(2,17,34,178)	(2,73,05,796)	(1,08,51,490)	(15,96,850)	2,06,763
Trade Payables & Working Capital Finance	2,88,20,463	35,22,023	3,53,19,638	18,75,645	(19,03,187)	24,61,579
Cash Generated / (used) from the Operations	10,82,45,045	10,37,78,017	6,24,90,075	74,30,468	(27,38,250)	46,03,046
Direct Taxes paid	(4,44,57,531)	(2,67,67,391)	(1,72,73,916)	(7,09,584)	(4,13,683)	(7,71,184)
Cash flow before extraordinary items	6,37,87,514	7,70,10,626	4,52,16,159	67,20,884	(31,51,933)	38,31,862
Net Cash from/(used in) Operating Activities	**6,37,87,514**	**7,70,10,626**	**4,52,16,159**	**67,20,884**	**(31,51,933)**	**38,31,862**
B. CASH FLOW FROM INVESTING ACTIVITIES :						
Purchase of Fixed Assets	(5,56,732)	(25,71,34,695)	(28,07,155)	(5,500)	(49,600)	(72,395)
Investments :						
- Purchase of Investments :						
Subsidiary Companies	(2,88,50,400)	(41,56,00,700)	(23,19,47,900)	(3,00,00,000)	(12,74,00,000)	0
Trade Investments	0	(5,25,69,560)	(25,83,63,410)	(2,00,00,000)	(6,75,000)	(27,48,60,100)
Market Investments	0	(5,05,14,348)	(26,32,276)	(4,93,000)	(76,800)	(42,63,000)
Acquisition of controlling interest from Gammon India Limited in special purpose vehicle ('SPV')	(1,06,64,100)	0	(32,83,80,000)	0	0	0
Advance for purchase of equity shares	0	0	0	0	11,61,00,000	(11,61,00,000)
Share Application Money Pending Allotment	(60,01,35,591)	40,88,71,500	(46,59,47,706)	(2,65,15,244)	(6,86,31,750)	0
- Sale of Investments :						
Subsidiary Companies	0	0	1,50,000	0	0	0
Trade Investments	0	0	6,60,00,000	4,72,50,000	7,50,00,000	0
Market Investments- Mutual Fund Units	1,05,84,502	4,00,00,000	0	0	51,18,443	0
Interest received	64,19,904	4,50,54,093	1,50,90,282	18,353	0	5,523
Dividend received	6,32,534	11,33,082	4,56,345	1,98,540	6,14,000	0

	Year / Period ended					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**December 31, 2004**	**March 31, 2004**	**March 31, 2003**
Dues (from)/ to Subsidiaries/Joint Ventures	15,40,42,441	(17,26,69,428)	(1,67,30,223)	0	0	0
Net Cash (used in) Investing Activities	**(468,527,442)**	**(45,34,30,056)**	**(1,22,51,12,043)**	**(2,95,46,851)**	**(707)**	**(39,52,89,972)**
C. CASH FLOW FROM FINANCING ACTIVITIES :						
Increase in Share Capital	0	0	192,98,51,000	0	92,29,000	39,45,00,000
Proceeds from borrowings (Repayment)	14,10,00,000	0	(2,53,84,750)	2,53,84,750	0	0
Interest Paid	(2,24,893)	(2,78,243)	(62,86,058)	(2,41,570)	(16,52,371)	(2,37,212)
Preliminary and Share Issue Expenses	(1,44,40,834)	(1,49,07,242)	(3,81,84,025)	0	(44,54,500)	(28,00,000)
Net Cash from/(used in) Financing activities	**12,63,34,273**	**(1,51,85,485)**	**185,99,96,167**	**2,51,43,180**	**31,22,129**	**39,14,62,788**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(27,84,05,655)**	**(39,16,04,915)**	**68,01,00,283**	**23,17,213**	**(30,511)**	**4,678**
Cash & cash equivalents, end of year/period	1,27,38,718	29,11,44,373	68,27,49,288	26,49,005	3,31,792	3,62,303
Cash & cash equivalents, beginning of year/period	29,11,44,373	68,27,49,288	26,49,005	3,31,792	3,62,303	3,57,625
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(27,84,05,655)**	**(39,16,04,915)**	**68,01,00,283**	**23,17,213**	**(30,511)**	**4,678**
COMPONENTS OF CASH AND CASH EQUIVALENTS						
Cash and Cheques on hand	2,49,597	15,577	66,248	1,500	1,500	1,500
Balances with Banks:						
-On Current Account	1,24,89,221	2,08,24,812	8,26,82,943	26,47,505	3,30,292	3,60,803
-On Deposit Account	0	27,03,03,984	60,00,00,097	0	0	0
Total	**1,27,38,818**	**29,11,44,373**	**68,27,49,288**	**26,49,005**	**3,31,792**	**3,62,303**

GENERAL INFORMATION

We were incorporated as a public limited company under the Companies Act, 1956 on April 23, 2001 under the name Gammon Infrastructure Projects and Investments Limited. Subsequently, we changed our name to Gammon Infrastructure Projects Limited.

Registered Office of our Company

Gammon Infrastructure Projects Limited
Gammon House,
Veer Savarkar Marg, Prabhadevi,
Mumbai 400 025
Registration No.: U45203MH2001PLC131728

Our Board comprises:

1. Mr. Abhijit Rajan (Chairman and Managing Director);
2. Mr. Parvez Umrigar (Managing Director);
3. Mr. Himanshu Parikh (Director);
4. Mr. C.C. Dayal (Independent Director);
5. Mr. Sanjay Sachdev (Independent Director); and
6. Mr. Naresh Chandra (Independent Director)

For further details in relation to our Board and Directors see the section titled "Our Management" on page 138 of this Red Herring Prospectus.

Company Secretary and Compliance Officer
G. Sathis Chandran
Gammon House,
Veer Savarkar Marg, Prabhadevi,
Mumbai 400 025.
Tel: (91 22) 6661 4000
Fax: (91 22) 6661 4025
E-mail: compliances@gammoninfra.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary account, refund orders, etc.

Legal Advisors to the Issue

Domestic Legal Counsel to the Issuer
Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers,
Peninsula Corporate Park,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai 400 013.
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Domestic Legal Counsel to the Underwriters
Khaitan & Co.
Advocates and Notaries
Meher Chambers, 3rd Floor,
RK Marg, Ballard Estate,
Mumbai 400 038.
Tel: (91 22) 6636 5000
Fax: (91 22) 6636 5050

International Legal Counsel to the Underwriters
Jones Day
29th Floor, Edinburgh Tower, The Landmark,
15 Queen's Road Central,
Hong Kong.
Tel: (852) 2526 6895
Fax: (852) 2868 5871

Book Running Lead Managers

IDFC - SSKI Private Limited*
803-4 Tulsiani Chambers,
8th Floor, Nariman Point,
Mumbai 400 021.
Tel: (91 22) 6638 3333
Fax: (91 22) 2204 0282
E-mail: gipl.ipo@idfcsski.com
Investor Grievance Id: complaints@idfcsski.com
Website: www.sski.co.in
SEBI Registration No.: INM000010254
Contact Person: Mr. Abhishek Jain
**name being changed from SSKI Corporate Finance Private Limited, subject to regulatory approvals*

Macquarie India Advisory Services Private Limited*
Level 3, Mafatlal Centre,
Nariman Point,
Mumbai 400 021.
Tel: (91 22) 6653 3000
Fax: (91 22) 6653 3070
Email: gipl.ipo@macquarie.com
Website: www. macquarie.com/in
SEBI Registration No.: INM000010932
Contact Person: Ms. Rajani Raikar
** name proposed to be changed to Macquarie Capital Advisers (India) Private Limited subject to regulatory approvals*

Co- Book Running Lead Managers to the Issue
Collins Stewart Inga Private Limited
3/12, Seema Co-operative Society,
N. Dutta Marg,
Andheri (West)
Mumbai 400 053
Tel: (91 22) 2498 2919
Fax: (91 22) 2498 2956
Email: karthikeyan@csin.co.in
Website: www.csin.co.in
Contact Person: Mr. S. Karthikeyan

Syndicate Members
Sharekhan Limited
A-201, Phoenix House,
2nd Floor, Senapati Bapat Marg,
Lower Parel,
Mumbai 400 013
Tel: (91 22) 6748 2000
Fax: (91 22) 2498 2626
Email: pankajp@sharekhan.com
Website: www.sharekhan.com
Contact Person: Mr. Pankaj Patel

Macquarie Securities (India) Private Limited
Level 3, Mafatlal Centre,
Nariman Point,
Mumbai 400 021.
Tel: (91 22) 6653 3000
Fax: (91 22) 6653 3060
Email: Russell.fernandes@macquarie.com
Website: www. macquarie.com/in
Contact Person: Mr. Russell Fernandes

Experts

Except the report of CARE in respect of the IPO grading of this Issue annexed herewith and except as stated elsewhere in this Red Herring Prospectus, the Company has not obtained any expert opinions.

Registrar to the Issue

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (West),
Mumbai 400 078
Tel. : (91 22) 2596 3838
Fax. : (91 22) 2594 6969
Email: giplipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Vishwas Attavar

Auditors

Natvarlal Vepari & Co,
Chartered Accountants
Oricon House, 4th floor,
K. Dubash Marg,
Mumbai 400 023.
Tel: (91 22) 5631 5851
Fax: (91 22) 5631 5852
Email: nvc@nvcindia.com

S. R. Batliboi & Associates,
Chartered Accountants
6th Floor, Express Towers,
Nariman Point,
Mumbai 400 021
Tel: (91 22) 2287 6485
Fax: (91 22) 2287 6401
Email: srbgiplipo@in.ey.com

Banker(s) to the Issue and Escrow Collection Bank(s)

Canara Bank
Capital Market Service Branch
11, Homji Street,
Varma Chambers Building,
Fort, Mumbai – 400 001.
Tel: (91 22) 2269 2973 / 22662816
Fax: (91 22) 2266 4140
Email: mcity2422@canbank.co.in
Website: www.canbankindia.com
Contact Person: Mr. T. Muralidharan

Deutsche Bank AG
Global Transaction Banking
Trade Finance & Cash Management, Corporates
Kodak House, 222, Dr. D. N. Road,
Fort, Mumbai – 400001
Tel: (91 22) 6658 4045
Fax: (91 22) 6658 4374
Email: shyamal.malhotra@db.com
Website: www.db.com
Contact Person: Mr. Shyamal Malhotra

HDFC Bank Limited
26 A, Narayan Properties
Chandivali Farm Road, Saki Naka,
Andheri (East), Mumbai – 400 072
Tel: (91 22) 2856 9998
Fax: (91 22) 2856 9258
Email: deepak.rane@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Deepak Rane

ICICI Bank Limited
Capital Markets Division
30, Mumbai Samachar Marg
Mumbai – 400001
Tel: (91 22) 22627600
Fax: (91 22) 22611138
Email: venkataraghavan.t@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Venkataraghavan T A

Standard Chartered Bank
270, D. N. Road,
Fort, Mumbai – 400001
Tel: (91 22) 2209 2213
Fax: (91 22) 2268 3965
Email:rajesh.malwade@in.standardchartered.com
Website: www.standardchartered.com
Contact Person: Mr. Rajesh Malwade

Bankers to the Company

ICICI Bank Limited
ICICI Centre,
163, H.T. Parekh Marg,
Backbay Reclamation,
Churchgate,
Mumbai 400 020
Tel : (91 22) 6653 8700
Fax: (91 22) 6653 8855

Canara Bank
Fort (Main) Branch,
Warden House,
Sir P.M.Road, Fort,
Mumbai 400 001
Tel: (91 22) 2285 6302
Fax: (91 22) 2287 1181

Syndicate Bank
G-001, Rajan House,
A. S. Marathe Marg,
Prabhadevi,

IDBI Limited
224-A, Mittal Court, A-Wing,
Nariman Point,
Mumbai 400 021

Bankers to the Company

Mumbai 400 025
Tel : (91 22) 2430 8989
Fax: (91 22) 2438 4604

Tel : (91 22) 2282 6960
Fax: (91 22) 2282 4071

Statement of Inter Se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities amongst the BRLMs and the CBRLM:

S. No.	Activity	Responsibility	Coordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	**SSKI, Macquarie**	**SSKI**
2.	Due diligence of the Company's operations/ management/ business plans/ legal etc. Drafting and design of the Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs and the CBRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of the Prospectus and RoC filing of the same.	**SSKI, Macquarie,**	**SSKI**
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, corporate films, etc.	**SSKI, Macquarie**	**SSKI**
4.	Appointment of intermediaries viz. Lawyers, Registrar, Printers, Advertising Agency and Bankers to the Issue	**SSKI, Macquarie**	**SSKI**
5.	International institutional marketing of the Issue, which will cover, inter alia: Preparing road show presentation and frequently asked questions; Finalising the list and division of investors for one to one meetings; and Finalising road show schedule and investor meeting schedules;	**SSKI, Macquarie**	**Macquarie**
6.	Domestic institutional marketing of the Issue, which will cover, inter alia: Finalising the list and division of investors for one to one meetings; and Finalising the road show schedule and the investor meeting schedules.	**SSKI, Macquarie, Collins Stewart Inga**	**SSKI**
7.	Non-Institutional & Retail Marketing of the Issue, which will cover, inter alia: Formulating marketing strategies, preparation of publicity budget; Finalising media and PR strategy; Finalizing centres for holding conferences for brokers etc.; Finalising collection centres; and Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material.	**SSKI, Macquarie**	**SSKI**
8.	Managing the book, co-ordination with the Stock Exchanges for book building software, bidding terminals and mock trading, and.	**SSKI, Macquarie**	**SSKI**

S. No.	Activity	Responsibility	Coordinator
9.	Finalization of pricing in consultation with the Company	**SSKI, Macquarie**	**Macquarie**
10.	The Post-Bidding activities including management of escrow accounts, follow-up with bankers to the issue, co-coordination non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Issue activities will involve essential follow up steps, which include the finalisation of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Register to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	**SSKI, Macquarie**	**SSKI**

CREDIT RATING

As the Issue is of equity shares, credit rating is not required.

TRUSTEES

As the Issue is of equity shares, the appointment of Trustees is not required.

IPO GRADING

This Issue has been graded by Credit Analysis & Research Limited as CARE IPO GRADE 4 (Grade four) indicating above average fundamentals. The Report of CARE has been reproduced in "Annexure" beginning on page 371 of this Red Herring Prospectus. Attention is drawn to the disclaimer appearing on page 6 of the report of CARE.

MONITORING AGENCY

There is no requirement to appoint a Monitoring Agency for the Issue in terms of clause 8.17.1 of the SEBI DIP Guidelines as the Issue size is less than Rs. 50,000 lakhs.

BOOK BUILDING PROCESS

Book building refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- The Company;
- BRLMs and the CBRLM;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE/BSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLMs and the CBRLM;
- Escrow Collection Bank(s); and
- Registrar to the Issue.

This being an issue for less than 25% of post issue equity capital of the Company, the SEBI Guidelines read with rule 19(2) (b) of the SCRR, have permitted an issue of securities to the public through the 100% Book

Building Process, wherein not less than 60% of the Net Issue shall be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs including the Mutual Funds subject valid bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the BRLMs and the CBRLM to manage the Issue and to procure subscriptions to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date and for further details see the section titled "Terms of the Issue" on page 293 of this Red Herring Prospectus.

The process of Book Building under SEBI Guidelines is subject to change from time to time and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.0%
1,500	22	3,000	100.0%
2,000	21	5,000	166.67%
2,500	20	7,500	250%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Key steps to be taken for bidding:

- Check eligibility for bidding, see the section titled "Issue Procedure-Who Can Bid?" on page 299 of this Red Herring Prospectus;
- Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the PAN is mentioned in the Bid cum Application Form (see "Issue Procedure-PAN" on page 317 of this Red Herring Prospectus); and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

UNDERWRITING AGREEMENT

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs and the CBRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. lakhs)
IDFC - SSKI Private Limited* 803-4 Tulsiani Chambers, 8th Floor, Nariman Point, Mumbai 400 021. **name being changed from SSKI Corporate Finance Private Limited, subject to regulatory approvals*	[•]	[•]
Macquarie India Advisory Services Private Limited* Level 3, Mafatlal Centre, Nariman Point, Mumbai 400 021 ** name proposed to be changed to Macquarie Capital Advisers (India) Private Limited subject to regulatory approvals*	[•]	[•]
Sharekhan Limited A-201, Phoenix House, 2nd Floor, Senapati Bapat Marg, Lower Parel, Mumbai 400 013	[•]	[•]
Macquarie Securities (India) Private Limited Level 3, Mafatlal Centre, Nariman Point, Mumbai 400 021.	[•]	[•]
Collins Stewart Inga Private Limited 3/12, Seema Co-operative Society, N. Dutta Marg, Andheri (West) Mumbai 400 053 Tel: (91 22) 2498 2919 Fax: (91 22) 2498 2956	[•]	[•]

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above mentioned Underwriting Agreement is dated [•].

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). The IPO Committee of Directors, at its meeting held on [●], had accepted and authorized the entering into of the Underwriting Agreement mentioned above on behalf of the Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure/subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

Our equity share capital, as of the date of filing of this DRHP with SEBI (before and after the Issue) is set out below:

	Aggregate Value at nominal value	Aggregate Value at Issue Price
A) **AUTHORISED SHARE CAPITAL**		
20,00,00,000 Equity Shares of Rs. 10 each	2,00,00,00,000	-
B) **ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		
12,80,00,000 Equity Shares of Rs. 10 each	1,28,00,00,000	[●]
C) **PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS**		
1,65,50,000 Equity Shares of Rs. 10 each	16,55,00,000	[●]
D) **RESERVATION PORTION (For Eligible Employees)**		
Up to 16,55,000 Equity Shares of Rs. 10 each	1,65,50,000	[●]
E) **NET ISSUE TO THE PUBLIC**		
1,48,95,000 Equity Shares of Rs. 10 each	14,89,50,000	[●]
F) **EQUITY CAPITAL AFTER THE ISSUE**		
14,45,50,000 Equity Shares of Rs. 10 each	1,44,55,00,000	
G) **SECURITY PREMIUM ACCOUNT**		
Before the Issue	1,05,40,80,000	
After the Issue	[●]	

* The Issue in terms of this Red Herring Prospectus has been authorized pursuant to a resolution passed at the AGM dated August 27, 2007.

Details in relation to the change in capital clause:

(a) The initial authorised share capital of Rs. 2,00,00,000 was enhanced to Rs. 5,00,00,000 pursuant to the resolution of the shareholders at the AGM on July 31, 2002.

(b) The authorised share capital of Rs. 5,00,00,000 was enhanced to Rs. 40,00,00,000 pursuant to the resolution of the shareholders at the EGM on December 23, 2002.

(c) The authorised share capital of Rs. 40,00,00,000 was enhanced to Rs. 1,00,00,00,000 pursuant to the resolution of the shareholders at the EGM on February 20, 2004.

(d) The authorised share capital of Rs. 1,00,00,00,000 was enhanced to Rs. 1,60,00,00,000 pursuant to the resolution of the shareholders at the EGM on July 29, 2005.

(e) The authorised share capital of Rs. 1,60,00,00,000 was enhanced to Rs. 2,00,00,00,000 pursuant to the resolution of the shareholders at the EGM on September 19, 2005.

Notes to Capital Structure

1. Share Capital history of the Company

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for Allotment	Cumulative Paid-up Capital (Rs.)	Cumulative Share Premium (Rs.)
May 11, 2001	50,000	10	10	Cash	First Allotment to GIL	5,00,000	Nil
October 28, 2002	30,00,000	10	10	Cash	Further Allotment to GIL	3,05,00,000	Nil
March 13, 2003	1,10,00,000	10	10	Cash	Further Allotment to GIL	14,05,00,000	Nil
March 29, 2003	2,54,50,000	10	10	Cash	Further Allotment to GIL	39,50,00,000	Nil
March 31, 2004	9,22,900	10	10	Cash	Further Allotment to GIL	40,42,29,000	Nil
October 17, 2005	3,95,77,100	10	10	Cash	Further Allotment to GIL	80,00,00,000	Nil
November 2, 2005	1,50,00,000	10	10	Cash	Further Allotment to GIL	95,00,00,000	Nil
November 21, 2005	1,70,00,000	10	10	Cash	Further Allotment to GIL and Preferential Allotment to Abhijit Rajan and Himanshu Parikh	1,12,00,00,000	Nil
December 19, 2005	1,60,00,000	10	75.88	Cash	Preferential Allotment to AMIF I Limited	1,28,00,00,000	1,05,40,80,000
Total	**12,80,00,000**	-	-	-	-	**1,28,00,00,000**	**1,05,40,80,000**

2. Promoter's Contribution and Lock-In

Shareholding history of the Promoter

Sr. No	Date of Allotment / Transfer	Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value (Rs.)	Issue/Acquisition Price (Rs.)	% of Post Issue Paid Up Capital
1.	May 11, 2001	Cash	50,000	10	10	0.03%
2.	October 28, 2002	Cash	30,00,000	10	10	2.08%
3	March 13, 2003	Cash	1,10,00,000	10	10	7.61%
4	March 29, 2003	Cash	2,54,50,000	10	10	17.61%
5	March 31, 2004	Cash	9,22,900	10	10	0.64%
6	October 17, 2005	Cash	3,95,77,100	10	10	27.38%

Sr. No	Date of Allotment / Transfer	Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value (Rs.)	Issue/Acquisition Price (Rs.)	% of Post Issue Paid Up Capital
7	November 2, 2005	Cash	1,50,00,000	10	10	10.38%
8	November 21, 2005	Cash	1,06,00,000	10	10	7.33%
Total			**10,56,00,000**			**73.05%**

All Equity Shares which are being locked in are eligible for computation of promoter's contribution and lock in under clause 4.6.1 of the SEBI Guidelines. The shareholding of the GIL would be locked-in for a period of three years from the date of Allotment in this Issue, as provided herein:

Date on which the Equity Shares were allotted / acquired	Nature of allotment	Nature of consideration	Number of Equity Shares	Face Value (Rs.)	Issue Transfer Price	% of post-Issue paid-up equity capital
Gammon India Limited						
November 21, 2005	Further Allotment	Cash	1,06,00,000	10	10	7.25
November 2, 2005	Further Allotment	Cash	1,50,00,000	10	10	10.26
October 17, 2005	Further Allotment	Cash	41,34,500	10	10	2.83
			2,97,34,500			**20.34**

For history of the shareholding of the Promoters, see the Note 1 above.

Other than as stated above, the entire pre-Issue equity share capital of the Company (consisting of 11,48,15,500 Equity Shares) will be locked-in for a period of one year from the date of Allotment of Equity Shares in this Issue.

In terms of the SEBI order dated December 21, 2006, GIL and Mr. Abhijit Rajan are also prohibited from divesting, transferring, selling or alienating in any way their shareholding in our Company for a period of three years from the date of allotment in the proposed IPO. GIL and Mr. Abhijit Rajan have appealed against the said order.

In terms of clause 4.16.1 (b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

As per clause 4.15.1 of the SEBI Guidelines, the locked in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that such pledge of the Equity Shares is one of the terms of the loan. Further, Equity Shares locked in as minimum promoters' contribution may be pledged only in respect of a financial facility which has been granted for the purpose of financing one or more of the objects of the Issue.

Further, in terms of clause 4.16.1 (a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

3. No equity shares have been sold or purchased by our Promoter and our Promoter Group companies, during the period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI except as set out below:

S.No.	Transferor	Transferee	Date	No. of Equity Shares	Price (Rs.)
1.	AMIF I Limited	Gammon Cooling Towers Limited	November 8, 2007	44,80,000	**151.76**

4. The following Directors hold Equity Shares in their individual capacity as of the date of filing this Red Herring Prospectus:

Name of Director	Number of Equity Shares held
Mr. Abhijit Rajan	56,88,889
Mr. Himanshu Parikh	7,11,111
Mr. C. C. Dayal	10*

* Ten equity shares are held as a nominee of GIL pursuant to Section 49 of the Companies Act.

5. **Equity Shares held by top ten shareholders**

Our top ten shareholders and the Equity Shares held by them on the date of filing this Red Herring Prospectus and ten days prior to the date of filing of this Red Herring Prospectus with SEBI are as follows:

S. No.	Name	Number of Equity Shares held			
		On the date of filing the Red Herring Prospectus with SEBI		Ten days prior to the date of filing the Red Herring Prospectus with SEBI	
(i)	Gammon India Limited	10,55,99,970	82.5%	10,55,99,970	82.5%
(ii)	AMIF I Limited	1,15,20,000	9.0%	1,15,20,000	9.0%
(iii)	Gammon Cooling Towers Limited	44,80,000	3.5%	44,80,000	3.5%
(iv)	Mr. Abhijit Rajan	56,88,889	4.4%	56,88,889	4.4%
(v)	Mr. Himanshu Parikh	7,11,111	0.6%	7,11,111	0.6%
(vi)	Mr. Dr. N. V. Nayak	10*	-	10*	-
(vii)	Mr. C. C. Dayal	10*	-	10*	-
(viii)	Mr. V. M. Dharap	10*	-	10*	-

* Ten Equity Shares are held as a nominee of GIL pursuant to Section 49 of the Companies Act.

Our top ten shareholders two years prior to the date of filing of this Red Herring Prospectus and the Equity Shares held by them are as follows:

S. No.	Name	No. of equity shares (of Rs. 10 each)	Percentage
1.	Gammon India Limited	10,55,99,940	82.5%
2.	AMIF I Limited	1,60,00,000	12.5%
3.	Mr. Abhijit Rajan	56,88,899*	4.4%
4.	Mr. Himanshu Parikh	7,11,121*	0.6%
5.	Mr. N. V. Nayak	10*	-
6.	Mr. C. C. Dayal	10*	-
7.	Mr. Parvez Umrigar	10*	-
8.	Mr. S. Chakrabarti	10*	-

* Ten Equity Shares held as nominee of GIL pursuant to Section 49 of the Companies Act.

6. Employees Stock Option Scheme

As of the date of the Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares except options granted under our employee stock option plan. We have instituted an employee stock option scheme to reward and help retain our employees and to enable them to participate in our future growth and financial success. We have granted stock options to employees pursuant to the ESOPS. In terms the resolution of our shareholders dated May 4, 2007, we may grant options in respect of two percent of the issued capital of the Company from time to time. As of the date of filing this Red Herring Prospectus with SEBI, we have granted options in respect of 1,640,000 Equity Shares, which represent 1.28% of our pre-Issue paid up equity capital to employees of the Company. The ESOP scheme of the Company and the ESOPs granted therein are in compliance with the SEBI (ESOP & ESPS) Guidelines. The following table sets forth the particulars of options granted under the ESOPS as of the date of filing this Red Herring Prospectus with SEBI:

A.	Options granted	16,40,000
B.	Pricing Formula/ Exercise Price (Rs.)	80/-
C.	Options vested	Nil
D.	Options exercised	Not Applicable
E.	Total number of Equity Shares arising as a result of exercise of options	Not Applicable
F.	Options forfeited / lapsed	75,000
G.	Variation of terms of options	None
H.	Money realised by exercise of options	Not Applicable
I.	Total number of options in force	15,65,000
J.	Vesting schedule	See details below
K.	Method and assumptions for estimation of the fair value of the options	As per the SEBI ESOP Guidelines
L.	Diluted EPS#	0.731 for fiscal 2007
M.	Impact on profit & EPS for the last three fiscal years on account of difference between intrinsic value & fair value of the options	Not Applicable
N.	Weighted average exercise price	Fixed at Rs. 80
O.	Weighted average fair value	Not Applicable
P.	Intentions of the holders of the equity shares, granted on exercise of options granted under ESOP, within three months from the date of listing of Equity Shares pursuant to the Public Issue	The vesting will happen on and after July 1, 2008
Q.	Person-wise details of options granted to : (i) Directors and senior managerial personnel; (ii) Any employee who received a grant in any one year of options amounting to 5% or more of options granted (iii) identified employees who are granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant (excluding (ii) above)	As provided in the table below.

Details of key managerial personnel or employees receiving 5% or more of the options granted

Name	Position	Stock options granted	%of pre-issue paid up equity capital at the time of grant	% of options granted	Equity Shares held at August 31, 2007	Options outstanding
Mr. Parvez Umrigar	Managing Director	6,00,000	0.47	36.59	Nil	6,00,000
Mr. Parag Parikh	Head-Finance	2,40,000	0.19	14.63	Nil	2,40,000
Mr. Kshitiz Bhasker	Head-Business Development	1,50,000	0.12	9.15	Nil	1,50,000
Mr. Deepak Chauhan	Deputy General Manager-Legal	1,20,000	0.09	7.32	Nil	1,20,000
Key Managerial Personnel						
Mr. Amanullah Aman	General Manager	75,000	0.06	4.57	Nil	75,000

Vesting Schedule

The vesting schedule in respect of each employee is in accordance with the respective grant letters. The year wise aggregate vesting schedule has been set out below:

Vesting date	Number that would vest	Exercise period
July 1, 2008	3,52,250	July 1, 2008 to June 30, 2010
July 1, 2009	4,11,750	July 1, 2009 to June 30, 2011
July 1, 2010	3,90,250	July 1, 2010 to June 30, 2012
July 1, 2011	4,10,750	July 1, 2011 to June 30, 2013

7. Shareholding pattern before and after the Issue

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue

	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue	
Shareholder Category	**Number**	**%**	**Number**	**%**
Promoters				
Gammon India Limited **(A)**	10,56,00,000*	82.50%	10,56,00,000*	73.05%
Promoter Group				
Gammon Cooling Towers Limited	44,80,000	3.50%	44,80,000	3.10%

Shareholder Category	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue	
	Number	%	Number	%
(B)				
Sub Total (A+B)	**11,00,80,000**	**86.00%**	**11,00,80,000**	**76.15%**
Investors				
AMIF I Limited **(C)**	1,15,20,000	9.00%	1,15,20,000	7.97%
Others (D)	64,00,000	5%	64,00,000	4.43%
Total pre Issue share capital (E=A+B+C+D)	**12,80,00,000**	**100%**	-	-
Issue (F)			1,65,50,000	11.45%
Total post issue share capital (E+ F)			**14,45,50,000**	

* Including thirty (30) Equity Shares held by certain individuals as nominees pursuant to Section 49 of the Companies Act.

8. Buyback and Standby Arrangements

Neither we nor our Directors nor the Promoters nor the Promoter Group companies and their respective directors, nor the BRLMs or the CBRLM have entered into any buyback and/or standby arrangements for the purchase of the Equity Shares forming part of the Issue from any person.

9. We have not raised any bridge loan against the proceeds of the Issue. For details on use of proceeds, see the section titled "Objects of the Issue" on page 35 of this Red Herring Prospectus.

10. Not less than 60% of the Net Issue shall be allocated to QIBs on a proportionate basis. 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds subject to valid Bids being received at or above the Issue Price. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the discretion of the Company and the BRLMs. The Issue includes the Employee Reservation Portion of up to 16,55,000 Equity Shares which are available for allocation to Eligible Employees.

11. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion. For further details, see section titled "Issue Structure" at page 296 of this Red Herring Prospectus. Bid/ Application by Eligible Employees can be made also in the "Net Issue" and such Bids shall not be treated as multiple Bids.

12. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Retail Portion. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Reservation Portion.

13. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

14. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allocation.

15. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the equity shares offered hereby have been listed.

16. The Company presently does not have any intention or proposal to alter capital structure for a period of six months commencing from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise. However, during such period or at a later date, we may issue Equity Shares pursuant to an employee stock option plan or issue equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in our interest.

17. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.

18. There will be only one denomination of the Equity Shares of the Company unless otherwise permitted by law and the Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

19. Except for Equity Shares allotted to Bidders opting for Payment Method-1, all Equity Shares will be fully paid up at the time of allotment failing which no allotment shall be made.

20. As of December 31, 2007, we have eight members.

21. We have received approval from FIPB to permit eligible non-residents to subscribe to the Equity Shares of our Company in this Issue subject to the adherence to SEBI/RBI Guidelines.

OBJECTS OF THE ISSUE

The objectives of the Issue are:

- To contribute to a part of the investment required by KBICL, our subsidiary formed for the design, construction, finance & maintenance of a 1.8 kilometer long four-lane bridge across river Kosi including 8.2 kilometers long approach roads and Guide bund & Afflux bund on NH-57 in the Supaul district of Bihar;

- To contribute to a part of the investment required by GICL, our subsidiary formed for the design, construction, finance & maintenance of a 32 kilometer long four-lane bypass to Gorakhpur town on NH-28 in the state of Uttar Pradesh;

- To contribute to a part of the investment required by SHPVL, our subsidiary formed for developing the Rangit-II hydroelectric power project in the state of Sikkim;

- Infusion of funds into MNEL, our subsidiary formed for the four-laning of the 99.5 kilometers Vadape-Gonde section (between Mumbai and Nasik) of NH 3 on BOT basis;

- Repayment of loan to GIL;

- General Corporate Purposes and investment in strategic initiatives and acquisitions; and

- To achieve the benefits of listing our Equity Shares.

The net proceeds of the Issue, after deducting all Issue related expenses, are estimated to be Rs. [•] lakhs.

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

We may have to revise our expenditure and fund requirements as a result of variations in cost estimates on account of a variety of factors such as changes in design or configuration of the project, incremental preoperative expenses and external factors such as geological assessments which may not be within the control of our management and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management. In case of any surplus after utilization of the proceeds from the Issue for the stated objects, we may use such surplus towards general corporate purposes. In the event of a shortfall in raising the requisite capital from the proceeds of the Issue towards meeting the objects of the Issue, the extent of the shortfall will be met by way of such means available to our Company, including by way of incremental debt or cash available with us.

Utilization of the Issue Proceeds

The break-down of the proposed utilization of the Issue proceeds and the year-wise deployment of proceeds during the next two years is as given below:

S. No.	Particulars	Amount to be utilized (Rs. in lakhs)				
		April 1, 2007 to March 31, 2008	April 1, 2008 to March 31, 2009	April 1, 2009 to March 31, 2010	April 1, 2010 to March 31, 2011	Total
1.	Investment in KBICL for the Kosi Bridge Project.	-	765.00	1,650.40	-	2,415.44
2.	Investment in GICL for the Gorakhpur Bypass Project	-	2,012.00	1,677.00	-	3,689.00
3.	Investment in SHPVL	-	4,480.00	-	4,480.00	8,960.00

S. No.	Particulars	Amount to be utilized (Rs. in lakhs)				
		April 1, 2007 to March 31, 2008	April 1, 2008 to March 31, 2009	April 1, 2009 to March 31, 2010	April 1, 2010 to March 31, 2011	Total
	for the Rangit-II Hydroelectric Project					
4.	Investment in MNEL for the Mumbai Nasik Road Project	-	5,100.00	-	-	5,100.00
5.	Repayment of loan to GIL	1,000.00	-	-	-	1,000.00
6.	General Corporate Purposes and Investment in strategic initiatives and acquisitions					[•]
7.	Issue Expenses					[•]
	Total	**1,000.00**	**12,357**	**3,327.40**	4,480.00	**[•]**

Means of Finance

The total project cost and means of finance for these projects are set out below:

(Rs. In lakhs)

Project name	Total Cost	Equity already infused	Means of Finance	
			Debt	Issue proceeds
KBICL	43,961	2,415	39,130	2,415
GICL	64,921	3,689	57,543	3,689
MNEL	75,300	5,200	65,000	5,100
SHPVL*	35,863	194	26,903	8,960
	2,20,045	**11,498**	**1,88,576******	**20,164**

* *Expenses incurred including pre-operative expenses of Rs 194 lakhs, have been met through equity infusion / advance against equity in SHPVL by GIPL through internal accruals. The internal accruals will be replenished to this extent from the Issue Proceeds.*

** *Financial closure in respect of debt requirement for KBICL, GICL and MNEL aggregating to Rs. 1,61,670 lakhs has already been completed. See the section titled "Indebtedness" on page 262 of this Red Herring Prospectus.*

In respect of SHPVL, Canara Bank, by way of its letter dated September 10, 2007 has agreed in principle to provide and /or arrange the financial assistance of Rs. 25,000 lakhs for this project. This arrangement is subject to satisfactory completion of due diligence, internal credit processes and approvals. Further, our Promoter, GIL, has resolved during its board meeting dated October 30, 2007 that in the event that entire debt of Rs. 26,900 lakhs is not tied up, it shall arrange for or provide any shortfall amount as may be required to complete this project. See 'Material Contracts and Documents for Inspection' on page 367 of this Red Herring Prospectus.

Accordingly, the Company has made firm arrangements (as envisaged by clause 2.8 of the SEBI DIP Guidelines) for funding at least 75% of the financing requirements for the Projects, after taking into account the financing proposed to be made out of the Net Proceeds of the Issue.

Investment in KBICL

We directly own a stake of 73.99% in the equity share capital of KBICL, which is developing an annuity highway project under the aegis of NHAI. The balance 26.01% is owned by GIL and by way of an agreement dated August 31, 2007 it has transferred the beneficial ownership and economic interest in respect of these shares including the right to vote and right to receive dividends. We also have a controlling interest in KBICL due to our right to appoint directors on the board of KBICL. For more details see the chapter titled "History and Certain Corporate Matters" and "Risk Factors" on page 109 and page xiii respectively of this Red Herring Prospectus.

KBICL has entered into a concession agreement for the project with NHAI on October 6, 2006 and the concession is for a period of 20 years. Under the concession agreement, KBICL is expected to commence operations by April 2010. In terms of the EPC contract entered into with GIL, the construction commenced on April 5, 2007. For description of business contracts, project sites and the status of the project, see the section titled "Business" on page 75 of this Red Herring Prospectus.

The total cost of setting up this project is Rs. 43,961 lakhs. It has been appraised by a consortium of banks led by Canara Bank. This project cost is proposed to be financed with a rupee term loan of Rs. 39,130 lakhs and equity of Rs. 4,831 lakhs. The financial closure for the project has been achieved vide the financing documents executed on April 28, 2007 between KBICL and a consortium of two banks consisting of Canara Bank and Central Bank of India. For more details, see the section titled, "Indebtedness" on page 262 of this Red Herring prospectus. Out of the total equity requirement of Rs. 4,831 lakhs, we have already infused Rs. 2,415 lakhs towards initial equity infusion. The balance requirement of Rs. 2415 lakhs will be met from the proceeds of this Issue.

The break-up of the total approved project cost and the amount spent till January 21, 2008 is as follows:

(Rs. in lakhs)

Item	Total estimated cost	Amount Spent till January 21, 2008
EPC Cost (including Mobilization Advance to EPC Contractor)	34,705	5,599.8
Highway Traffic Management Systems & Equipment	350	-
Miscellaneous Expenses	200	91.9
Developer Fees	1,000	-
Independent Engineer and Lender Engineer Fee	370	5.51
Insurance Expenses	126	0.03
Interest during Construction Period	6,807	88.6
Project Contingency	304	-
Preliminary expenses including SPV formation	100	30
Total	**43,962**	**5,816.3**

* As per Certificate dated January 25, 2008, from M/s. A. G. Mundra & Co., Chartered Accountants.

Investment in GICL

We directly own a stake of 68.89% in the equity share capital of GICL, which is developing an Annuity highway project under the aegis of NHAI. Out of the balance, 26.01% is owned by GIL and 5.1% is ATSL, one of our Promoter Group Companies. Further, by way of an agreement dated August 31, 2007 GIL has transferred the beneficial ownership and economic interest in respect of 26.01% of equity shares owned by it to us including the right to vote and right to receive dividends. We also have a controlling interest in GICL due to our right to appoint directors on the board of GICL. For more details see the chapter titled "History and Certain Corporate Matters" and "Risk Factors" on page 109 and page xiii respectively of this Red Herring Prospectus.

GICL has entered into a concession agreement for the project with NHAI on October 6, 2006 and the concession is for a period of 20 years. Under the concession agreement, GICL is expected to commence operations by October 2009. In terms of the EPC contract entered into with GIL, the construction commenced on April 5, 2007. For description of business contracts, project sites and the status of the project, see the section titled "Business" on page 75 of this Red Herring Prospectus.

The total cost of setting up this project is Rs. 64,921 lakhs. It has been appraised by a consortium of banks led by Bank of India. This project cost is proposed to be financed with a rupee term loan of Rs. 57,543 lakhs and equity of Rs. 7,378 lakhs. The financial closure for the project has been achieved vide the financing documents executed on May 11, 2007 between GICL and a consortium of Bank of India, Canara Bank, Central Bank of India and Punjab National Bank. For more details, see the section titled, "Indebtedness" on page 262 of this Red Herring prospectus. Out of this total equity requirement of Rs. 7,378 lakhs, we have already infused Rs. 3,689 lakhs towards initial equity infusion. The balance requirement of Rs. 3,689 lakhs will be met from the proceeds of this Issue.

The break-up of the total approved project cost and the amount spent till January 18, 2008 is as follows:

(Rs. in lakhs)

Item	Total estimated cost (Rs. in Lakhs)	Amount spent till January 18, 2008
EPC Cost (including Mobilisation Advance to EPC Contractor)	55,190	10,353.6
Highway Traffic Management Systems & Equipment	650	-
Developer Fees	1,000	-
Independent Engineer and Lender Engineer Fee	5,890	99.16
Insurance Expenses	1,040	12.63
Interest during Construction Period	6,838	175.8
Project Contingency	450	-
Preliminary expenses including SPV formation	100	59.4
Total	**64,921**	**10,700.7**

* As per Certificate dated January 23, 2008 from M/s. A. G. Mundra & Co., Chartered Accountants.

Investment in SHPVL for the Rangit II hydroelectric power project

We currently own a 100% stake in the equity share capital of SHPVL, which is developing the Rangit II hydroelectric power project, a run of the river project on the Rimbi river in Sikkim.

SHPVL has, on December 8, 2005 entered into a concession agreement for the project with the Government of Sikkim, which provides for a total concession period of 35 years from the Commercial Operations Date. Under the concession agreement, SHPVL is expected to commence operations by January 2011. The agreement envisages the installed capacity of 60 MW which has been revised to 66 MW as per the detailed project report submitted to Sikkim Power Development Corporation. The actual power generation capacity of a hydropower project is established only after the detailed project report is prepared. The memorandum of understanding with Government of Sikkim permits revision of capacity pursuant to the detailed project report, if any. SHPVL has already paid the processing fee (Rs. 10,000 per MW) to SPDC for the additional capacity (6 MW), as required under the memorandum of understanding. The techno-economic clearance from SPDC is awaited. For description of business contracts, project sites and the status of the project see the section titled "Business" on page 75 of this Red Herring Prospectus.

The total project cost is estimated to be Rs. 35,863 lakhs as per the detailed project report dated December 25, 2006 prepared by SVS Engineering Services Private Limited, an independent consultant and submitted to SPDC. We expect to finance the project through a mixture of 25% equity and 75% debt. Our equity contribution of Rs. 8,960 lakhs is expected to be infused over a period of four years from the proceeds of the Issue in accordance with the deployment schedule mentioned above.

The project cost has not been appraised by financial institution/banks and is subject to change subsequent to clearance of the detailed project report by SPDC. The break-up of the total project cost as per the detailed project report prepared by SVS Engineering Services Private Limited are provided below:

As of January 2007 prices	*(Rs. in lakhs)*
Civil Works	16,629
Electrical & Mechanical Works	10,158
Cost of Transmission Lines	1,250
Cost Escalation during the Construction Period	3,163.3
Interest During Construction	3,239
Fund Management Expenses	619
Margin Money for Working Capital	372
Total Project Cost	**35,863**

Canara Bank vide its letter dated September 10, 2007 has agreed in principle to provide and /or arrange the financial assistance of Rs. 25,000 lakhs for the Sikkim Hydropower Project. This arrangement is subject to satisfactory completion of due diligence, internal credit processes and approvals. Further, our Promoter, GIL, has resolved during its board meeting dated October 30, 2007 that in the event that entire debt of Rs. 26,900 lakhs is not tied up, it shall arrange for or provide any shortfall amount as may be required to complete this project.

As stated in the certificate dated January 29, 2008 provided by M/s. A. G. Mundra & Co., Chartered Accountants, the total expenses incurred on this project as of December 30, 2007 is provided below:

(Rs. in lakhs)

Item	Amount
Expenses incurred including pre-operative expenses	2.03
Total	2.03

Investment in MNEL for a BOT Project of NHAI

We currently own a 79.99% stake in the equity share capital of MNEL, which is developing a BOT highway project under the aegis of NHAI. This shareholding shall reduce to 70%. For more details, see the section titled "Our Subsidiaries and Associates" on page 121 of this Red Herring Prospectus.

MNEL has entered into a concession agreement for the project with NHAI on October 14, 2005 and the concession is for a period of 20 years. Under the concession agreement, MNEL is expected to commence operations by April 2009. For description of business contracts, project sites and the status of the project see the section titled "Business" on page 75 of this Red Herring Prospectus.

The total cost for this project has been estimated to be Rs. 75,300 lakhs. The project cost has been appraised by a consortium of banks led by Canara Bank. It is proposed to be funded by debt of Rs. 65,000 lakhs, equity of Rs. 5,200 lakhs and capital grant from NHAI of Rs. 5,100 lakhs. The capital grant from NHAI shall be receivable in the third year of the construction phase. The entire equity requirement of Rs. 5,200 lakhs has already been funded by us. The project has achieved financial closure vide the financing documents dated June 1, 2006 between MNEL and a consortium of seven banks. For more details, see the section titled, "Indebtedness" on page 262 of this Red Herring prospectus.

We estimate that we may have fund requirements in relation to the completion of this project prior to receiving the grant from NHAI. Thus, we shall fund MNEL to the extent of Rs. 5,100 lakhs from the proceeds of this Issue.

The break-up of the total approved project cost and the amount spent till January 18, 2008 is as follows:

(Rs. in lakhs)

Item	**Total Estimated Cost (Rs. in Lakhs)**	**Amount spent till January 18, 2008***
EPC Cost (including Mobilisation Advance to EPC Contractor)	62,100	27,568.4
Toll Equipment	650	0
Financial Fees & Expense	404	313.9
Developer Fees	1,675	837.4
Engineering Charges/Independent Consultant/Auditor	382	44.3
Interest during Construction Period (IDCP)	9,422	1,576
Project Contingency	621	0
Preliminary expenses including SPV formation	46	40.1
Total	**75,300**	**30,380.5**

* As per certificate dated January 18, 2008 from M/s. A. G. Mundra & Co., Chartered Accountants.

Repayment of loan

We intend to use part of the proceeds of the Issue to repay our existing loans obtained from GIL, our Promoter amounting to Rs. 1,000 lakhs on August 31, 2007 whereby Rs. 845 lakhs was used as share application money for subscription to equity shares of GICL (Rs. 10 per share at par) and balance Rs. 155 lakhs were used for payment of income tax. The same has been certified by A.G. Mundra & Company, Chartered Accountant by its certificate dated January 20, 2008. The loan was granted at an interest rate of 9% per annum and for a period of 90 days with a put/call option thereafter. See "Material Contract and Documents for Inspection" on page 367 of this Red Herring Prospectus.

Government and Environmental Clearances

In respect of the identified projects above, we have obtained certain required government and environmental clearances. In addition, we are in the process of obtaining the balance or we shall obtain the same at the appropriate stage of development of the said projects. For more details, see the section titled "Licenses and Approvals" on page 276 of this Red Herring Prospectus.

General Corporate Purposes, investment in strategic initiatives and acquisitions

As part of our on-going business strategy we have bid for and we will continue to bid for various infrastructure projects on a BOT or BOOT basis or variants of such models and invest in SPVs within and outside India. If and when our bids are successful, to be able to undertake such projects, we would be required to form SPVs to facilitate the execution of such projects. We intend to deploy the balance Proceeds from the Issue aggregating Rs. [●] lakhs, towards General Corporate Purposes, including but not restricted to meeting working capital requirements, strategic initiatives, partnerships, joint ventures and acquisitions, meeting exigencies, which our Company in the ordinary course of business may face, or any other purposes as approved by our Board. We may undertake acquisitions of strategic stake in other infrastructure project development companies. In addition to bidding for new projects, we also plan to grow our business through the inorganic route to enter new markets, new segments and gain significant capabilities. As of date, we have not identified any such opportunity. These initiatives will be governed by our strategy of optimal investment and leveraging the core competencies of our partners and ourselves.

The management, in accordance with the policies established by the Board, will have flexibility in applying the portion of the net proceeds allocated for investments in SPVs for general corporate purposes. Whilst we expect to utilize the Issue proceeds in the manner provided above, the Board shall have flexibility in utilizing the Issue proceeds for other new projects including those secured by us through a bidding process or through negotiations.

Benefits of Listing

We believe that the listing of our Equity Shares will, *inter alia,* enhance our visibility and brand name among our existing and potential customers.

Issue expenses

The expenses for this Issue include lead management fees, selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar fees, depository charges and listing fees to the Stock Exchanges, among others. The total expenses for this Issue are estimated to be approximately Rs. [●] lakhs as per the following break up:

Lead management, underwriting and selling commission	[●]
Advertising and marketing expenses	[●]
Printing and stationery (including courier, transportation charges)	[●]
Others (registrar fees, legal fees, listing costs, etc.)	[●]
Fees paid to rating agency	[●]
Total	[●]

Interim Use of Proceeds

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in high quality interest bearing liquid instruments including deposits with banks and investments in mutual funds, for the necessary duration. Such investments would be in accordance with the investment policies that may be approved by our Board of Directors from time to time.

Monitoring of Utilisation of Funds

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. Our Board will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue in our

Balance Sheet for the relevant Financial Years.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement shall be certified by the statutory auditors of the Company.

Other than some of our SPVs entering into EPC contracts with our Promoter for their projects in the usual course of business, no part of the proceeds of the Issue will be paid by us as consideration to our Promoter, our Directors, Key Management Personnel or companies promoted by our Promoter.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with BRLMs on the basis of assessment of market demand for the Equity Shares, by way of Book Building Process.

Qualitative Factors

- *Substantial operating experience*
- *Quality and strength of execution*
- *Ability to mobilize financial resources*
- *Diverse project portfolio with assured revenues*
- *Highly qualified and motivated employee base and proved management team*
- *Part of the Gammon Group*

For further details please refer to the section titled “Business” on page 75 of this Red Herring Prospectus.

Quantitative Factors

GIPL is a holding company of the infrastructure assets of the Gammon Group, in addition to offering operations and maintenances services. We have limited historical financial information on a consolidated basis. Hence we have considered only standalone historical financials of GIPL in this section for the calculation of various ratios. The last three financial years for the Company are not uniform and hence the numbers cannot be strictly compared across the years.

Financial Period	Duration
April 1, 2006 – March 31, 2007	12 months
January 1, 2005 – March 31, 2006	15 months
April 1, 2004 – December 31, 2004	9 months

Also, there are no strictly comparable holding companies in India with a similar portfolio of infrastructure assets. Accordingly, the price per share of the issue is based on the future growth strategy of GIPL, rather than on the current earnings. Investors must evaluate GIPL taking into consideration the earnings of GIPL based on its consolidated growth strategy and future revenue potential of its existing infrastructure projects.

1. *Adjusted Earning per Share (EPS) - Annualised*

Financial Period	EPS based on Standalone Restated Financial Statements(Rs.)	Weight
April 1, 2007 – September 30, 2007	0.62*	4
April 1, 2006 – March 31, 2007	0.74	3
January 1, 2005 – March 31, 2006	0.48*	2
April 1, 2004 – December 31, 2004	0.28*	1
Weighted Average	**0.59**	

***** The EPS figures have been annualized. EPS for the six months period ended September 30, 2007 was Rs 0.31, nine months period ended December 31, 2004 was Rs. 0.21 and for the fifteen months period ended March 31, 2006 was Rs. 0.60.

Notes:

(1) The earnings per share has been computed on the basis of adjusted profits and losses for the respective years / periods after considering the impact of accounting policy changes, prior period adjustments / re-groupings pertaining to earlier years as per the auditors report, and have been annualized.
(2) The face value of each equity share is Rs. 10.

2. Price Earnings Ratio (P/E Ratio)

a. EPS based on standalone restated financial statements for the year ended March 31, 2007 was Rs 0.74 and for the six months period ended September 30, 2007 was Rs 0.31.

b. P/E based on year ended March 31, 2007 EPS, based on standalone restated financial statements, is 226 at the lower end of the price band, and 270 at the higher end of the price band. P/E based on annualized EPS for the six months period ended September 30, 2007, based on standalone restated financial statements, is 269 at the lower end of the price band, and 323 at the higher end of the price band.

c. Peer group P/E (standalone)
There are no comparable holding companies with a diversified portfolio of infrastructure assets. Also, there are no comparable Operations and Maintenance companies in the infrastructure sector in India. As such, it is not possible to generate a peer group for GIPL.

3. Average Return on Networth

The figures disclosed below are based on the standalone restated financial statements of GIPL.

Financial Period	RoNW* (%)	Weight
April 1, 2007 – September 30, 2007[#]	1.64	4
April 1, 2006 – March 31, 2007	3.94	3
January 1, 2005 – March 31, 2006	1.77	2
April 1, 2004 – December 31, 2004	2.07	1
Weighted Average	**2.40**	

$$\text{*Return on Networth} = \frac{\text{Net profit after tax, as restated}}{\text{Net worth, as restated, at the end of the period}}$$

[#] Period represents half year ended September 30, 2007

4. Minimum Return on Total Net Worth post-Issue to maintain pre-Issue EPS is [•] %

5. Net Asset Value (NAV)

(i) As at September 30, 2007	Rs. 18.99
(ii) After Issue	Rs. [●]
(iii) Issue Price	Rs. [●]

6. Comparison with other listed companies

Although there is no strict peer group for GIPL, we give below a comparison with listed companies that represent or closely represent the infrastructure holding company nature of the Company.

FY 2007	F. V.	EPS (Rs.)	P/E	RONW	Book Value (Rs.)
GIPL	10	0.74	[●]	3.94%	18.82
Holding Company Comparables					
GVKPIL	10	1.0	601.800	3.9%	117.5
GMR Infrastructure	2	-	-	0.3%	30.8

Source: Vol XXII/24 (Jan 28 –Feb 10, 2008) Capital Market

The BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. See the section titled "Risk Factors" on page xiii of this Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report on page 163 of this Red Herring Prospectus to have a more informed view.

STATEMENT OF GENERAL TAX BENEFITS

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 general 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 Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is 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.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

For S.R. Batliboi & Associates
Chartered Accountants

Per Amit Majmudar
Partner
Membership No: 36656

Place: Mumbai
Date: January 30, 2008

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No: 40441

Place: Mumbai
Date: January 30, 2008

Statement Of Possible General Tax Benefits Available To Gammon Infrastructure Projects Limited And Its Shareholders

(A) Benefits to the company under Act

1. Dividends exempt under section 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.

2. Computation of capital gains

Capital assets are to be categorised 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 recognised 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 or 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 recognised stock exchange in India or UTI or Mutual Fund units specified under section 10(23D) of the IT Act or 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 a unit of an equity oriented fund, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and 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, from Assessment Year 2007-2008, 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 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT. However under section 94(7) of the Act, losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date for declaration of dividend and sold / transferred within a period of three months in case of shares or nine months in case of units after such record date shall be ignored to the extent of dividend on such shares/ units as the case may be received and claimed exempt.

3. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller individually.

The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

4. 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;

5. MAT credit

In terms of section 115JAA(1A), 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 seven years succeeding the year in which the MAT credit initially arose.

(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.

2. Computation of capital gains

Capital assets are to be categorised 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 recognised 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 recognised 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 being an equity share in a company listed on a recognized stock exchange in India or a unit of an equity oriented fund, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and 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 @ 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT. However under section 94(7) of the Act, losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date for declaration of dividend and sold / transferred within a period of three months in case of shares or nine months in case of units after such record date shall be ignored to the extent of dividend on such shares/ units as the case may be received and claimed exempt.

3. Exemption of capital gains 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, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to 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 a 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.

However, if the resident shareholder transfers the residential house property 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.

4. Rebate under section 88E of the IT Act

As per the provisions of section 88E of the IT Act, where the business income of a resident shareholder includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax, equal to the securities transaction tax paid on such transactions. However, the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

(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.

2. Computation of capital gains

Capital assets are to be categorised 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 recognised 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 recognised 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 a unit of an equity oriented fund, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and 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 second proviso to section 48 and 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 @ 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT. However under section 94(7) of the Act, losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date for declaration of dividend and sold / transferred within a period of three months in case of shares or nine months in case of units after such record date shall be ignored to the extent of dividend on such shares/ units as the case may be received and claimed exempt.

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, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to 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 a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act) arising to an individual or 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 (subject to prior approval from Reserve Bank of India) 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.

However, if the non-resident shareholder transfers the residential house property 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.

4. Rebate under section 88E

As per the provisions of section 88E, where the business income of a non-resident shareholder includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax, equal to the securities transaction tax paid on such transactions. However, the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

5. 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 non-resident shareholder. Thus, a non-resident shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

6. Non resident 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.

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

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

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

As per the provisions of section 10(38) of the 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 or a unit of an equity oriented fund, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

3. Capital gains

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

Rate of tax

Nature of Income	*(%)**
Long-term capital gains	*10*
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 Act are not available to a FII.

As per the provisions of section 10(38) of the 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, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per provisions of section 111A of the 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 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004and is chargeable to STT.

4. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the 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 Act or the applicable tax treaty whichever is more beneficial.

(E) Benefits to the Mutual Funds

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

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

2. As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or regulations made there under, 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) Benefits to the Venture Capital Companies / Funds

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

Dividend (whether interim or final) received by a Venture Capital Company ('VCC')/ Venture Capital Funds ('VCF') from its investment in shares of another domestic company would be exempt in the hands of the VCC/VCF as per the provisions of section 10(34) read with section 115-O of the Act.

2 Income exempt under section 10(23FB) of the Act

As per the provisions of section 10(23FB) of the Act, any income of VCC/VCF registered with the SEBI, set up to raise funds for investment in a venture capital undertaking ('VCU') would be exempt from income tax, subject to the conditions specified. The Finance Act 2007 has restricted the definition of venture capital undertaking ('VCU') to mean such domestic company whose shares are not listed on a recognized stock exchange in India and which is engaged in the following specified business viz:

- Nanotechnology;
- Information technology relating to hardware and software;
- Seed research and development;
- Bio-technology;
- Research and development of new chemical entities in the pharmaceutical sector;
- Production of bio-fuels;
- Building and operating composite hotel-cum-convention centre with seating capacity of more than 3,000;
- Developing or operating and maintaining or developing, operating and maintaining any infrastructure facility as defined in Explanation to clause (i) of sub-section (4) of section 80-IA and
- Dairy or poultry industry.

(G) Benefits available 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.

Notes:

1. All the above benefits are as per the current tax law. At present, there are no special tax benefits enjoyed by the Company.

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.

The characterization of gains / losses, arising from the sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the member and various other factors.

SECTION IV – ABOUT US

INDUSTRY

Unless stated otherwise, industry data used in this section has been obtained from industry sources such as CRISINFAC Report, the website of NHAI, Ministry of Shipping, Ministry of Road Transport and Highway and Indian Ports Association. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified.

The CRISINFAC Report states that CRISIL Limited has used due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

The Indian Economy and Infrastructure Development

Over the past ten years, the Indian economy has grown at an average rate of 7.3% per year. The following chart presents a comparison of India's GDP growth rate with the growth rate of certain other countries.

	2002	2003	2004	2005	2006	2007
Australia	3.8	3.0	3.7	2.8	2.7	2.6
Japan	(3.0)	0.8	1.0	1.9	2.2	2.3
Korea South	6.1	5.0	5.3	4.2	5.0	4.4
UK	1.6	2.0	2.5	1.9	2.7	2.9
USA	2.4	2.2	3.6	3.2	3.3	2.2
China	8.0	7.5	7.5	10.4	10.7	10.0
India	5.8	3.8	8.5	7.5	9.0	9.4
Malaysia	4.2	5.0	5.8	5.2	5.9	5.5
Thailand	5.2	4.2	4.3	4.5	5.0	4.5
Brazil	1.5	2.8	3.5	2.9	3.7	4.4
Chile	2.0	3.1	4.8	5.7	4.0	5.2
Russia	4.3	6.0	5.0	6.4	6.7	6.4

(Source: Centre for Monitoring Indian Economy)

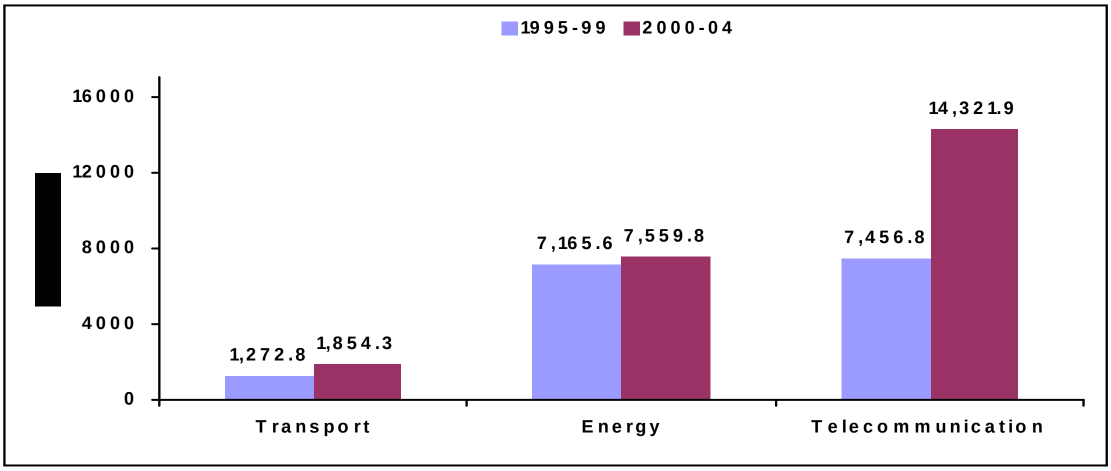
Over the past ten years the per capita GDP and average consumer spending in India has increased at an average rate of 4% and 5%, respectively. This growth in the Indian economy has fuelled demand for quality infrastructure services, which has led to increased infrastructure development in India. Due in part to recent regulatory and policy reforms, there has been growth in several areas of infrastructure, as illustrated in the following table:

(In percent)

					April – December	
	2002-03	2003-04	2004-05	2005-06	2005-06	2006-07
Electricity generated (utilities only)	3.2	5.1	5.2	5.1	4.8	7.5
Cargo handled at major ports	9.0	10.0	11.3	10.3	12.6	8.3
Passengers handled at international airport terminals	4.8	6.5	14.0	12.8	12.7	11.8
Passengers handled at domestic airport terminals	9.6	13.1	23.6	27.1	21.9	37.0
New telephone connections	54.63	76.53	98.37	142.09	189.92	0.0

(Source: Economic Survey 2006-07)

We believe a significant proportion of this growth has been a consequence of increased private sector involvement in infrastructure. While historically infrastructure services in India have been provided through government entities, in recent years, changes in the legal, regulatory and policy regimes in India have allowed for increased private involvement in infrastructure development. Some of these recent legislative reforms include the Airports Authority of India Act, 1994, as amended in 2003 and the Electricity Act, 2003, pursuant to which the Government has announced the National Electricity Policy articulating its resolve to make electricity available to all households and fully meet the demand for power by the year 2012. These measures have allowed public-private partnerships where projects are developed, financed, constructed and operated by private sector sponsors with cooperation from the Government. The following chart presents the volume of private investment in three key sectors, namely energy, transportation and telecommunications for the periods indicated:



(Source: World Bank's World Development Indicators Online 2006)

The increase in investments has led to notable progress in certain key sectors, particularly telecommunications and roads. For example, in roads, under the National Highway Development Program (NHDP) Phase I and Phase II, the largest highway project ever undertaken by the country, 14,471 kilometres of highways are being upgraded.

Budgetary Allocation

The Government's focus and sustained increased budgetary allocation and increased funding by international and multilateral development finance institutions for infrastructure development in India has resulted in, or is expected to result in, several large infrastructure projects across India. The GOI has developed various alternate sources of raising funding for infrastructure projects, including the levy of cess on petrol and diesel, which is being used to fund road projects such as the Golden Quadrilateral and the North-South and East-West corridors. The GOI is actively engaged in raising funds from Multilateral Financial Development Institutions such as the World Bank, IFC and ADB, to promote various infrastructure projects across India. There are also various initiatives being taken to encourage private sector participation, such as tax breaks for investments in infrastructure. The GOI has also devised return schemes to attract private participants, such as annuity payments and capital gains tax incentives in road projects.

There was a clear increase in fund allocations for the infrastructure sector in the tenth plan (2002-2007) prepared by the Planning Commission. The GOI has made a significant commitment to infrastructure development and has been mandated by the World Bank to invest the bulk of the proposed aid of US$3 billion in the infrastructure sector. Consequently, apart from increasing public sector investment into infrastructure, the GOI has also introduced a series of reforms to attract private sector participation and foreign direct investment.

Infrastructure Investments

			Infrastructure Investments		
(Rs. billion)	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2007-08**
Airports	20	15	15	38	50
Irrigation	151	139	208	423	482
Ports	7	5	5	20	40
Power	232	312	340	771	572

	Infrastructure Investments				
(Rs. billion)	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2007-08**
Thermal	*136*	*204*	*224*	*554*	*390*
Hydel	*90*	*96*	*98*	*163*	*126*
Nuclear	*6*	*13*	*18*	*54*	*56*
Railways	121	135	153	302	280
Roads	206	190	199	383	528
Telecom	133	126	89	315	411
Tourism	2	4	5	12	17
Urban infrastructure	162	174	184	402	512
Total	**1,034**	**1,101**	**1,197**	**2,665**	**2,892**

F: Forecast

(Source: Plan documents and CRIS INFAC Construction Update – June 2006)

Guidelines for pre-qualification of bidders for PPP projects

One of the key factors that determine the success of a PPP project is the criteria for selection of the project sponsor; especially as such projects typically involve large capital investments for providing essential infrastructure services to users on a long term basis. A bidder lacking in sufficient technical and financial capacity can jeopardize the project whereas selection based on negotiations or inadequate competition can deprive the users of the assurance that they are paying a competitive price.

A variety of technical, financial and other criteria were being used by project authorities and in some cases technical proposals were also being invited along with financial bids. Some of the qualification parameters were subjective and were prone to disputes / litigation.

The Committee on Infrastructure (CoI) chaired by the Prime Minister constituted an inter-ministerial group to arrive at the guidelines to be laid down for pre-qualification and short-listing of applications who should be invited to make financial offers. Following extensive consultations with stakeholders and experts, the group submitted its recommendations that were accepted by CoI and issued the guidelines. The guidelines include a Model Request for Qualification (RFQ) document that ministries and autonomous bodies are expected to follow.

<u>Selection Process</u>

The bidding process for PPP projects is typically divided in two stages:

1. RFQ stage where eligible and prospective bidders are short-listed for the RFP stage.

2. RFP stage where bidders submit their financial bids after proper due diligence of the project.

<u>RFQ Process</u>

Objective of the RFQ process is to identify credible bidders who have requisite technical and financial capacity for undertaking the project. The criteria for short-listing of bidders is divided into technical and financial parameters:

1. Technical Capacity – The applicant should have acquired sufficient experience and capacity in building infrastructure projects. This is measured either from construction work undertaken/ commissioned or from revenues from BOT/BOO/BOLT projects, or from both, during the 5 years preceding the application date. O&M experience of the applicants is also considered as one of the eligibility conditions. Following parameters are used to assess technical capacity of the applicant –

    a. Project experience on BOT projects in specified sector

    b. Project experience on BOT projects in core sector

c. Construction experience in specified sector

d. Construction experience in core sector

e. O&M experience: The consortium may include a member with at least 26% equity holding and having relevant experience in operation and maintenance. Alternatively, successful bidders may be required to enter into O&M agreement with an entity having equivalent experience.

2. Financial Capacity

Applicants should have a minimum net worth of 25% of the estimated capital cost of the project for which bids are to be invited. In case of projects with an estimated cost of Rs. 1000 Crores or more, the requirement of net worth could be suitably reduced to not less than 15% of the project cost.

<u>Eligibility of experience</u>

The members of the consortium who claim experience and net worth in the RFQ must hold at least 26% of the consortium's equity. This would ensure that only the experience and net worth of members with a substantial stake is counted.

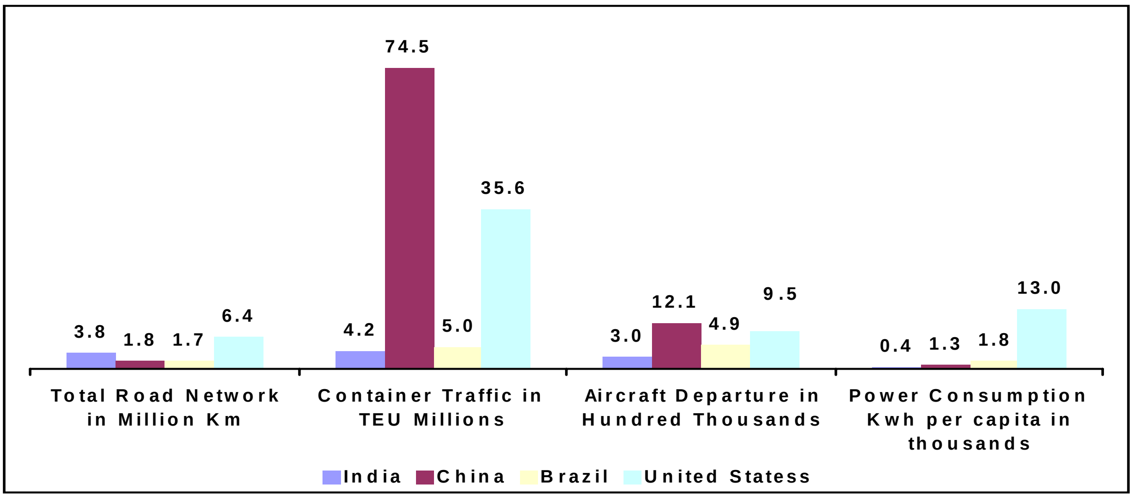
<u>Number of bidders to be pre-qualified</u>

Number of bidders to be pre-qualified and short-listed for the final stage of bidding, needs careful consideration. On one hand, the number of bidders should be adequate to ensure real competition in bidding. On the other hand, a large number of short-listed bidders is viewed as a factor that dampens participation by serious bidders.

For these reasons, the guidelines suggest about five pre-qualified bidders. The bidding authority shall reserve the right to increase the short-listed bidders to six, at its own discretion. In case short-listing is to be done for two or three projects at the same time, the number of short-listed bidders could be increased to 7 and 10 respectively.

Investment Requirements

Despite recent progress, India has lagged behind many other developing and developed nations in terms of infrastructure development. The following chart illustrates the gap between India and other selected countries for 2004, in terms of certain indicators of infrastructure development:



(Source: World Development Indicators Online 2006, World Bank)

Infrastructure is an integral part of economic development and the availability of quality infrastructure services is key to sustained growth of any economy. The current rate of infrastructure investment in India at

3.5% of GDP is well below the target rate of 8.0% proposed by the Expert Group on Commercialization of Infrastructure Projects. (Source: Asian Development Outlook for 2005 – 2007 and Medium Term Trends)

This indicates significant opportunities for further infrastructure development and financing in India, particularly as regulatory, legal and market frameworks evolve and become more supportive of private investment.

Road Sector in India

Unless otherwise indicated, all financial and statistical data relating to the road industry in India in the following discussion is derived from the NHAI's website and CRIS INFAC Research.

Overview

India's road and highway network of approximately 3.3 million kilometers provides a relatively dense network by international standards. Indian roads are divided into the following five categories:-

Indian Road Network	**Length (in km)**
Expressways	200
National Highways	66,590
State Highways	131,899
Major District Highways	467,763
Rural and Other Roads	2,650,000
Total Length	**~3,300,000**

(Source: NHAI Website: www.nhai.org; Accessed on January 24, 2007)

Roads form the most common mode of transportation and accounted for about 80% of passenger traffic and 65% of freight, making it the main artery for commuting across the country. The National Highways constitute only about 2% of the road network but carry about 40% of the total road traffic. The growth has been both in quantitative and qualitative terms. The number of vehicles has been growing at an average pace of 10.16% per annum over the last five years.
(Source: CRISINFAC)

Status of National Highways as on December 31, 2007

Single Lane / Intermediate Lane	32%
Double Lane	56%
Four or more lanes	12%

National Highways Authority of India

The National Highways Authority of India ("NHAI") was constituted by an act of Parliament, the National Highways Authority of India Act 1988. The NHAI's primary mandate is the time and cost bound implementation of the National Highways Development Project ("NHDP") through a variety of funding options, which includes funding from external multilateral agencies like the World Bank, the Asian Development Bank and the JBIC. The NHAI is mainly focused on strengthening and four-laning approximately 13,146 kilometers of high-density corridors across India.

The major areas that the NHAI is responsible for overseeing include the following:

- enhancing the Golden Quadrilateral - 5,846 kilometers connecting Delhi-Kolkata-Chennai-Mumbai;
- enhancing the North-South and East-West Corridors ("NSEW") - 7,300 kilometers connecting Kashmir to Kanyakumari and Silchar to Porbandhar;
- providing road connectivity to major ports;
- involving the private sector in financing the construction, maintenance and operation of National Highways and wayside amenities;

- improvement, maintenance and augmentation of the existing National Highways network;
- implementation of road safety measures and environmental management; and
- introducing information technology in construction, maintenance and all operations under the NHDP

National Highways Development Project

The National Highways Development Programme (NHDP) encompasses upgradation, rehabilitation and broadening existing national highways to a higher standard. The project is managed by NHAI under the aegis of the Department of Road Transport and Highways, Ministry of Shipping, Road Transport and Highways. Currently, NHDP is being implemented in four phases: I, II, IIIA and V. Phases I and II consists of the Golden Quadrilateral, NSEW and Port Connectivity projects.

Completion Status

Golden Quadrilateral ("GQ")

The Golden Quadrilateral (GQ) involves four-laning of around 5,846 kilometers of National Highway connecting four metros (Delhi – Kolkata – Chennai – Mumbai – Delhi). In the first four months of the year, marginal progress was made in GQ. As of December 31, 2007, 96% of the phase was completed as compared with 94% as on December 31, 2006.

A 28 kilometers stretch from Katraj – Sarole (part of the Pune – Satara Highway) was completed in March 2007, six years after initiating the project in November 2001. This was delayed due to land acquisitions, coupled with landslides that occurred in 2005 in the two newly constructed Katraj twin tunnels. Similarly, a 540 kilometers stretch from Dhankuni – Kolaghat, which is a part of the Kolkata – Chennai corridor, was completed in March 2007, after its initiation in May 2001. Difficulty in land acquisition, tardy progress by the contractor, and the incident of caving in of a portion of the approach road to a bridge along the alignment led to a delay in completion of this stretch.

Thus, the overall completion of the project is expected by early 2009

Stretch	Length (km)	four-laned (km)	UI* (km)	Completion%
Delhi – Mumbai	1,419	1,419	0	100%
Mumbai – Chennai	1,290	1,247	43	97%
Kolkata – Chennai	1,684	1,571	113	93%
Delhi – Kolkata	1,453	1,392	61	96%

*UI – Under Implementation

NSEW

NSEW involves upgradation of existing two lane highways and four-laning of around 7,274 kilometers, connecting Srinagar to Kanyakumari (North South) and Silichar to Porbandar (East West). As on April 30, 2007, 17% of NSEW was completed. This project has witnessed satisfactory progress in the first four months of this year.

Most NSEW stretches were awarded in 2005. However, projects were awarded without acquiring substantial amount of land. This led to a slow rate of execution in 2006 on projects awarded in 2005. However, there has been some improvement in land acquisition status since 2005. Therefore, it is believed that in the coming years, there will be a better rate of execution on the projects awarded in 2005.

NSEW: Region-wise status (April 30, 2007)

	Total length (km)	Percent (%)	Completed (km)	Percent (%)	UI (km)	Percent (%)	To be awarded (km)	Percent (%)
North	1,847	25	440	35	1,113	22	294	34
South	1,775	24	167	13	1,378	27	230	27
East	1,513	21	79	6	1,202	23	232	27
West	1,464	20	498	40	861	17	105	12
Central	675	9	79	6	608	12	-	0

Actual current length is 7,274 kilometers (excluding 442 kilometers of common length with GQ). The original approved length of NSEW corridor was 7,300 kilometers

The western region comprising Maharashtra, Gujarat and Rajasthan witnessed a substantial upturn in the number of stretches that were completed and is reaping the benefits of the earliest awarding under NSEW. Most National Highways that are located in Gujarat have been completed. Currently, the bulk of roads that are under implementation in the western region pertain to NH-76, which stretches across 480 kilometers in Rajasthan. Its completion is expected in mid-2008.

In the southern region, the bulk of the area under implementation pertains to NH-7, which predominantly stretches from Andhra Pradesh to Tamil Nadu. NHAI anticipates these projects to be completed by 2008-09.

In the eastern region, most projects are in their initial stages, with minimal physical progress made so far. The awarding of the remaining 230 kilometers is expected by December 2007, as their Detailed Project Reports ("DPR"s) are nearing completion. Issues of land acquisition, difficult terrain and non-availability of construction materials in the region are likely to hamper timely implementation of the stretches in Assam.

In the northern region, most of the balance length to be awarded is in Jammu and Kashmir. It is likely that the completion of work could take more time than expected, as it has some difficult terrain. The awarding of around 265 kilometers in Jammu and Kashmir is again expected to take place by December 2007.

Phase III

NHDP's Phase III consists of stretches aggregating 12,109 kilometers of National Highways. Out of this, implementation of 4,815 kilometers on a BOT basis has been approved under Phase IIIA (on the condition that the procedure for clearance for PPPAC would be followed), and the remaining stretches under NHDP Phase IIIB. In April 2007, CCEA approved the upgradation of 7,294 kilometers of National Highways under NHDP Phase IIIB on a BOT basis at an estimated cost of Rs. 475 billion, with the private sector contributing Rs. 299 billion, and the balance amount of Rs.176 billion as viability gap funding by the Government. Currently, DPRs are being prepared for Phase III B stretches.

Phase III completion status (December 31, 2007)

	Unit	Phase IIIA
Total Length	km	12,109
Already 4-laned (km)	km	295
Under Implementation	km	1,780
Contracts under Implementation	km	31
Balance length for award	km	10,034

Phase V

Phase V comprises six-laning of 6,500 kilometers of selected stretches of existing four-lane NH, including 5,700 kilometers of GQ on a design-build-finance-operate (DBFO) basis. From January 2007 till April 2007, no new contracts have been added. NHAI expects the 148 kilometers (the Vadodara-Surat stretch) currently under implementation to be completed by July 2009.

The remaining stretches under this phase are planned to be offered on a DBFO basis, wherein the responsibility of preparing DPRs will rest with private players. CRISIL Research believes this will bring in cost-efficiency, as private players will be able to propose designs that will minimise the cost and yet meet all the prescribed quality norms. Currently, applications for the following stretches of NHAI have been invited. They will be executed as a BOT (toll) project on the DBFO pattern.

State	Sections	NH	Length (km)	Estimated total cost (Rs. in bn.)
Tamil Nadu	Chennai-Tada	5	43	3.35
Delhi / UP	Delhi-Hapur	24	60	3.47
Orissa	Chandikhol-Jagatpur-Bhubaneshwar	5	70	4.05
Delhi / UP	Delhi-Agra	2	180	10.40
Haryana / Rajasthan	Gurgaon-Kotputli-Jaipur	8	226	15.17
Gujarat / Maharashtra	Surat-Dahisar	8	239	13.55

Andhra Pradesh	Chilkaruipet-Vijaywada	5	83	5.40
Haryana / Punjab	Panipat-Jalandhar	1	291	21.98

(Source: CRISINFAC)

Port Connectivity

Since 2004, the awarding of contracts on Port Connectivity and other stretches gained momentum. 37 kilometers of Paradip Port and four kilometers of Cochin Port were completed in the period under consideration. As on April 30, 2007, 153 kilometers of the total length was completed.

Port connectivity completion status as on December 31, 2007:

	Unit	**Port Connectivity**
Total Length	km	380
Already 4-Laned (km.)	km	166
Under Implementation	km	208
Contracts under Implementation	no.	8
Balance Length for award	km	6

Source: NHAI website

Financing Mechanism and Details of Sub Programmes of NHDP

Project	**Length km**	**Cost Rs. billion**	**Funding Pattern**	**Scheduled Completion**	**Length completed / under implementation km**	**%**
Phase I						
Golden Quadrilateral	5,846	303	Multilateral agencies, cess, market borrowings, SPVs, BOT (toll and annuity)	December 2005	5,846	100
Port Connectivity	380			December 2004	359	94.47
Other Roads	945			December 2004	926	97.99
Phase II						
North-South & East -West Corridor	7,300	343	Multilateral agencies, cess, market borrowings, BOT (toll-based)	December 2007	6,413	88.16
Phase IIIA	4815	262	Cess and private participation	December 2009	1,877	38.98
Phase V	6,500	412	Cess and private participation	December 2009	148	2.28
Total (for NH)	**25,760**	**1,320**			**15,669**	**60.44**

Source: CRIS INFAC

Government Policy Initiatives for Attracting Private Investment in Roads

The GOI has made the following provisions in order to attract private investment in roads:

- The GOI will carry out all preparatory work, including land acquisition and utility removal and rights of way are to be made available to concessionaires free from all encumbrances;
- The NHAI or GOI are to provide capital grants of up to 40% of the project cost to enhance viability on a case by case basis;
- 100% tax exemption for five years and 30% relief for next five years, which may be availed of in next twenty years;
- Concession periods of up to thirty (30) years;
- Arbitration and Conciliation Act, 1996 based on UNCITRAL provisions;
- In BOT projects entrepreneur are allowed to collect and retail tolls; and
- Duty free import of specified modern high-capacity equipment for highway construction.

The Power Sector in India

Unless otherwise indicated, all financial and statistical data in the following discussion is derived from the Ministry of Power's Annual Report 2005-06, the websites of the Ministry of Power and Central Electricity Authority, Planning Commission Annual Report on the Workings of SEBs and EDs, 2001-02 and CRIS INFAC Research. The data may have been re-classified by us for the purpose of presentation. Unless otherwise indicated, the data presented excludes captive capacity and generation. The term "units" as used herein refers to kilowatt-hours.

The Indian Power Sector Scenario

As per the Ministry of Power ("MoP"), GOI, the all India installed capacity for electrical power generation was 140,301.84 MW as on December 31, 2007. This total capacity consisted of 90,645.84 MW of thermal-based power, 34,680.76 MW of hydro power, 4,120 MW of nuclear power and 10,855.24 MW of renewable energy. *(Source: http://www.powermin.nic.in)*

A capacity addition of 41,110 MW has been targeted for the 10th Five Year Plan. However, at the time of Mid Term Appraisal, a capacity addition of 36,956 MW, against the target of 41,110 MW was found feasible during the Tenth Plan period. At present, a capacity of 34,024 MW is likely to be achieved during the Tenth Plan. The sector-wise and type-wise break up is as under:

(In MW)

	Original Target	**Units Commissioned**	**Under Execution**	**Overall capacity addition now anticipated**
Thermal	25,417	7,804.44	13,425.72	21,230.16
Hydro	14,393	5,380.00	4,794.10	10,174.10
Nuclear	1,300	590.00	2,030.00	2,620.00
Total	**41,110**	**13,774.44**	**20,249.82**	**34,024.26**

(Source: Annual Report MoP 2005-06)

The 16th Electric Power Survey ("EPS") carried out by the Central Electricity Authority has projected a peak demand of 115,705 MW and an energy requirement of 719,097 MU by the end of Tenth Five Year Plan (2002-07), while the peak demand and energy requirement by the end of the Eleventh Five Year Plan (2007-12) has been projected at 157,107 MW and 975,222 MU respectively.

Power Infrastructure in India

• Installed Generation Capacities (FY 2003 – FY 2007) by Fuel

As of March 31	**Thermal (% of total)**	**Installed Capacity (in MW)**	**Hydro (% of total)**	**Installed Capacity (in MW)**	**Nuclear (% of total)**	**Installed Capacity (in MW)**	**Renewable Energy Sources (% of total)**	**Installed Capacity (in MW)**
2003	71.16%	76,762.15	24.81%	26,766.83	2.52%	2,720	1.51%	1,628.39
2004	69.19%	77,968.53	26.19%	29,506.84	2.41%	2,720	2.21%	2,488.13
2005	68.31%	80,902.45	26.13%	30,942.24	2.34%	2,770	3.22%	3,811.01
2006	66.31%	82,410.54	26.01%	32,325.77	2.70%	3,360	4.98%	6,190.86
2007	65.00%	86,014.84	26.19%	34,653.77	2.95%	3,900	5.86%	7,760.60
December 31, 2007	64.61%	90,645.84	24.72%	34,680.76	2.94%	4,120.00	7.74%	10,855.24

(Source: CEA Executive Summary, December 2007)

• Installed Generation Capacities by Sector (as on December 31, 2007)

	Thermal (MW)	**Hydro (MW)**	**Nuclear (MW)**	**Renewable Energy Sources (MW)**	**Total (MW)**
State	46,225.33	25,368.76	0.00	2,081.67	73,675.76
Centre	35,148.99	8,082.00	4,120.00	0.00	47,350.99

Private	9,271.52	1,230.00	0.00	8,773.57	19,275.09
Total	**90,645.84**	**34,680.76**	**4,120**	**10,855.24**	**140,301.84**

(Source: CEA Executive Summary, Ministry of Power)

• Capacity Utilization

Year	Sector-wise Actual			Total	
	Central	**State**	**Private**	**Target**	**Actual**
2002-03	77.1	68.7	78.9	70.8	72.1
2003-04	78.7	68.4	80.4	72.0	72.7
2004-05	81.3	68.9	84.1	73.4	74.2
2005-06	82.6	67.3	85.4	74.7	74.0
2006-07	84.8	70.6	86.3	76.3	76.8
2007-08 (Up to December ’07)	85.4	70.2	92.5	77.1	77.2

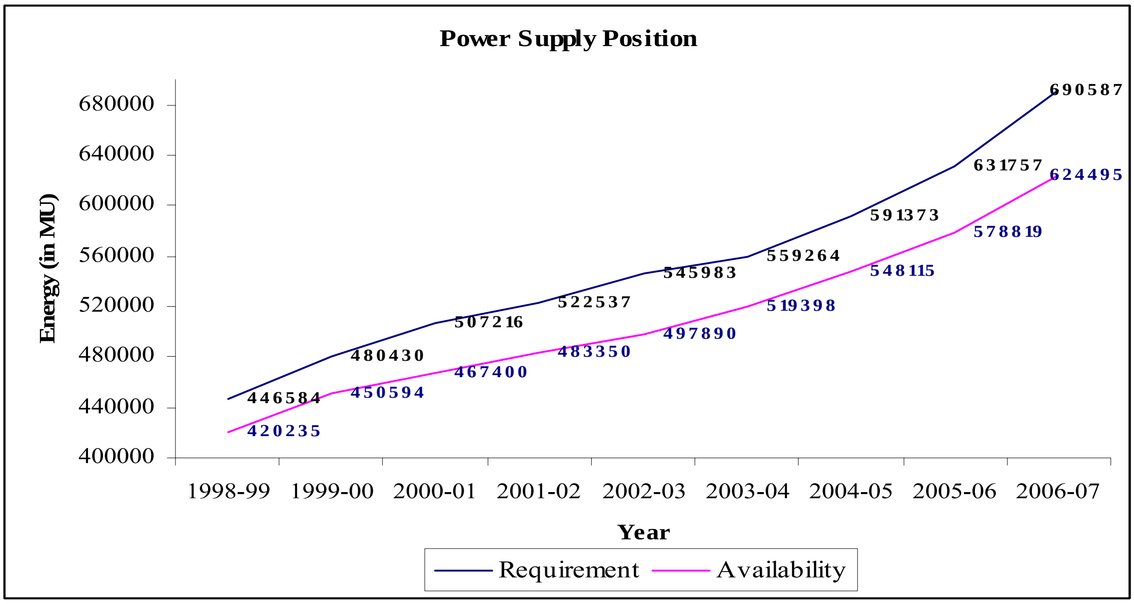
(Source: Ministry of Power website www.powermin.nic.in)

Power Shortage in India

Power shortage has cast its shadow over the country for a long time. However, the situation has now turned critical, and if timely measures are not implemented, power shortage is expected to slow down the growth in the economy. The energy deficit in the country is around 10%, while the peak deficit is 14-15%. The situation is far worse in some parts of the country, with states such as Maharashtra facing an energy shortage of 18% and a peak shortage as high as 27%. The peak deficit is around 4,500 MW in the state, leading to load shedding of 10-12 hours in some parts of the state.

There are multiple reasons for the critical power scenario in the country. The sector is marred by operational and commercial losses. Transmission and Distribution (T&D) losses are as high as 31%, indicating that one-third of the energy generated is lost. This is far higher than T&D losses of 10%, or lower, in countries such as the US, UK, Australia, Japan and China. The higher losses and inefficiencies in the system have resulted into huge accumulated financial losses for the state sector. The sector was opened up with the introduction of the Electricity Act (EA) in 2003 to remove inefficiencies in the system. However, the implementation of reforms initiated by the EA has yet to gather pace. The concurrent nature of the industry governance has partly been the cause for the slowdown in progress. In India, power is a state subject, while a few entities (such as NTPC, NHPC, PGCIL) are governed by the Central Government. Hence, it is difficult to ensure a uniform pace of regulation in each state, as each of them faces a different sets of issues. Though some southern states have made significant progress, others have a long way to go.

Another important reason for the deficit scenario is inadequacy of capacity additions that have taken place during the various Plans. During the Tenth Plan, total capacity addition is expected to be lower at around 19,000 MW. This is less than 50% of the targets set for the Tenth Plan. The average rate of achievement during the last few plan periods has been less than 50%, indicating that in spite of government efforts for pushing for higher capacity addition through various means (including the setting up Inter Institutional Group (IIG)) little progress has been made. A comparison with China shows that the average annual capacity addition of four GW in India is miniscule, as against China's 70 GW over the past few years.



(Source: CEA)

Projected Energy Demand

The projected energy demand in the country is as tabulated below

(*in MW*)

State / Year	2006-07	2011-12	2016-17
Northern Region	220,820	308,528	429,480
Western Region	224,927	299,075	395,859
Southern Region	194,102	262,718	354,599
Eastern Region	69,467	90,396	117,248
North-Eastern Region	9,501	14,061	20,756
Total	**718,817**	**974,778**	**1,317,942**

(Source: CRIS INFAC report 'State of the Industry' with base source –16th EPS)

Projected Peak Demand

(*in MW*)

State / Year	2006-07	2011-12	2016-17
Northern Region	35,540	49,674	69,178
Western Region	35,223	46,825	61,966
Southern Region	31,017	42,061	56,883
Eastern Region	11,990	15,664	20,416
North-Eastern Region	1,875	2,789	4,134
Total	**115,645**	**157,013**	**212,577**

(Source: CRIS INFAC report 'State of the Industry' with base source –16th EPS)

Future Capacity Additions

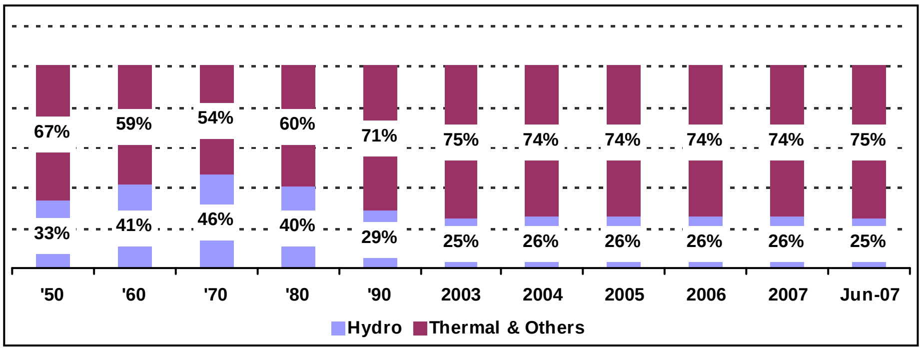
The Government has set an ambitious target of providing "Power for All" during the Tenth and Eleventh Plans. Based on the 16th Electricity Power Survey prepared by the CEA, India would require additional capacity creation of nearly 100,000 MW by 2012 to achieve this goal.

Hydropower – Benefits and Development

Hydropower is a renewable, economical, non-polluting and environmentally benign source of energy. Hydropower stations have the inherent ability for instantaneous starting, stopping, load variations, etc. and help in improving the reliability of power systems. There is no fuel cost during the life of the project as hydropower generation is a non-consumptive use of water. The benefits of hydropower as a clean, environment friendly and economically attractive source of energy have been sufficiently recognized. The need for its accelerated development also arises from enhanced system reliability and economics of utilization of resources.

Despite the benefits of hydroelectric projects, the share of hydropower has steadily declined in India. At the time of Independence, the share of hydropower in the total installed capacity was around 37%, which continued to rise, crossing 50% in the year 1963. The share of hydropower has declined since then. Until the late seventies, the share of hydropower remained above 40%, considered to be the ideal hydrothermal mix for meeting the demand in an efficient manner. However, since the eighties, the share of hydropower has started declining sharply and at present, the share of hydropower constitutes only about 25% of the overall installed capacity of the country. The graph below shows the trend.

Composition of Power Generating Capacity in India

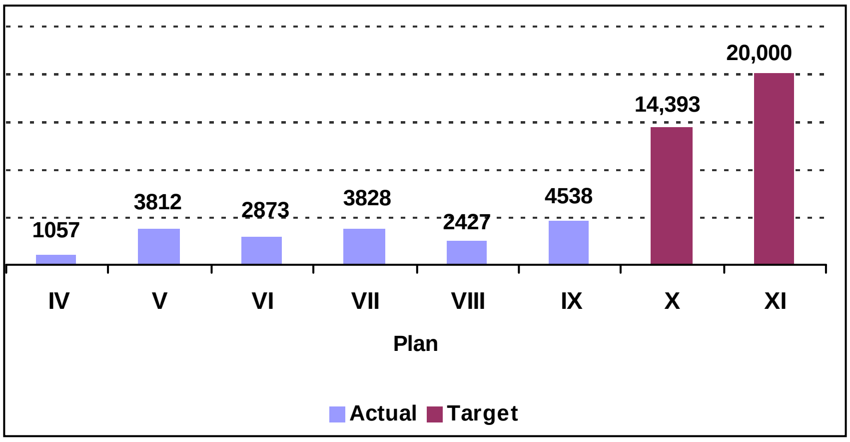


(Source: CEA Executive Summary, June 2007)

Faced with a growing mismatch between hydropower and thermal power, the GOI has placed emphasis on the development of hydropower generation. The GOI estimates that hydro power potential in the country is 150,000 MW (corresponding to 84,044 MW at 60% load factor) out of which only 27,010 MW amounting to 18% of the total potential has been utilized. Given the unutilized potential, the GOI has set a target of 14,393 MW for the Tenth Five Year Plan. The capacity addition in the hydropower sector in the Fourth, Fifth, Sixth and Seventh Five Year Plan periods and the target for the Tenth and Eleventh Five Year Plan periods is as follows:

Capacity Addition in India: Historical and Planned

(*in MW*)



(Source: MoP website)

Recent Developments

To supplement public sector investment, the GOI took steps in 1991 to attract private investment in the power industry. The GOI permitted 100% foreign ownership of power generating assets and provided assured returns, a five-year tax holiday, low equity requirements and, for some private generators, counter-guarantees against non-payment of dues by SEBs. However, these reforms still did not address the poor financial health of the SEBs and power shortages persisted.

Transmission and distribution ("T&D") losses were especially high, due to inadequate metering, obsolete equipment, and theft. T&D losses were estimated to be 32.9% on average for the nation in fiscal 2001. The commercial losses of the SEBs were Rs. 253 billion in fiscal 2001, an amount equivalent to over 1% of India's GDP at the time. By March 2001, overdue payments by the SEBs to the CPSUs, including interest and surcharges, amounted to Rs. 278 billion.

In order to incentivise the states to take concrete measures to restructure their power operations, the GOI introduced the Accelerated Power Development and Reforms Programme ("APDRP") in fiscal 2001. The APDRP aims to bring down T&D losses to 10% through various central, state and local level initiatives and to improve the performance of generating stations through renovation and modernisation. In order to improve the financial health of the SEBs, the GOI implemented the Scheme for One Time Settlement of Outstanding Dues (the "One Time Settlement"), which settled the outstanding dues of the SEBs payable to the CPSUs, and set up a system to facilitate the full payment of subsequent billings. Most recently, the EA 2003 was adopted, which consolidated all existing laws governing the industry, created a program for restructuring the SEBs, and introduced greater competition and access into certain segments of the industry.

The Electricity (Amendment) Act, June 2007

In May 2007, the government passed the Electricity (Amendment) Bill, 2007 recommending amendments to the Electricity Act (EA), 2003. Subsequent to this, it passed the Electricity (Amendment) Act in June 2007. Certain sections of the EA 2003 were amended, after considering views of the affected parties. The amendments broadly relate to:

- The term ‘elimination' has been omitted in relation to cross-subsidies.
- Captive units will not require a licence to supply power to any user.
- Strict action against unauthorised usage of power.
- Power theft has been recognised as a criminal offence, punishable under Section 173 of the Code of Criminal Procedure, 1973.

The government has omitted the term ‘eliminated' in the context of cross-subsidies. (Earlier, the Act stated that ‘the cross-subsidy surcharge and cross subsidies shall be progressively reduced and eliminated'.) In the earlier Tariff Policy of January 2006, the government suggested that by the end of 2010-11, tariffs should be +/- 20% of the cost of supply, in conjunction to the EA, which envisaged a complete elimination of cross-subsidies. For this, the policy suggested that State Electricity Regulatory Commissions (SERCs) prepare a road map to achieve this target. However, the amendment suggests that cross-subsidies would be reduced gradually, and not completely eliminated, as per the earlier provision of ‘elimination of cross-subsidy'. Hence, the amendment is likely to make states more lenient in setting targets for cross-subsidy reduction. Consequently, this may act as a setback to the reformation process, as elimination of cross-subsidies is an important pre-requisite for tariff rationalisation and improving the financials of state utilities.

The amendment specifies a gradual reduction of cross-subsidy, and does not stipulate a strict timeframe or set targets (except reduction of cross-subsidies to +/- 20% of the cost of supply by 2011) for reducing the same. Going forward, the respective State Regulatory Commissions will have to set the targets and timeframes. In the past, most states have missed deadlines with respect to unbundling, open access implementation, multi-year tariffs, intra-state availability based tariffs (ABT), etc. Therefore, in such a scenario, the omission of a strict measure like ‘elimination of cross-subsidies' will only ensure continued slow pace of reforms.

The Amendment Act has added a provision to Section 9, which discusses captive generation. The new provision of the Act states that licences will not be required to supply electricity generated from captive generating plants to any licensee. Further, the amendment seeks to clarify ambiguity regarding a captive plant being a deemed generator that can sell electricity directly to a distribution licensee or a consumer (as a generator). However, charges related to open access and cross-subsidy would still be applicable to a captive generator, in the event where electricity is sold to a consumer directly as defined under Section 42 (2).

Amendments related to penalties for unauthorised usage of power and recognition of power theft as an offence punishable under Section 173 of the Code of Criminal Procedure, 1973, are to ensure strict action against power theft. These amendments would simplify the process of identifying those consumers stealing power, as well as increase the assessment amount, which would help curb losses in the system. This is expected to further strengthen the drive by respective state utilities to eliminate power theft and improve operational efficiencies. The country faces T&D losses of around 30%, which implies that one-third of the power is lost due to theft, pilferage and technical inefficiencies. In fact, a large part of the power lost is through theft and unaccounted agricultural consumption. Therefore, focused efforts towards eliminating theft of power can help reduce distribution losses substantially.

The Electricity Act, 2003

The Electricity Act 2003 was approved by Parliament in May 2003 and took effect from June 2003. The EA 2003 is a central unified legislation and seeks to replace the multiple pieces of legislation that had previously governed the Indian electricity sector. The EA 2003 consolidates all of the existing legislation and provides for further material reforms in the sector. The most significant reform initiative under the EA 2003 is the move towards a multi-buyer, multi-seller system as opposed to the current structure, which permits only a single buyer to purchase power from generators. In addition, under the EA 2003, the regulatory regime is more flexible, has a multi-year approach and allows regulatory commissions' greater freedom in determining tariffs, without being constrained by rate-of-return regulations. Under the EA 2003, the penal provisions for dishonest use of electricity have been tightened and special courts have been envisaged for speedy dispensation of justice. For a detailed discussion of the EA 2003 please refer to the section "Regulations and Policies" on page 103 of this Red Herring Prospectus

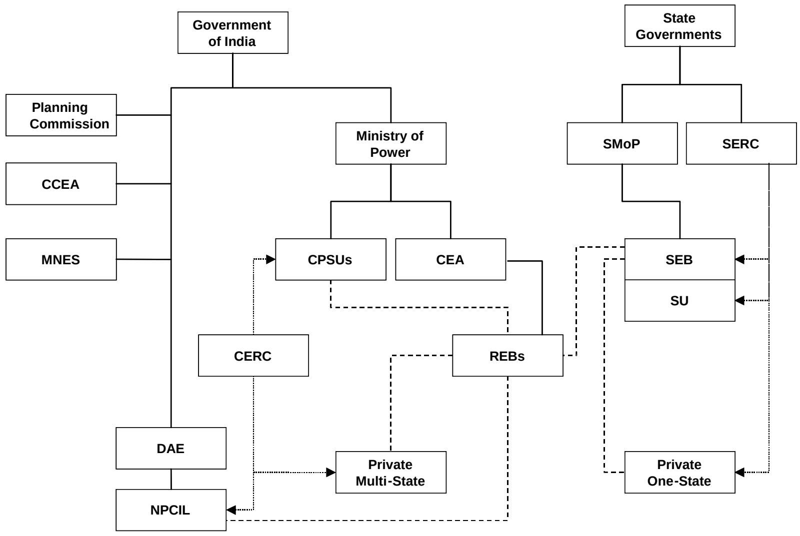
Regulatory Control

In India, control over the development of the power industry is shared between the central and the state governments. The Ministry of Power is the highest authority governing the power industry in India. The CEA, a statutory organization constituted under the Electricity Supply Act, is the technical branch of the Ministry of Power assisting in technical, financial and economic matters relating to the electricity industry. The CEA is responsible for giving concurrence to schemes involving capital expenditure beyond a certain limit as fixed by the government from time to time, and it is also responsible for the development of a sound, adequate and uniform power policy in relation to the control and utilization of national power resources. The Central Electricity Regulatory Commission constituted under the Electricity Regulatory Commissions Act 1998 is an independent statutory body with quasi-judicial powers. Its main functions include the formulation of policy and the framing of guidelines with regard to electricity tariffs.

Several states have set up State Electricity Regulatory Commissions (SERCs) and others are in the process of setting them up. The SERCs are engaged in regulating the purchase, distribution, supply and utilization of electricity, tariff and charges payable, as well as the quality of service. State governments have set up SEBs at the state level, which are responsible for ensuring that the supply, transmission and distribution of electricity in such states is carried out in the most economical and efficient manner. These SEBs are required to coordinate with power generating companies, as well as the government entities that control the relevant power grids. Some states have amalgamated their respective SEBs to form Regional Electricity Boards, to ensure that the electricity supply, transmission and distribution policies are consistently applied.

Private sector companies operating in the electricity supply, transmission and distribution industry report to the Ministry of Power, as well as their respective SEBs and their SERCs.

Regulatory Structure



Key to the diagram:

CCEA	*Cabinet Committee on Economic Affairs*
MNES	*Ministry of Non-Conventional Energy Sources*
CPSUs	*Central Public Sector Undertakings*
CEA	*Central Electricity Authority*
CERC	*Central Electricity Regulatory Commission*
REBs	*Regional Electricity Boards*
SMoP	*State Ministry of Power*
SU	*State Undertaking*
SEB	*State Electricity Board*
SERC	*State Electricity Regulatory Commission*
DAE	*Department of Atomic Energy*
NPCIL	*Nuclear Power Corporation of India Limited*

Recent Legislative / Policy Initiatives

The Electricity Regulatory Commission Act, 1998 promulgated. It fulfils the commitment of providing statutory bodies like Central Electricity Regulatory Commission (CERC) and States Electricity Regulatory Commission (SERCs) to bring into effect rationalization of electricity tariff and transparent policies regarding subsidies for regulation of inter state transmission of energy and promotion of efficiency and environmentally benign policies. CERC has been set up by Central Government and many States have set up/initiated action to set up their regulatory mechanisms.

Electricity Laws (Amendment) Act, 1998, enacted. As transmission was not a separate activity under the Electricity Laws, there was inadequate investment in this sector. Through the Electricity Laws (Amendment) Act, 1998, the lacuna has been removed and the way paved for facilitating more investment in the transmission sector as well as a. coordinated operation of the grid system. Guidelines issued for private sector participation in the transmission sector.

Energy Conservation Act, 2001 enacted. The Act primarily ensures energy efficiency in consumption & consequently Demand Side Management (DSM) for reducing need for installing new capacity.

The Bureau of Energy Efficiency (BEE) has been set up on March 1, 2002 for formulating norms for processes, consumption standards, testing, certification and labelling procedures etc. The Act facilitates the

State Government to enforce efficient use of energy and its conservation. It also stipulates for penalties and adjudication.

- Action Plan prepared for implementation of Energy Conservation Act.
- Energy audit of government buildings undertaken to reduce consumption in major govt. offices in New Delhi.

Electricity Act 2003 has been enacted. The objective is to introduce competition, protect consumer's interests and provide power for all. The Act provides for National Electricity Policy, Rural Electrification, Open access in transmission phased open access in distribution, mandatory SERCs, license free generation and distribution, power trading, mandatory metering and stringent penalties for theft of electricity.
It is a comprehensive legislation replacing Electricity Act 1910, Electricity Supply Act 1948 and Electricity Regulatory Commission Act 1998. The aim is to push the sector onto a trajectory of sound commercial growth and to enable the States and the Centre to move in harmony and coordination.

Accelerated Rural Electrification Programme (AREP), which focuses on UN-electrified villages, dalit bastis and hamlets with low cost funds, approved by the Cabinet. Subsidy to extent of Rs. 5,640 million to cover 4% interest subsidy has been provided during Tenth Plan.

Accelerated Power Development and Reform Programme (APDRP) scheme was approved by Cabinet to incentivize financial performance in the Distribution sector through reduction of total losses and to improve the system ensuring better quality and reliability of power supply: Rs. 200,000 million for investments and Rs. 200,000 million for incentives subject to need, utilization and budget availability.

Accelerated Generation & Supply Programme (AG&SP) approved by the Cabinet, with funding from both, REC and PFC. Interest subsidy @ 3% - Rs. 15,000 million during Tenth Plan. Loan up to about Rs.100,000 million would be available mainly for Renovation & Modernization (R&M) of power plants.

Rural Electricity Supply Technology (REST) Mission with emphasis on decentralized distributed generation for electrification of rural areas was made operational.

- REC announced new scheme - Rs. 5,000 million per year at 1% to 3% interest for rural electrification, which will be waived off on successful project implementation.
- States allowed to access "Rural Infrastructure Development Fund, RIDF"
- Allocation enhanced under "Minimum Needs Programme, MNP" from Rs. 175 to Rs. 6000 million.

Convergence with Telecom – Power Grid scheme to establish backbone Telecom network was approved, and commenced commercial operations on the telecom links.

50,000 MW Hydro initiative launched by the Prime Minister - 162 projects selected of capacity 50,650 MW from ranking studies for preparation of Pre Feasibility Reports.

Availability Based Tariff (ABT) implemented inculcating grid discipline: Western Region (07/2002), Northern Region (12/2002), Southern Region (01/2003), Eastern Region (04/2003)

- Grid stability, Frequency and Voltage profile have improved substantially.

Private sector has shown renewed interest for investment in the sector: Sixteen projects in private sector of capacity 7,611 MW being focused for financial closure during year 2003- 04. Benefit from all the projects is likely to accrue during Tenth Plan period.

Scheme for One Time Settlement of Outstanding Dues

To help improve the financial health of the SEBs, the GOI implemented the One Time Settlement on April 17, 2002. The One Time Settlement provided for:

- the securitization of dues outstanding and 40% of surcharge/interest as of September 30, 2001 through tax-free bonds (bearing a coupon of 8.5% and maturing in various stages, starting from

October 1, 2006 until April 1, 2016) to be issued by the Reserve Bank of India (the "RBI") on behalf of each of the state governments to the CPSUs;

- the waiver of the remaining 60% of surcharge and interest due to the CPSUs by the SEBs;
- conversion of previously issued SEB bonds into bonds under the One Time Settlement;
- the full payment of all dues after September 30, 2001 by a mechanism;
- requiring SEBs to provide letters of credit to CPSUs equivalent to 105% of the average monthly billing for the preceding 12 months;
- giving SEBs a one time cash incentive equal to 2% of the bond amounts for opening and maintaining letters of credit securing their payment obligations; and
- giving SEBs cash incentives (for the four year period beginning in fiscal 2003) for regular payments under the bonds amounting to 6% of the bond amount in the first year, 5% in the second year and 4% in each of the last two years; and
- allowing CPSUs to take certain actions in the case of failure to open or maintain letters of credit or default in making payment of current dues within the stipulated 60-day period.

Power for All by 2012

The Ministry of Power has set a goal - Mission 2012: Power for All.

A comprehensive blueprint for power sector development has been prepared encompassing an integrated strategy with the objective of having reliable, quality power at optimum cost that is commercially viable to achieve a GDP growth rate of 8%. This mission would require that India's installed generation capacity should be at least 200,000 MW by 2012 from the present level of 114,000 MW.

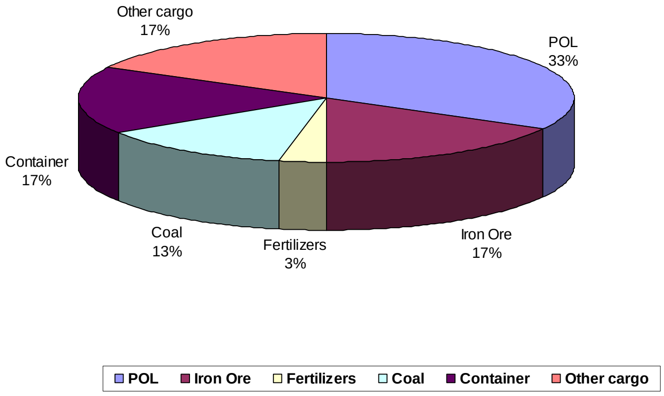
The strategies to achieve the objectives would include focusing on power generation, transmission and distribution, regulation, financing, conservation and communication, as follows:

- Power generation strategy with a focus on low cost generation, optimization of capacity utilization, controlling the input cost, optimization of fuel mix, technology upgradation and utilization of non conventional energy sources.
- Transmission Strategy with a focus on development of national grid including interstate connections, technology upgradation and optimization of transmission cost.
- Distribution strategy to achieve distribution reforms with focus on System upgradation, loss reduction, theft control, consumer service orientation, quality power supply commercialization, decentralized distributed generation and supply for rural areas.
- Regulation strategy aimed at protecting consumer interests and making the sector commercially viable.
- Financing strategy to generate resources for required growth of the power sector.
- Conservation strategy to optimize the utilization of electricity with focus on demand side management, load management and technology upgradation to provide energy efficient equipment and gadgets.
- Communication strategy for political consensus with media support to enhance the general public awareness.

The Indian Ports Sector

The information available in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries such as the Indian Port Association, Department of Shipping, National Maritime Development Programme, and it has not been prepared or independently verified by us, the Book Running Lead Managers or any of their respective affiliates or advisors.

India has an extensive coastline of 7,517 kilometers (excluding the Andaman & Nicobar Islands), which is serviced by twelve Major Ports and 187 intermediate and Minor Ports spread across nine coastal states. Ports are gateways to India's international trade by sea and handle almost 95% of India's foreign trade in terms of volume and 70% in terms of value. Indian ports handled a total traffic of 649 million tonnes in fiscal 2007 of which approximately 464 million tonnes or approximately 71% passed through Major Ports and the remaining 185 million tonnes passed through the Minor Ports. Over the last seven years, cargo traffic at Major Ports has grown at a CAGR of 8.6%. In comparison cargo traffic at Minor Ports has grown at a CAGR of 13.3%. As a result, the share of Minor Ports in total volume has increased from 18.9% in fiscal 2000 to 28.5% in fiscal 2007.



(Source: www.shipping.nic.in)

Out of the total traffic handled at Major Ports, POL products maintains the largest share of about 33%, Iron Ore 17%, Coal 13%, Container 17%, Fertilizers 3% and the rest is shared by general cargo.

Regulation of Indian Ports

Minor (Non-Major) Ports

Minor Ports are governed by the Indian Concurrent list of the Constitution and are administered under the Indian Ports Act. At the state level, the department in charge of ports or the State Maritime Board (created through State Legislation as in the case of Gujarat), is responsible for formulation of water front development policies and plans, regulating and overseeing the management of state ports, attracting private investment in the development of state ports and enforcing environmental protection standards. Maritime Boards have so far been constituted only in Gujarat, Maharashtra and Tamil Nadu.

Major Ports

Major Ports are regulated by the Government of India under the union list of the Indian Constitution, and are governed by the Indian Ports Act and the Major Port Trust Act. Under the Major Port Trust Act, all administrative and financial matters of each Major Port are overseen by a Board of Trustees appointed by the Government of India. The Board of Trustees has effective ownership of and control over all port assets and liabilities and is empowered to handle all port administration and operations, including the power to enter into all contracts with respect to various works and services to be provided by the Port and to control all financial matters, including manage budgets, revenues and investment related activities of the Port. The Board of Trustees must submit all port related revenues and expenditures to the Government of India, which are subject to scrutiny of the Comptroller and Auditor General ("CAG") of India.

Despite the considerable control that the board of trustees has over a Major Port, the powers of the board of trustees are limited to those delineated in the Major Port Trust Act and the Indian Ports Act and such boards are bound by directions on policy matters and orders from the Government of India. All residual powers related to Major Ports not delegated to the board of trustees under the Indian Ports Act are vested with the Government of India. Because Major Ports are effectively under the control of the Government of India, the business of Major Ports tends to be dominated by public enterprises and government departments. Despite its salutary effects, the Major Ports Trust Act has been criticized for its limiting provisions in the post-liberalization phase in the development of Indian ports due to the effective control that the Government of India still exercises over Major Ports, despite the establishment of independent boards of trustees to administer port operations. Criticisms include the board's relative lack of autonomy from the Government, the lack of commercial orientation, slow decision making processes and inherent conflicts of interest.

Port Capacity Requirement

India is expected to face port capacity constraints, in absence of major capacity additions. Traffic is expected to grow at 10% per annum during the Eleventh plan period (2007-2012) with containerized cargo and coal being the fastest growing commodities. As regards Major Ports, most of them are operating at more than or near saturation levels of their handling capacities, resulting in high pre berthing detention and turn around time of vessels.

Considering the traffic growth and constraints ports face today, Government has made an ambitious plan to double the traffic handling capacity at major and non Major Ports, which is expected to entail an investment of Rs.913.3 billion.

Traffic in Million Tonnes	Major Ports	Minor Ports	Total
Capacity Traffic (2006-07)	509	228	737
Actual Traffic (2006-07)	464	185.0	649
Capacity expected (2011-12)	1,002	574	1,576
Traffic expected (2011-12)	708	350	1,058

(Source: Department of Shipping)

National Maritime Development Programme

The National Maritime Development Programme ("NMDP") is a comprehensive programme to develop, strengthen and rejuvenate the maritime activities in India and encompass all the related area like ports, shipping, dredging, inland transport, and personnel management. The port sector projects under the NMDP will involve a total investment of approximately Rs. 558,040 million.

The programme is proposed to be implemented through public/private partnership. Public investments will be primarily for common user infrastructure facilities in the ports like dredging and maintenance of port channels, construction of breakwaters, internal circulation systems for cargo within the ports, rail and road connectivity from ports to hinterland. Private investments will be in the areas where operations are primarily commercial in nature such as construction, management and operation of berths and terminals.

- Measures to strengthen the Regulatory structures of Major Ports have also been initiated. These pertain to tariff rationalization and the establishment in a phased manner, of a corporate structure for the existing ports. Most of the Major Ports in India are in the public sector and currently lack commercial orientation because, in part, to a number of restrictions imposed by the Central Government. The Government of India has privatized some of the berths in Major Ports specifically to handle containers.

Some of them are as follows:

Port		Company	Container Terminal Operator
Major Ports			
Jawaharlal Nehru Port (JNPT)			
	Berth I	NSICT	P&O Ports Australia
	Berth 3	GTL	AP Moller Terminals, Denmark
Chennai Port Trust		CCTL	P&O Ports Australia
Tuticorn Port Trust		PSCTL	PSA International, Singapore
Vizag Port Trust		VGPTL	Dubai Ports International
Kochi Port Trust		IGTPL	Dubai Ports International
Minor Ports (both in Gujarat)			
Pipavav Port		GPPL	AP Moller Terminals, Denmark
Mundra Port		GAPL	P&O Ports Australia

- The Tariff Authority for Major Ports ("TAMP"), an independent authority, is now responsible for determining and revising tariffs on Major Ports. The TAMP was constituted in April 1997 to provide for an independent authority to regulate all tariffs, both vessel related and cargo related, and rates for lease of properties in respect of Major Port Trusts and the private operators located therein.

- The Government of India has announced a series of measures to promote foreign investment in the port sector including:

  - Guidelines for private/foreign participation that permit formation of joint ventures or foreign collaboration for setting up port facilities,
  - Foreign Investment of 100% is permitted for construction and maintenance of ports and harbours and in projects providing support services to water transport,
  - Foreign Direct Investment of up to 100% is allowed on automatic basis in support services like operation and maintenance of piers and loading and discharging of vessels, and
  - Private sector entities are allowed to establish captive facilities.

- The Government is offering various fiscal incentives to private investors such as a ten year tax holiday in the port development, operation and maintenance. Investors in inland waterways and inland ports are also entitled to such incentives.

Proposed National Maritime Policy

The policy aims to facilitate private investment, improve service quality, promote competitiveness and encourage more investment in the port sector. The key objectives of the draft policy with regard to ports are as follows:

- Promoting hinterland connectivity to ensure least distance access of the country's cargo to the ports and also offer choice of ports in the region and terminals inside the ports to trade
- Providing for institutional safeguards for the port infrastructure provider (public authorities / private sector – be it domestic or foreign / joint ventures) regarding investments and ensuring compliance of service standards to the users
- Promoting multi modal transport in the interest of time and cost efficiency
- Facilitating the acquisition of Indian tonnage for securing a significant share for India in terms of global tonnage and for increasing the share of Indian ships in the carriage of the country's overseas traffic through cargo support to Indian Flag Vessels.
- Promoting and strengthening ship building, ship repair and ship breaking activities
- Providing the necessary infrastructure for turning out qualified Indian Maritime personnel of globally acknowledged excellence to benefit from the growing demand of both Foreign and Indian flag vessels for such human capital
- Developing and integrating inland waterways to the national transport network comprising of maritime outlets as well as other points of interface with other surface transport modes
- Building appropriate institutions to support training, research and development and other activities necessary to serve and sustain the shipping and port sectors
- Assuring the state of the art navigational aids on the country's coastline with a view to encourage increased flow of coastal and overseas maritime traffic at Indian Ports.

Special Economic Zones in India

Introduction

India was one of the first countries in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances, absence of world-class infrastructure, an unstable fiscal regime and with a view to attracting greater foreign investment in India, the Special Economic Zones (SEZs) Policy was announced in April 2000.

This policy intended to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations. SEZs in India functioned from November 1, 2000 to February 2, 2006 under the provisions of the Foreign Trade Policy and fiscal incentives were made effective through the provisions of relevant statutes.

To instil confidence in investors and signal the Government's commitment to a stable SEZ policy regime and with a view to imparting stability to the SEZ regime thereby generating greater economic activity and employment through the establishment of SEZs, a comprehensive draft SEZ Bill prepared after extensive discussions with the stakeholders. A number of meetings were held in various parts of the country both by the Minister for Commerce and Industry as well as senior officials for this purpose. The Special Economic Zones Act, 2005, was passed by Parliament in May, 2005 which received Presidential assent on the June 23, 2005. After extensive consultations, the SEZ Act, 2005, supported by SEZ Rules, came into effect on Tenth February, 2006, providing for drastic simplification of procedures and for single window clearance on matters relating to central as well as state governments. The main objectives of the SEZ Act are:

- generation of additional economic activity ;
- promotion of exports of goods and services;
- promotion of investment from domestic and foreign sources;
- creation of employment opportunities; and
- development of infrastructure facilities.

It is expected that this will trigger a large flow of foreign and domestic investment in SEZs, in infrastructure and productive capacity, leading to generation of additional economic activity and creation of employment opportunities.

The SEZ Act 2005 envisages a key role for the State Governments in Export Promotion and creation of related infrastructure. A Single Window SEZ approval mechanism has been provided through a nineteen member inter-ministerial SEZ Board of Approval (BoA). The applications duly recommended by the respective State Governments/UT Administration are considered by this BoA periodically. All decisions of the Board of Approvals are with consensus.

The SEZ Rules provide for different minimum land requirement for different class of SEZs. Every SEZ is divided into a processing area where alone the SEZ units would come up and the non-processing area where the supporting infrastructure is to be created.

The SEZ Rules provide for:

- Simplified procedures for development, operation, and maintenance of the Special Economic Zones and for setting up units and conducting business in SEZs;
- Single window clearance for setting up of an SEZ;
- Single window clearance for setting up a unit in a Special Economic Zone;
- Single Window clearance on matters relating to Central as well as State Governments;
- Simplified compliance procedures and documentation with an emphasis on self certification

Fact Sheet on Special Economic Zones (As on December 31, 2007)

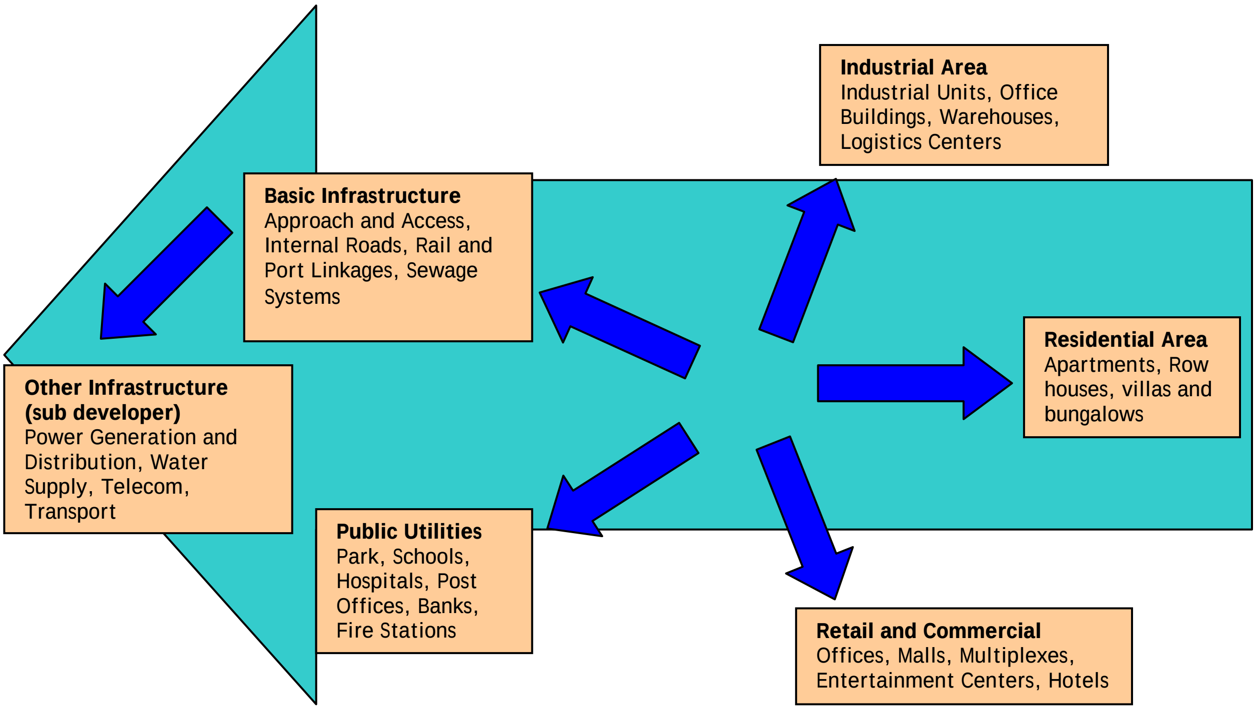
SEZ Act, 2005	• Passed by Parliament in May 2005 • Received Presidential assent on June 23, 2005 • Came into effect on February 10, 2006 supported by the SEZ rules
No. of valid formal approvals	211 out of 404
Number of notified SEZs	193 out of 404
Land Requirement	Ground Realities Total land in India – 2,973,190 sq. km Total Agricultural Land in India – 1,620,388 sq. km (54.5%) SEZs formally approved and notified – Approx. 574 sq km In Principle approvals (167) Approx. 1531 sq km Total area for proposed SEZs (FA + IP) – Approximately 2,105 sq. km which would not be more than 0.07% of the total land area and not be more than 0.128% of the total Agricultural Land in India Formal approvals incl notified SEZs: • Approximately 57,413 hectares

	• Proposals from SIDCs / State Government Agencies: 95 Land requirement for the 95 proposals: 21626 ha
No. of valid in-principle approvals	167
Investment made in 135 notified SEZs	Rs.52,354 Crores (as of Nov 2007)
Employment created in notified SEZs	59,356 persons (Direct Employment generated after February 2006) – as of 30.11.2007)
Employment in Private/State Govt. SEZs which came into force prior to SEZ Act, 2005	35,477 persons (Direct Employment) – (most of the employment generated after 2004-05) (as on 30.11.2007)
Expected investment and employment in SEZs (by December 2009)	By the notified SEZs as on September 30, 2007: Investment: Rs.2,85,279 Crores Employment: Over 22,30,277 additional jobs (Direct employment)
Exports in 2006-07	• Rs. 34,787 crores (Rs. 9,301 crores by New Generation SEZs) • Growth of 52% over Rs. 22,840 crores in 2005-06
Exports effected during six months of 2007- 08 (April-September, 07)	• Rs. 25,103.79 crores
Exports projected by all 212 SEZs (19 Old + 193 New) in 2007-08	• Rs. 67,088 crores • 200% increase in two years • Exports from SEZs likely to cross 1,00,000 crores million by 2008-09

Various parties are involved in the establishment, development and operation of a SEZ, including the following

- Government and related Government Authorities that grant development rights for an SEZ establish policies and guidelines to assist with implementation and are empowered to provide financial support to an SEZ approved institution. They are the most important party as they forgo the direct revenues and provide incentives for setting up of the SEZ;
- Developers, including co-developers, which are enterprises engaged in the establishment and development of the zone, including infrastructure such as roads, water and drainage systems;
- Operators, which are the enterprises engaged in the operation and/or maintenance of infrastructure facilities in the SEZ;
- Tenants / units, which are the occupant enterprises within the SEZ and include enterprises engaged in a wide range of industries, including manufacturing, services and trading; and
- Residents, who are people employed by enterprises located in the SEZ and who reside within the SEZ boundary

(Source: CRISINFAC)



Developer's Perspective

As of November 30, 2006, there were fourteen (14) SEZs in operation in India, seven of which were initiated by the Government of India with the rest operated under a public-private participation model. The majority of SEZs are comprised of institutions providing multiple products and services. These SEZs contain developed plots as well as built-up factory space on a lease basis, with the size of developed plots ranging from approximately 1,000 to 40,000 square metres.

Following is the state-wise list of formal and in-principle approvals granted as on December 24, 2007:

	Formal Approvals	In-principle Approvals	Notified SEZs
Andhra Pradesh	66	5	52
Chhattisgarh	1	2	-
Chandigarh	2	-	2
Dadra & Nagar Haveli	3	-	-
Delhi	2	-	-
Goa	7	-	3
Gujarat	36	12	16
Haryana	32	18	15
Himachal Pradesh	-	4	-
Jharkhand	1	-	1
Karnataka	39	15	20
Kerala	11	2	8
Madhya Pradesh	10	7	3
Maharashtra	84	39	24
Nagaland	2	-	2
Orissa	9	6	-
Pondicherry	1	-	-
Punjab	6	7	2
Rajasthan	5	10	4
Tamil Nadu	55	12	27
Uttaranchal	3	1	1
Uttar Pradesh	13	9	7
West Bengal	16	16	6
TOTAL	**404**	**165**	**193**

(Source: www.sezindia.nic.in)

BUSINESS

Introduction

We are an infrastructure project development company incorporated in 2001 to participate in the development of infrastructure projects in India. We are among the first companies in India to be modelled as an infrastructure development company undertaking projects on a public-private partnership basis ("PPP"). In India, PPPs refer to long-term, contractual relationships between the governmental agencies and private sector companies, specifically targeted towards financing, designing, implementing, and operating infrastructure facilities and services that were traditionally provided by the government or its agencies. These collaborative ventures are developed and operated on the expertise and capabilities of the consortium partners and are based on a contractual agreement, which ensures appropriate and mutually agreed allocation of resources, risks and returns.

We currently undertake and develop projects such as roads, bridges, ports, hydroelectric power and biomass power projects on a PPP basis. In addition, we have also identified urban infrastructure, airports, mass rapid transit systems, power transmission lines and SEZs as areas of focus for project development. We also offer services in other areas of project development, such as project advisory services, project funding and operations and maintenance activities.

Current Projects

Currently, our infrastructure project development business includes fourteen (14) projects, of which four are already in the operations phase, seven are in the development phase and three are in the pre-development phase.

Projects in the operations phase are as follows:

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

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

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

- Visakhapatnam port project (two multipurpose berths in the northern arm of the inner harbour at Visakhapatnam port), developed and maintained by an SPV, Vizag Seaport Private Limited ("VSPL").

Projects in the development phase are as follows:

- Vadape-Gonde toll road project (a 99.5 kilometer stretch of road on NH-3 connecting Mumbai and Nasik), to be developed and maintained by an SPV, Mumbai Nasik Expressway Limited ("MNEL").

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

- Biomass power project (two biomass-based power plants of approximately 12 MW each at Bahgaura village and at Sawai Singh Wala village, in the district of Patiala, Punjab), to be developed and maintained by an SPV, Punjab Biomass Power Limited ("PBPL"). In addition, we have rights to develop seven more such projects, each in the range of 10-15 MW.

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

- Gorakhpur Bypass annuity Project (a 32 kilometer green-field bypass to Gorakhpur town on NH 28 in Uttar Pradesh), to be developed by an SPV, Gorakhpur Infrastructure Company Limited ("GICL").

- Construction of offshore container berths and development of container terminals in Mumbai Harbour and operations and management of the Ballard Pier Station Container Terminal for an initial period of five years for the Mumbai Port Trust ("MbPT"). This project will be developed by an SPV, Indira Container Terminal Private Limited ("ICTPL").

- Pravara Co- generation Power Project (a 30 MW bagasse based power project in Pravara Nagar, Maharashtra), to be developed and maintained by an SPV which is yet to be set up.

In addition to the projects that are already operational and under development phase, we intend to develop the following projects, each of which is in the pre-development phase:

- Development of an auto-component SEZ over 90 acres at Adityapur, Jharkhand.

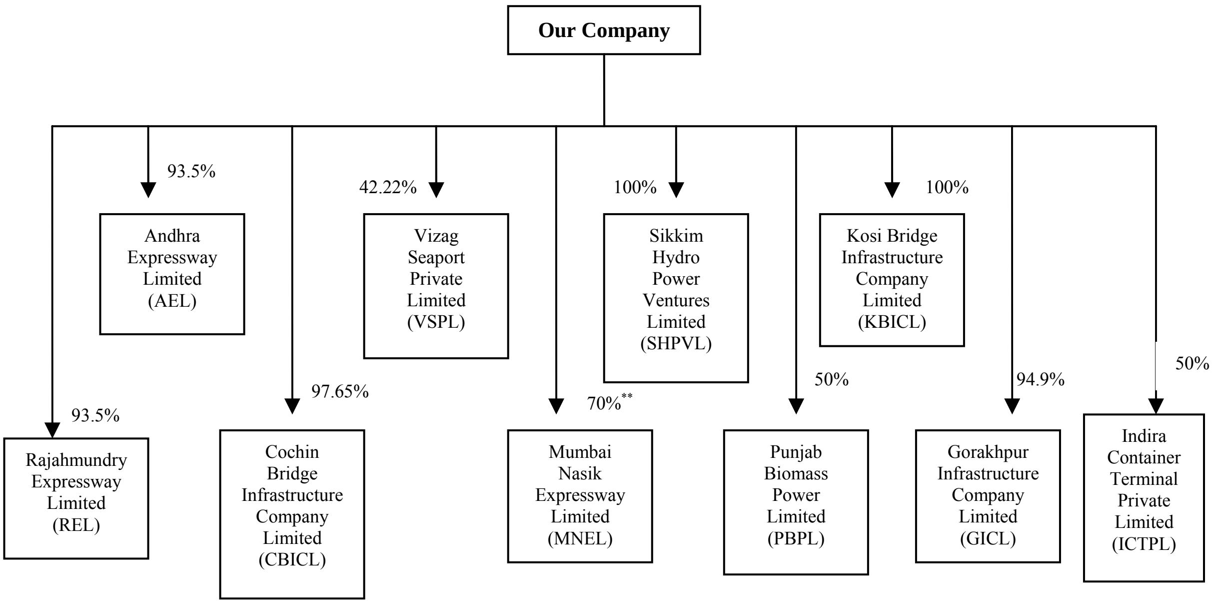
- Eight biomass based power projects in Haryana (in the range of 10-12 MW each) under Letters of Intent from Haryana Renewable Energy Development Agency ("HAREDA").

- Investigation and implementation of Tidong – II (60 – 80 MW) Hydro-Electric Power Project for the Government of Himachal Pradesh.

O&M and Project Advisory Services:

Our Company provides O&M and project advisory services for projects which are being undertaken by its SPV's. Our Company has O&M contracts for the Rajahmundry-Dharmavaram annuity road project, the Dharmavaram-Tuni annuity road project, the Vadape-Gonde toll road project, the Kosi Bridge annuity project and Gorakhpur Bypass annuity road project. While the O&M contracts for the Rajahmundry-Dharmavaram and Dharmavaram-Tuni annuity road projects are operational, the O&M contracts for the other three projects will become operational once these projects commence commercial operations. Our Company also provides project advisory services to these five projects.

The following chart outlines our present beneficial interest in each of the eleven (11) project SPVs which are in the operations phase and the development phase:



**This chart does not provide SPVs relating to projects in the pre-development phase.*
*** We currently hold 79.99% which shall reduce to 70%.*
**** The SPV (proposed to be wholly owned by the Company) for the development of Pravara Co- generation Power Project is yet to be set up.*

History and background of Gammon

Gammon Group is an 85-year old diversified business group with civil engineering and construction as its major business interests. GIL, the flagship company of the Gammon Group, is among the leading construction companies in India specializing 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. With a ten year CAGR of more than 25%, GIL's consolidated total income for the year ended March 31, 2007 was Rs. 2,36,800 lakhs (as stated in its audited financial results) and it has outstanding work orders of over Rs. 7,00,000 lakhs as of March 31, 2007 (as stated in the Management Discussion and Analysis in the GIL Annual Report 2006-2007).

The GOI policy to supplement its resources through PPP projects and an immediate need for developing infrastructure in India were the primary drivers in Gammon Group's expansion into infrastructure project development. Gammon Group believed that there was a need to have a clear demarcation between its core infrastructure contracting business and its infrastructure project development business. Consequently, our Company was incorporated in 2001 to lead the Gammon Group's foray into the development of infrastructure projects on a PPP basis and we intend to lead all infrastructure development projects for the Gammon Group in the future. In a short period of approximately six years, we have fourteen (14) infrastructure assets, operating, under development or in pre-development phase.

Agreement between GIL and our Company

To facilitate the development of infrastructure projects through our Company, as the infrastructure business and operations company of the Gammon Group, our Promoter, GIL has entered into an agreement, dated March 11, 2006 with us, whereby GIL has undertaken that, on and from the date thereof,

- GIL and its subsidiaries, other than our Company, shall not bid for any PPP Ventures for which our Company desires to bid; and
- GIL shall extend all assistance to our Company to bid for the PPP Ventures it desires to bid for and to implement the PPP ventures it procures.

The agreement defines PPP Ventures as "public private partnership ventures".

The agreement shall automatically be terminated on the date of occurrence of the earliest of the following events:

- Our Company ceasing to be a subsidiary of GIL; or
- A resolution for winding up of either of the parties is passed or a party goes into receivership or liquidation or has a receiver or official liquidator appointed in respect of all or substantially all of that party's property (then at the option of the other party).

In addition to the above agreement, GIL has, pursuant to its letter dated March 15, 2006, confirmed that our Company shall develop such PPP Ventures where GIL has submitted financial bids prior to March 11, 2006 and wherever such PPP Ventures are awarded to GIL. This would be achieved by GIL inviting our Company to subscribe to or participate in the equity stake in the SPV of the concerned PPP Venture, to the maximum extent permissible under the relevant bid documents and contracts with the respective joint venture partners, if any.

There are certain 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 our Company. In certain projects involving PPP ventures, GIL has transferred the beneficial ownership in respect of its equity stake to GIPL.

Competitive strengths

- *Substantial operating experience:* We are among the first companies in India incorporated exclusively to participate in infrastructure development through the PPP model. As early an entrant in the infrastructure development business with our operational road, bridge and port projects, we have familiarized ourselves with the risks associated with the development, operations and maintenance of such facilities in India and we believe that this experience will help us to ensure the continued growth of our business operations.

- *Quality and strength of execution:* We have an track record in meeting project completion targets and at times before the scheduled COD. We have experience in the successful development and execution of new projects, such as roads. We believe that our expertise in the successful and timely implementation of projects provides us with significant competitive advantages owing to the fact that we are well positioned to deal with any construction or implementation risk in an industry. We also believe that we are less likely to encounter the types of difficulties that new operators of infrastructure projects typically experience in India and the industry.

- *Ability to mobilize 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. As infrastructure project development on PPP basis is a highly capital-intensive business activity, we believe that our ability to mobilize financial resources efficiently gives us an edge over other competitors in the industry.

- *Project portfolio with assured revenues:* All of our operational projects have assured sources of revenue under either an annuity or take-or-pay type arrangement with various governmental or quasi-governmental entities, under which such governmental or quasi-governmental entities are required to pay for the project's output or availability at predetermined levels. The annuities receivable by REL and AEL from NHAI are structured to cover the fixed costs of operating the projects, interest and depreciation. 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. For example, the bridge project at Cochin has a fixed annuity amount payable by the GOK until the end of the revised concession period. Contracts of this nature have reduced the revenue risk associated with the project, thereby balancing market risk with assured returns.

- *Project portfolio spread across diverse sectors and geographies:* Our projects (both in operational and development phase) are spread across roads, bridges, ports, hydropower and biomass power sectors. Further, these projects are geographically dispersed across various states in India. We believe that through such sectoral and geographic diversity, we are able to effectively mitigate the risks associated with any particular sector and any particular State in India.

- *Highly qualified and motivated employee base and proven management team:* Our management team is well qualified and experienced in the industry and is responsible for the growth in our business operations. In addition, our Board has a combination of managerial acumen as well as entrepreneurial spirit, which together provide significant business expertise (both domestic and international) to us. We believe that a motivated and empowered employee base is essential for maintaining a competitive advantage. We have a well-qualified and experienced employee base with sound managerial experience in the infrastructure sector in India. We are dedicated to the development of the expertise and know-how of our employees and continue to invest in them to ensure that they have the necessary training and tools needed to be successful in today's challenging environment.

- *Synergies with the Gammon Group:* Successful infrastructure development is dependent upon two major expertise: (i) project development, which includes appraisal, bidding, financing and project management; and (ii) engineering, procurement and construction. 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.

- *Gammon brand:* We are the infrastructure arm of the Gammon Group. The Gammon Group has been operating in India for over 85 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. Further, we believe that our customers, along with Indian financial institutions, associate the Gammon brand with quality, reliability and the ability to complete projects on schedule.

Strategy

We intend to increase our presence in the infrastructure sector by continuing to invest in the development of additional infrastructure projects in locations across India and continue to grow by applying the following strategies:

- *Establish our presence across diverse sectors and geographies:* We are actively focused on becoming a diversified infrastructure player. We are currently analyzing a number of new potential projects in the infrastructure sector, including roads, mass rapid transit systems ("MRTS"), urban infrastructure, ports, airports, power transmission lines, SEZs and hydroelectric power projects, which will diversify our revenue sources and, subject to market conditions and opportunities, we may also invest in other infrastructure sectors. Additionally, we may also evaluate opportunities from time to time in the logistics sector, which we believe is a part of the infrastructure business. 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 locate our future assets in various locations across India. Additionally, we may also explore opportunities in projects beyond India in the future. For example, we have entered into a Memorandum of Terms for acquiring interest in a consortium which intends to develop an airport in the African region.

- *Build upon our synergistic position in infrastructure development:* The Gammon Group is already an established player in the EPC field and caters to diverse sectors primarily through its flagship company, GIL. We intend to build upon the synergy we derive from the established presence of Gammon Group in the infrastructure sector. Accordingly, we will participate and expand in those sectors where we derive the necessary strengths from GIL in terms of technical expertise, execution skills and an established presence.

- *Make an early entry and achieve a dominant position in identified sectors:* We believe that our early entry into identified growth areas in the various infrastructure sectors within which we operate provides us with a head start in each such sector. We intend to continue to pursue the advantages associated with early entry in order to achieve a dominant position within such sectors. We believe that by adopting this strategy, we will be able to realize specific advantages of higher margins in certain identified sectors and the flexibility to grow and allocate our resources to sectors that offer more attractive margins.

- *Focus on achieving a mix of market-based and assured-return projects:* We intend to balance our risk return profile with a mix of market-based projects (where market risk is carried by us) and assured return projects (where the market risk is carried by the project client). We believe that our balancing strategy will offer us significant upside potential with market-based projects and stable revenues from assured-return projects.

- *Expanding upon our core strengths*: We intend to offer fee-based O&M services by capitalizing upon our experience of managing, operating and maintaining infrastructure projects. We expect substantial capacity enhancement in the infrastructure sector in India and will aggressively market our capabilities as an O&M service provider, both within and beyond our infrastructure projects.

- *Leveraging our strategic relationships:* We intend to leverage our strategic relationships with global infrastructure companies such as Dragados S. P. L., China Light & Power, Alstom, Siemens and Noble Group to enhance our project bidding and development opportunities. We expect that these relationships will also enhance our brand and optimize our ability to develop and deliver quality complex projects.

- *Undertake asset management in the infrastructure sector:* We intend to leverage our experience in the infrastructure sector to set up an infrastructure fund. We may undertake this, either alone or with a partner. We may also make the seed investment in this infrastructure fund. This would be subject to applicable regulatory approvals and licences required for undertaking this business, none of which we have applied for.

Gammon Infrastructure Projects Limited

Introduction

Our Company was originally incorporated in April 2001 as Gammon Infrastructure Projects and Investments Limited, a public company with limited liability engaged in the business of investing in, developing, operating and maintaining infrastructure projects. The name of our Company was subsequently changed to Gammon Infrastructure Projects Limited in April 2002.

Project Development Business

I. Projects in the operational phase

The projects under our management currently include:

- The Rajahmundry-Dharmavaram Annuity Road Project, Andhra Pradesh;
- The Dharmavaram-Tuni Annuity Road Project, Andhra Pradesh;
- The New Mattancherry Bridge Project, Cochin, Kerala; and
- The two multipurpose berths at Visakhapatnam Port, Andhra Pradesh.

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

Name of SPV	REL	AEL	CBICL	VSPL
Nature of Project	Road project	Road project	Bridge project	2 multipurpose berths
Revenue Model	Annuity	Annuity	Toll and Annuity	Toll
Our Company's Beneficial Ownership	93.5%	93.5%	97.65%	42.22%
Total Project Cost	Rs. 25,640 lakhs	Rs. 24,810 lakhs	Rs. 2,574 lakhs	Rs. 31,371 lakhs
O&M Provider	Our Company as sub-contractor	Our Company as sub-contractor	CBICL	Portia Management Services, UK

A. Rajahmundry-Dharmavaram Annuity Road Project

Introduction

This project involved widening of a 53 kilometer stretch of a two-lane road into four lanes and strengthening of the same. GIL, along with its consortium partner, Punj Lloyd Limited ("PLL"), emerged as the lowest bidder for this annuity project. The concession period for this project is 17.5 years, including 2.5 years for construction.

REL, an SPV, was set up for the development and maintenance of this project. Currently, our Company holds a 49.0% equity stake and has a beneficial ownership and economic interest in a further 44.5% equity stake, which is held by GIL and PLL, for an aggregate 93.5% equity interest, in REL. The remaining 6.5% equity interest is held by PLL. We also have a controlling interest in REL due to our right to appoint directors on their boards. The legal ownership of our Company, GIL and PLL in REL is 49.0%, 38.25% and 12.75%, respectively. For more details on the shareholding structure, see the section titled "History and Certain Corporate Matters-Shareholder Agreements in relation to AEL and REL" on page 112 of this Red Herring Prospectus.

The project achieved financial closure on May 29, 2002 and achieved its COD notification on September 20, 2004, 70 days ahead of schedule. Subsequently, the project was refinanced in March 2006. A bonus of Rs. 1,151.9 lakhs (net of TDS Rs. 1,084.9 lakhs) (equivalent to Rs. 16.5 lakhs per day) has accrued to REL for achieving the COD ahead of schedule, the payment of which is awaited and our Company has sent a notice to

NHAI in relation to the non-payment of the due amount. See section titled "Business" on page 75 of this Red Herring Prospectus. The project has received five annuity payments from NHAI.

Concession Agreement

A concession agreement was entered into between REL and NHAI on October 30, 2001. The concession period runs until November 29, 2019.

The fees payable pursuant to the concession agreement are as follows:

- *Annuity*: The annuity payments are semi-annual. NHAI is required to pay REL Rs. 2,961.9 lakhs on each annuity payment date, i.e., May 30 and November 30 of each year, amounting in total to Rs. 5,923.8 lakhs (the "REL Annuity").

- *Assured Availability*: The concession agreement provides that REL's right to receive the REL Annuity shall be abated proportionately if, as a result of REL's failure to perform or discharge its obligations under the 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".

  Non Availability is measured in terms of the sum total of lane kilometer hours for which the carriageway or any part thereof was unavailable. The concession agreement stipulates that the length of a lane that was unavailable for the use of traffic is the actual length of the affected stretch of that lane as determined by the independent engineer plus 1 kilometer (500 meters on either side of the affected stretch). In the event that the independent engineer has reported Non Availability or Non Availability has otherwise been established, the REL Annuity payable for the immediately succeeding annuity payment period shall be adjusted for such 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 agreement.

Other material terms of the concession agreement include:

- *Capacity Augmentation:* NHAI may decide at any time after COD to augment the capacity of the project ("Capacity Augmentation") with a view to provide the desired level of service to the users of the road. NHAI may invite bids for Capacity Augmentation and REL has the option to submit its bid for Capacity Augmentation in response to such invitation.

  In the event that REL fails to give the lowest bid, 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 of the 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.

Payment Mechanism

- *Submission of Invoice*: REL is required to submit its invoice at least one month prior to the relevant annuity payment date to the independent engineer (but addressed to NHAI) for payment of the portion of the REL Annuity payable on the relevant annuity payment date, duly adjusted for Non Availability, if any. The independent engineer shall after verification and certification of the amount claimed in the invoice, forward the invoice to NHAI with a recommendation for the payment thereof so as to reach NHAI at least one week prior to the relevant annuity payment date.

- *Payment of Annuity*: Upon receipt of the invoice together with a recommendation for payment forwarded by the independent engineer, NHAI is required to take all necessary steps to ensure payment of the portion of the REL Annuity payable on the relevant annuity payment date. Further, NHAI is required to provide REL with an irrevocable revolving letter of credit from a scheduled bank in India for a sum equal to Rs. 2,961.9 lakhs throughout the operations period.

- *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 are to be done at NHAI's own expense.

Operations and Maintenance

An O&M agreement was entered into between REL and GIL on February 13, 2002, which appointed GIL as the O&M contractor for the duration of the concession period. Semi-annual payments are payable to GIL of Rs. 251.3 lakhs. Lump sum payments of Rs. 1,475.3 lakhs for periodic maintenance are payable to GIL in the 5^{th}, 10^{th} and 15^{th} years after the COD. All amounts payable under the O&M agreement are subject to 3% semi-annual adjustments. Subsequently, as of October 5, 2005, GIL entered into a sub-contracting agreement with our Company, whereby the O&M services for both REL and AEL would be provided by our Company for the tenure of the respective concession agreements. This O&M sub-contract was foreclosed and a fresh O&M sub-contract was entered on March 31, 2006 pursuant to which the semi-annual contract value payable to our Company was increased against a one-time consideration of Rs. 2,500 lakhs.

Financing Arrangements

The Rajahmundry-Dharmavaram Annuity road project was capitalized at Rs. 25,642.2 lakhs, as of March 31, 2006. This was financed with debt of Rs. 20,430.7 lakhs and equity of Rs. 5,211.5 lakhs (inclusive of an advance against equity). The entire existing debt was prepaid from of an amount of Rs. 26,100 lakhs received through re-financing, out of which Rs. 23,600 lakhs was outstanding as of March 31, 2006. As part of the financing arrangements, the lenders have step-in rights where in case of a default by REL under the financing document, the lenders are entitled to step into the project and enforce all the rights of REL. Also, all of the movable and immovable assets of REL have been mortgaged to the lenders and our Company has pledged part of its equity stake in REL in favour of the lenders as security for the loan. As of September 30, 2007, over 10.44% of this re-financed loan was repaid and the remaining amount is scheduled to be repaid semi-annually until December 2019.

B. Dharmavaram-Tuni Annuity Road Project

Introduction

This is a 47 kilometer road project that 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. The concession period is 17.5 years ending in November 2019, of which 15 years is for operations and 2.5 years is for construction. GIL, along with PLL, its consortium partner, emerged as the lowest bidder for this annuity project.

AEL, an SPV, was established for the development and maintenance of this project. Currently, our Company directly holds an equity stake of 49.0% and beneficially holds a further 44.5% equity stake, which is held by GIL and PLL, for an aggregate 93.5% equity interest in AEL, while the remaining 6.5% equity stake is held by PLL. We also have a controlling interest in AEL due to our right to appoint directors on their boards. The legal ownership of our Company, GIL and PLL in AEL is 49.0%, 38.25% and 12.75%, respectively. For more details on the shareholding structure, see the section titled "History and Certain Corporate Matters-Shareholder Agreements in relation to AEL and REL" on page 112 of this Red Herring Prospectus. The project achieved financial closure on May 29, 2002, and was subsequently refinanced in March 2006. The project achieved its COD notification on October 30, 2004, 30 days ahead of its scheduled COD, which resulted in a bonus of Rs. 465.2 lakhs (net of TDS Rs. 454.8 lakhs) (equivalent to Rs. 15.5 lakhs per day) accruing to AEL from NHAI, the payment of which is awaited. The project has received five annuity payments from NHAI.

Concession Agreement

A concession agreement was entered into between AEL and NHAI on October 30, 2001 and the concession period will continue until April 29, 2019.

- *Annuity*: The annuity payments are semi-annual. NHAI is required to pay AEL Rs. 2,791.2 lakhs on each annuity payment date, i.e., May 30 and November 30 of each year, amounting in total to Rs. 5,582.4 lakhs (the "AEL Annuity").

- *Assured Availability:* The assured availability provisions are similar to those for REL.

The other material terms under the AEL concession agreement are similar to those under the REL concession agreement.

Payment Mechanism

- *Submission of Invoice*: The provisions relating to submission of invoice under the AEL concession agreement is similar to those under the REL concession agreement.

- *Payment of Annuity*: Upon receipt of the invoice together with a recommendation for payment forwarded by the independent engineer, NHAI is required to take all necessary steps to ensure payment of the portion of the AEL Annuity payable on the relevant annuity payment date. Further, NHAI is required to provide AEL with an irrevocable revolving letter of credit from a scheduled bank in India for a sum equal to Rs. 2,961.9 lakhs throughout the operations period.

- *Levy and Collection of Fee*: The levy and collection of fee provisions under the AEL concession agreement are the same as those under the REL concession agreement.

Operations and Maintenance

An O&M agreement was entered into between AEL and PLL on February 13, 2002, which appointed PLL as the O&M contractor for the duration of the concession period. Subsequently, such agreement was terminated, and an O&M agreement was entered into between AEL and GIL on October 4, 2005, which appointed GIL as the O&M contractor for the remaining duration of the concession period. Semi-annual payments are payable to GIL of Rs. 237.9 lakhs. Lump sum payments of Rs. 1,332.6 lakhs for periodic maintenance are payable to GIL in the fifth, tenth and fifteenth years after the COD. All amounts payable under the O&M agreement are subject to 3% semi-annual adjustments. Subsequently, as of October 5, 2005, GIL entered into a sub-contracting agreement with our Company whereby the O&M services for both REL and AEL would be carried out by our Company for the tenure of the respective concession agreements. The O&M sub-contract dated October 5, 2005 was foreclosed and a fresh O&M sub-contract was entered on March 31, 2006 pursuant to which the semi-annual contract value payable to our Company was increased against a one-time consideration of Rs. 2,500 lakhs.

Financing Arrangements

The Dharmavaram-Tuni Annuity Road Project was capitalized at Rs. 24,807.6 lakhs, as of March 31, 2006. This was financed with debt of Rs. 19,069.1 lakhs and equity of Rs. 5,738.5 lakhs (inclusive of an advance against equity). The entire existing debt was prepaid from an amount of Rs. 23,300 lakhs received through re-financing, out of which Rs. 20,800 lakhs was outstanding as of March 31, 2006. As part of the financing arrangements, the lenders have step-in rights where in case of a default by AEL under the financing document, the lenders are entitled to step into the project and enforce all the rights of AEL. Also, all of the movable and immovable assets of AEL, its bank accounts including trust and retention accounts, its intangible assets, government approvals and insurance contracts have been mortgaged to the lenders and our Company has pledged part of its equity stake in AEL in favour of the lenders as security for the loan. As of September 30, 2007, over 10.46% of this refinanced loan has been repaid and the remaining amount is scheduled to be repaid semi-annually by December 2019.

C. New Mattancherry Bridge Project, Cochin, Kerala

Introduction

This was the first BOT project in the State of Kerala and has been in operation for six years. The bridge connects Fort Kochi (a heritage town and a famous tourist site) to Willingdon Island in the Cochin Port Trust area.

This 700 meter long bridge provides a two-lane link across the Mattancherry channel. The project originally had a concession period of 13 years and nine months, including a 28-month construction period. GOK has, pursuant to a government order, restructured the project concession which has resulted in an extension of the concession period by six years. The construction was completed 10 months ahead of schedule, which resulted in the early collection of toll revenues. At present the bridge witnesses daily traffic of approximately 18,000 passenger car units ("PCU"). Currently, our Company holds a 97.65% equity stake in CBICL, an SPV, which was formed for the project. Pursuant to the restructuring of the project concession by the GOK, CBICL is entitled to fixed annuity amount until the end of the new concession period starting from January 2004. Our Company is in the process of entering into a revised concession agreement incorporating the terms of the restructured concession.

Concession Agreement

A concession agreement for the project was entered into between CBICL and the Greater Cochin Development Authority ("GCDA') on October 27, 1999. The concession period under the original agreement was for a period of 13 years and nine months ending April 27, 2014. The fees payable pursuant to the concession agreement are as follows:

- *Fees:* CBICL is entitled to collect and retain the fees from users of the project bridge in accordance with the fees set by the GOK. Under the original agreement, the toll rate was subject to revision on an annual basis and fully linked to the wholesale price index ("WPI") of the GOI. Additionally, GCDA is required to share with CBICL, 50% of the charges collected, from providers of utilities using the bridge.

  As a result of public demand, the GOK by way of a government order stipulated the following changes in the fee structure:

  - Toll rates shall be kept constant at the applicable levels as of October 2002 and there shall be no annual revisions linked to the WPI; and

  - CBICL is required to issue daily passes to frequent users of the bridge, which are priced at 2.2 times the return fare.

  In order to compensate CBICL for losses due to the above revisions, the GOK has formulated a restructuring package under the aforesaid government order as follows:

  - Extension of concession period by six years beyond the original concession period of 13 years and nine months; and

  - Annuity payments of Rs. 154 lakhs starting from January 2004 until the end of the extended concession period in April 2020.

The original concession agreement is in the process of being amended to incorporate the restructuring package. CBICL has initiated arbitration proceedings against the Government of Kerala and Greater Cochin Development Authority for entering into the amended concession agreement incorporating the terms of the restructured concession. For more details, see the section titled "Outstanding Litigation and Material Development" on page 271 of this Red Herring Prospectus.

- *Concession Fee:* CBICL is required to pay Rs. 50 lakhs at the time of signing the concession agreement to GCDA and to issue Rs. 15 lakhs of equity capital, at par, to the Cochin Port Trust.

Further, CBICL is also required to pay GCDA Rs. 100 annually for the first two years after the COD and Rs. 10 lakhs for the third year after the COD, which will be increased by 10% for the fourth and each subsequent year after the COD.

Payment Mechanism

Revenue sources for the project are: (i) tolls collected from users; (ii) annuity; (iii) advertising income; and (iv) 50% of the charges collected, from providers of utilities using the bridge, if any. Providers of utilities make payments to GCDA, which in turn pay 50% of the fees collected to CBICL. The fees collected by CBICL or GCDA are deposited in the project escrow account and are appropriated in accordance with the provisions of the escrow agreement. GCDA is entitled to take over the collection and retention of fees under the concession agreement in the following circumstances:

- if CBICL fails to operate, maintain or repair part or all of the bridge in accordance with the specifications set forth in the concession agreement within 30 days of receiving a notice from GCDA that such specifications are not being complied with;
- if all or part of the bridge is closed for any reason, other than force majeure, for more than 24 hours;
- if CBICL is in material breach of the agreement; or
- if a termination notice has been provided by either party in accordance with the concession agreement.

The suspension period following any of the above events shall be terminated upon the event giving rise to the suspension being rectified by CBICL.

Operations and Maintenance

The operations and maintenance of the bridge is undertaken by CBICL.

Financing Arrangements

The cost of the setting up the New Mattancherry Bridge was Rs. 2,574.4 lakhs. This was financed entirely with an inter-corporate loan from GIL. After the COD, CBICL securitized the toll receivables with ICICI Bank Limited for Rs. 3,000 lakhs. This debt was subsequently prepaid in October 2005. CBICL financed this prepayment through a Rs. 2,678 lakhs inter-corporate loan from GIL at a rate of interest of 8% p.a. Subsequently, it has been funded by a inter-corporate loan of Rs. 1,820 lakhs from REL and of Rs. 722 lakhs from AEL at a rate of interest of 10% p.a.

D. Two Multipurpose Berths at Visakhapatnam Port

Introduction

A consortium between GIL and Portia Management Services Limited, UK ("**PMS**"), an international port operator that is a subsidiary of Mersey Docks & Harbour Company, UK, was awarded a concession by Visakhapatnam Port Trust ("**VPT**") to develop, construct, operate and manage two multipurpose berths in the northern arm of the inner harbour at Visakhapatnam Port on a BOT basis.

This concession was awarded for a period of 30 years, which includes a construction period of 24 months. VSPL, an SPV, was formed to implement the project. Currently, our Company holds 42.22% of the equity shareholding in VSPL, 28.89% of the equity is held by International Port Services, the investment arm of PMS and the remaining 28.89% is held by Lastin Holdings Limited.

VSPL is the only private operator for handling bulk cargo in India's largest seaport at Visakhapatnam. VSPL intends to develop the berths and terminal as a fully mechanized integrated handling system incorporating state-of-the-art technologies comparable to international standards, capable of handling cargo of up to nine MTPA.

The commercial operations at one berth commenced in July 2004, while the second berth commenced operations in September 2005. VSPL has also entered into a take-or-pay agreement for three MTPA for its EQ-8 berth with SAIL, which has significantly reduced the revenue risk associated with the project. In addition, VSPL has also entered into a short term contract with Rashtriya Ispat Nigam Limited ("RINL"), wherein VSPL is required to provide services such as handling and clearing and forwarding of imported coking coal at its port facility. The term of this contract is for one year commencing from July 1, 2007, and the quantity of coal to be handled is approximately 500,000 tons for this period. The rate for the above services is fixed at Rs. 84.27 per ton plus Rs. 26.96 per ton for clearance, transportation, clearing and forwarding including wagon loading. The contract is extendable for an additional year upon mutual consent of the parties thereto but at the same rates, terms and conditions.

License Agreement

A license agreement for the project was entered into between VSPL and VPT on November 28, 2001. 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. The tariff is set through a scale of rates approved by VPT as set forth in the license agreement.

Royalty: VSPL is required to pay VPT a monthly fee equal to 17.11% of the gross revenue earned by VSPL from operations.

Land Lease Payments: VSPL is required to pay VPT land lease rentals as per 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 VSPL the fair value of such tangibles less any amounts owed by VSPL to VPT.

Take-or-Pay Agreement

Pursuant to a take or pay type agreement between VSPL and SAIL, dated January 31, 2005, SAIL is obligated to use the cargo facilities at one of the berths at a minimum level of three MTPA. Under the agreement, SAIL is required to pay for cargo handling at a rate of Rs. 189 per MT for actual usage during the first year of operations and such rate is called the integrated terminal service charge ("ITSC"). Incentives to use the cargo handling facilities in excess of three MTPA require SAIL to pay only 58.20% of the ITSC for the portion that exceeds 3 MTPA, whereas SAIL is required to pay a penalty of 71.43% of the ITSC for the portion of cargo that falls below three MTPA. All rates payable under this agreement are subject to adjustment according to the power rates set by the Andhra Pradesh Electricity Regulatory Commission.

Operations and Maintenance

Portia Management Services, UK ("Portia") is responsible for O&M services for the project. The O&M agreement between Portia and VSPL is called the Engineering and Technical Services Agreement and was entered into on July 14, 2004 ("ETS Agreement"), in relation to Berths EQ8 and EQ9 at the Port of Visakhapatnam, India. Portia shall provide its terminal operating services for a period of three years and six months from the date of commencement of operations. Six months prior to the expiry of this contract, the parties may mutually agree to extend this contract for a further period of six months. Portia may also appoint a consultant for providing services at the terminal with the prior consent of VSPL. Portia shall be paid an amount equal to Rs. 800 lakhs over the period of the ETS Agreement.

Financing Arrangements

The total cost of the setting up the two multipurpose berths at Visakhapatnam Port was Rs. 31,371 lakhs. VSPL has entered into a financing agreement with State Bank of Patiala and Punjab National Bank on March 15, 2006 to borrow Rs. 21,000 lakhs towards costs of developing the project. Out of Rs. 21,000 lakhs of the debt, State Bank of Patiala sanctioned Rs. 11,000 lakhs and Punjab National Bank sanctioned Rs. 10,000 lakhs. The interest rate on the debt of Rs. 21,000 lakhs is fixed at 9% per annum to be reset every two years starting from the date of first disbursement.

A inter corporate loan amounting to Rs. 800 lakhs from CBICL was taken. This loan is mandatorily convertible into equity shares of VSPL of Rs. 10 each on April 1, 2008 at face value.

II. Projects in the Development Phase

In addition to the four operational projects described above, we also have the following seven projects currently in the development phase:

- The Mumbai-Nasik Road Project;
- The Rangit II Hydroelectric Power Project;
- Punjab Biomass Power Project;
- Kosi Bridge Project;
- Gorakhpur Bypass Project;
- Mumbai Offshore Container Terminal; and
- Pravara Co-generation Power Project

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

Name of SPV	*MNEL###*	*SHPVL####*	*PBPL*	*KBICL#*	*GICL##*	*ICTPL*	*SPV to be set up*
Nature of Project	Road project	Hydro Power project	Renewable energy project	Bridge project	Road project	Container terminal	Co-generation power project
Revenue Model	Toll	Sale to third party	Sale to PSEB	Annuity	Annuity	Container handling charges	Sale of power
Our Company's Beneficial Interest	70.0%**	100%	50%	100%	94.9%	50%	100%
PPP Model	BOT	BOOT	BOO	BOT	BOT	BOT	BOOT
Partners	GIL, Sadbhav Engineering Limited and B.E. Billimoria & Co.	None	Bermaco Energy Systems Limited	GIL	GIL and ATSL	GIL and Dragados S.P.L	None
Estimated Project Cost	Rs. 75,300 lakhs	Rs. 43,000 lakhs	Rs. 4,600 lakhs for the first project	Rs. 43,960 lakhs	Rs. 64,920 lakhs	Rs. 120,000 lakhs	Rs. 16,500 lakhs
Status of Financing Arrangement	Financial closure achieved with a consortium of seven banks for Rs. 65,000 lakhs	Financial closure yet to be achieved	Financial closure yet to be achieved	Financial closure achieved with a consortium of two banks for a term loan of Rs. 39,130 lakhs	Financial closure achieved with a consortium of four banks for a term loan of Rs. 57,540 lakhs	Financial closure yet to be achieved	Financial closure yet to be achieved
Expected COD	April 2009	December 2011	February 2009 and May 2009	April 2010	October 2009	December 2010	September 2009
O&M Provider	Our Company	SHPVL	PBPL	Our Company	Our Company	Yet to be appointed	Yet to be appointed

** We currently hold 79.99% of the share capital, which shall reduce to 70% upon B.E. Billimoria subscribing for their entire share. For more details, see the section titled "Our Subsidiaries and Associates" on page 121 of this Red Herring Prospectus.

#	Rs. 2,415 lakhs will be utilized from Issue proceeds towards the project costs. For more details please see section titled 'Objects of the Issue' at page 35 of this Red Herring Prospectus.
##	Rs. 3,689 lakhs will be utilized from Issue proceeds towards the project costs. For more details please see section titled 'Objects of the Issue' at page 35 of this Red Herring Prospectus.
###	Rs. 5,100 lakhs will be utilized from Issue proceeds towards the project costs. For more details please see section titled 'Objects of the Issue' at page 35 of this Red Herring Prospectus.
####	Rs. 8,960 lakhs will be utilized from Issue proceeds towards the project costs. For more details please see section titled 'Objects of the Issue' at page 35 of this Red Herring Prospectus.

A. Mumbai-Nasik Road Project

Introduction

A consortium consisting of GIL, Sadbhav Engineering Limited and B.E. Billimoria & Co. Limited was awarded the project for the four-laning of the 99.5 kilometer Vadape-Gonde (Mumbai–Nasik) section of NH-3, which is part of the NHDP Phase III. MNEL, an SPV, was formed on July 22, 2005 for the implementation of the project, in which our Company has subscribed for 70% of the proposed shareholding. The concession period for the project is twenty (20) years, including a construction period of three years. The total project cost is estimated to be Rs. 75,300 lakhs. The COD for the project is expected to be April 2009.

Concession Agreement

The concession agreement for the project was entered into between MNEL and NHAI on October 14, 2005 and the financial closure of the project was achieved with a consortium of seven banks for a total debt of Rs. 65,000 lakhs out of the total project cost of Rs. 75,300 lakhs. The concession period is for twenty (20) years. Presently the project is under its implementation phase with a total capitalization of Rs. 26,300 lakhs as of September 30, 2007.

- *Fees*: MNEL is entitled during the operations period to levy and collect fees from the users of the project highway pursuant to a schedule of user fees set forth in a schedule to the concession agreement. MNEL can also collect fees during the construction period, subject to completion of at least 50 kilometers of a continuous stretch of the project highway including the Kasara Ghat by-pass.

  The fee notification provides for an annual revision of the fees linked to the WPI. Under the 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:

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

- local commercial traffic: 50% of the applicable fees for the specific category of vehicle.

- *Concession Fee*: The concession fee payable by MNEL to NHAI is Re. 1.00 per year during the term of the concession agreement.

Payment Mechanism

The fees collected by MNEL or NHAI are required to be deposited in an escrow account.

MNEL has the right to delegate its right to collect fees to the O&M contractor, the tolling contractor or to any other person, but shall remain solely liable for the collection of fees in accordance with the concession agreement and its deposit into the escrow account.

Operations and Maintenance

MNEL, pursuant to its letter of intent dated March 6, 2006, has granted the responsibility of tolling ("Tolling Services") and maintenance ("Maintenance Services") to our Company. The Tolling Services and the Maintenance Services shall commence from the COD (including partial COD, which is attained for a section of the project highway) until the expiry of the entire concession period.

The Tolling Services shall include the tolling at two toll plazas along with incidental services. The tolling work will be carried out at a lump sum price of Rs. 545 lakhs (as on a base date of March 31, 2006), which shall be progressively escalated at 6% per annum. The initial cost as well as the replacement cost of the tolling system will be borne by MNEL.

The routine maintenance work is to be carried out by our Company at a lump sum price of Rs. 710 lakhs (as on a base date of March 31, 2006), which shall be progressively escalated at 6% per annum. Our Company is also required to carry out the work of periodic maintenance of the highway in the following manner:

- In the 5th and 15th year from the COD of the highway (entire stretch), based on a lump sum price of Rs. 2728 lakhs (as on a base date of March 31, 2006), which shall be progressively escalated at 6% per annum;
- In the 10th year after the COD of the highway (entire stretch), based on a lump sum price of Rs. 7639 lakhs (as on a base date of March 31, 2006), which shall be progressively escalated at 6% per annum; and
- In the last year of the concession, the periodic maintenance shall be carried out at the rate of Rs. 1364 lakhs (as on a base date of March 31, 2006), which shall be progressively escalated at 6% per annum.

The letter of intent envisages that a detailed Tolling Contract and a detailed Maintenance Contract shall be entered into between MNEL and our Company in due course on a back-to-back basis to the applicable terms and conditions of the concession agreement.

Financing Arrangements

Financial closure of the project was achieved with a consortium of seven banks, for a total debt of Rs. 65,000 lakhs, out of the total project cost of Rs. 75,300 lakhs. As per the concession agreement, MNEL will also receive a grant of Rs. 5,100 lakhs from NHAI during the construction period. The project is currently in the implementation phase with a total capitalization of Rs. 26,300 lakhs as of September 30, 2007. Also, all of the movable and immovable assets of MNEL, its receivables, its bank accounts including the escrow account, its intangible assets, government approvals, insurance contracts have been mortgaged to the lenders. In addition, our Company has also pledged a portion of its equity stake towards the lenders. The project is provided a one year moratorium and the tenure of the debt is fifteen (15) years.

Engineering, Procurement & Construction Contract

GIL and MNEL entered into an agreement on March 22, 2006 for the design, engineering, procurement of raw materials and equipment, construction and all other works and things necessary for the completion of the MNEL road project. Under the concession agreement, MNEL was required to carry out by itself or through a contractor, the design, engineering, procurement and construction of the project. MNEL awarded GIL the EPC contract for carrying out the construction works. GIL, under the contract has provided MNEL with a performance security equal to 5% of the contract price. The contract price payable by MNEL to GIL is Rs. 62,100 lakhs and the payment is to be made upon certain milestones being achieved.

B. Rangit II 66 MW Hydroelectric Power Project, Sikkim

Introduction

GIL received the letter of intent from the Government of Sikkim to develop the Rangit II Hydroelectric Power project at Sikkim on a BOOT basis. The project involves the development of a 66 MW run-of-the-river Hydroelectric Power Project on the Rimbi river. The total project cost is estimated to be approximately Rs. 35,863 lakhs. SHPVL, an SPV, has been incorporated to implement the project of which our Company owns a 100% equity stake. Currently, a detailed project report has been submitted to Sikkim Power Development Corporation ("SPDC") and environmental studies are being carried out. The COD for the project is expected to be in December 2011.

Implementation Agreement

An agreement signed on December 8, 2005 between SHPVL and the GOS for this project provides for a total concession period of thirty-five (35) years from COD. The agreement envisages the installed capacity of 60 MW which has been revised to 66 MW as per the detailed project report submitted to SPDC. The techno-economic clearance from SPDC is awaited.

As per the conditions of the agreement, SHPVL needs to provide free power to the GOS equivalent to 12% of the net energy generated for the first fifteen (15) years from COD and at 15% of the net energy generated thereafter, or the monetary equivalent thereof.

Apart from providing such free power, the agreement provides complete freedom to SHPVL for the sale of power within and outside the State of Sikkim with the permission of the Government of Sikkim and also permits captive consumption. Therefore, SHPVL can 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 its power generated from this project.

Operations and Maintenance

The O&M of the Rangit II hydroelectric power project is the responsibility of SHPVL. As hydroelectric power plants do not require costly fuels such as coal and gas, the operation of hydroelectric power plants is a relatively simple and economical means of generating power. Also, as civil components form about 70% to 80% of the overall project, the maintenance of the hydroelectric power plants is mainly limited to the periodic maintenance of plant and machinery, for which sufficient expertise is available locally.

Financing Arrangements

The total cost of the project is estimated at Rs. 35,863 lakhs and we expect to achieve financial closure subsequent to the techno-economic clearance from SPDC. Canara Bank, by way of its letter dated September 10, 2007 has agreed in principle to provide and /or arrange the financial assistance of Rs. 25,000 lakhs for this project. This arrangement is subject to satisfactory completion of due diligence, internal credit processes and approvals. The financial closure for the project is expected in 2008.

C. Punjab Biomass Power Project

Introduction

The project involves the development of nine biomass based power projects in the State of Punjab. PBPL, an SPV, has been formed for the implementation of the projects. Our Company holds a 50% stake in PBPL. The COD of the Bhagaura village project is expected to be in February 2009 and for the Sawai Singh Wala village project is expected to be in May 2009.

Agreement

A consortium of Bermaco and Jalkheri Power Private Limited ("JPPL") had been awarded contracts by the Punjab State Electricity Board ("PSEB") for setting up nine biomass based power projects, each having power generation potential in the range of 10 MW to 15 MW, in Punjab. This consortium has entered into a Power Purchase Agreement ("PPA") for nine of the projects with Punjab State Electricity Board on April 29, 2003. By its letter dated March 27, 2006, JPPL assigned all its rights under these projects to Bermaco. Bermaco by its letter dated March 27, 2006 has informed PSEB about such assignment. Further, it has also informed the PSEB that this project shall be carried out by PBPL and has sought the permission of PSEB for assigning all its rights in relation to these projects to PBPL.

These projects are to be developed by the consortium on a BOO basis. The Power Purchase Agreements have been signed for two of the projects for twenty (20) years from their respective scheduled CODs. The Power Purchase Agreements can be further extended for ten (10) years at mutually agreeable terms. A tariff order has been issued by Punjab State Electricity Regulatory Commission on October 4, 2005 notifying the tariff and other commercial terms for the nine projects.

An agreement was entered into between our Company and Bermaco on November 29, 2005 pursuant to which PBPL, an SPV, was incorporated for the implementation of two projects, a 12 MW biomass based power plant at Bhagaura village and Sawai Singh Wala village, each in Patiala district of Punjab, as well as implementation of the seven other projects, if determined viable. The detailed project report for the project at Bhagaura village in Patiala has been submitted to PSEB and a PPA has been signed with PSEB. PBPL has acquired 9.68 acres of land for the development of project and currently negotiating with the vendors for supply of electro-mechanical equipments.

The decision to develop the remaining seven projects, whether through PBPL or other SPVs, will be determined by us in due course.

Operations and Maintenance

The O&M of the first two biomass power projects is the responsibility of PBPL.

Financing Arrangements

The cost of each of the first two projects is estimated at Rs. 4,600 lakhs and we plan to finance each of the other projects through equity and debt.

D. Kosi Bridge Project

Introduction

This project involves the design, construction, development, finance, operation and maintenance of a 1.8 kilometer long four-lane bridge across river Kosi with 8.2 kilometer of access roads and bunds for flood protection on NH 57 in the Supaul district of Bihar. The concession period is twenty (20) years, ending in April 2027, of which seventeen (17) years is for operations and three years is for construction. The COD is expected to be April 2010.

KBICL, an SPV, was incorporated for the development and maintenance of this project. Under the concession agreements with NHAI, the consortium is required to hold not less than 51% of KBICL's 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 is required to hold a minimum equity stake of 51% of the consortium's holding in the paid up capital of KBICL during the concession period.

GIL, by an agreement dated August 31, 2007 has transferred the beneficial ownership and economic interest in its 26.01% holding in KBICL together with the right to vote, receive dividends and accretions to us. We also have the controlling interest in KBICL due to our right to appoint directors on the board of KBICL. Separately, GIL has also recently transferred its balance 24.99% shareholding in KBICL to us. Therefore, we directly hold 73.99% in KBICL whilst GIL holds the remaining 26.01% of the equity share capital in respect of which the beneficial ownership and economic interest is held by us.

The concession agreement was executed on October 6, 2006 and the financial closure was achieved on April 28, 2007.

Concession Agreement

A concession agreement was entered into between KBICL and NHAI on October 6, 2006 and the concession period under such agreement will continue until April 5, 2027.

The fees payable pursuant to the concession agreement are as follows:

- *Annuity*: The annuity payments are semi-annual. NHAI is required to pay KBICL Rs. 3,190 lakhs on each annuity payment date, i.e., October 4 and April 4 of each year (the "KBICL Annuity").

- *Assured Availability*: The concession agreement provides that KBICL's right to receive the KBICL Annuity shall be abated proportionately if, as a result of KBICL's failure to perform or discharge its obligations under the 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".

  Non Availability is measured in terms of the sum total of lane kilometer hours for which the carriageway or any part thereof was unavailable. The concession agreement stipulates that the length of a lane that was unavailable for the use of traffic is the actual length of the affected stretch of that lane as determined by the independent engineer plus 1 kilometer (500 meters on either side of the affected stretch). In the event that the independent engineer has reported Non Availability or Non

Availability has otherwise been established, the Annuity payable for the immediately succeeding annuity payment period shall be adjusted for such 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.

Other material terms of the concession agreement include:

- *Capacity Augmentation:* NHAI may at any time after COD decide to augment the capacity of the project with a view to provide the desired level of service to the users of the road. NHAI may invite bids for such capacity augmentation and KBICL has the option to submit its bid for capacity augmentation in response to such invitation. In the event that KBICL fails to give the lowest bid, KBICL will be given the first right of refusal to match the preferred bid. If KBICL matches the preferred bid and NHAI accepts such bid, KBICL will pay NHAI an amount equal to Rs. 10 lakhs towards bidding cost to be reimbursed to the preferred bidder. In case KBICL chooses not to submit its bid for any 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 to KBICL of the termination payment. The termination payment shall be the amount equivalent to the discounted value of future net cash flows of the project.

- *Equity Requirement:* KBICL must ensure that the consortium holds not less than 51% of its paid up equity capital until 3 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. Our 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.

Payment Mechanism

- *Submission of Invoice*: KBICL is required to submit its invoice at least one month prior to the relevant annuity payment date to the independent engineer (but addressed to NHAI) for payment of the portion of the KBICL Annuity payable on the relevant annuity payment date, duly adjusted for Non Availability, if any. The independent engineer shall after verification and certification of the amount claimed in the invoice forward the invoice to NHAI with a recommendation for the payment thereof so as to reach NHAI at least one week prior to the relevant annuity payment date.

- *Payment of Annuity*: Upon receipt of the invoice together with a recommendation for payment forwarded by the independent engineer, NHAI is required to take all necessary steps to ensure payment of the portion of the KBICL Annuity payable on the relevant annuity payment date. Further, NHAI is required to provide KBICL with an irrevocable revolving letter of credit from a scheduled bank in India for a sum equal to Rs. 3,190 lakhs throughout the operations period.

- *Levy and Collection of Fee*: KBICL 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. KBICL's revenue from this project consists of the KBICL Annuity only.

- *Concession Fee:* The concession fee payable by KBICL to NHAI is Re. 1.00 per year during the term of the concession agreement.

NHAI has the authority to levy a toll or a fee on the vehicles using the project facilities and to demand, collect, retain and appropriate such 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 are to be done at NHAI's own expense.

Operations and Maintenance

KBICL, pursuant to its letter of intent dated November 16, 2006, has granted the responsibility of maintenance to our Company. These Maintenance Services shall commence from the COD until the expiry of the entire concession period. Semi-annual payments are payable to our Company of Rs. 37.2 lakhs. Lump sum payments of Rs. 380 lakhs (as on a base date of January 1, 2006 and which shall progressively escalate at 5% per annum) for periodic maintenance are payable to our Company in the fifth and fifteenth years after the COD and in the last year of concession period. A lump sum payment of Rs. 900 lakhs (as on a base date of January 1, 2006 and which shall progressively escalate at 5% per annum) for periodic maintenance is payable to our Company in the 10th year after the COD.

Financing Arrangements

The cost of setting up the Kosi Bridge Annuity Road Project is estimated at Rs. 43,961 lakhs. This is financed with a term loan of Rs. 39,130 lakhs and equity of Rs. 4,831 lakhs. The term loan is funded by a consortium consisting of Canara Bank and Central Bank of India. The tenure of the loan is seventeen (17) years and six months including the drawdown period of three years. As part of the financing arrangements, in the event KBICL defaults in the repayment of the loan amount and/or payment of the interest and other amounts due, KBICL is required to pay liquidated damages at the rate of 0.5% per annum on the defaulted amounts for the period of default. Also, all of the movable and immovable assets of KBICL, its receivables, its bank accounts, including the escrow account, its intangible assets, government approvals, insurance contracts shall be mortgaged to the lenders and our Company shall pledge part of its equity stake in KBICL in favour of the lenders as security for the loan for a period of upto three years after the COD.

Engineering, Procurement & Construction Contract

GIL and KBICL entered into an agreement as of 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. Under the concession agreement, KBICL was required to carry out by itself or through a contractor, the design, engineering, procurement and construction of the project. KBICL awarded GIL the EPC contract for carrying out the construction works. GIL, under the contract is required to provide KBICL with a performance security in the form of a bank guarantee equal to 10% of the contract price. The contract price payable by KBICL to GIL is Rs. 34,705 lakhs and the payment is to be made upon certain milestones being achieved.

E. Gorakhpur Bypass Project

Introduction

This project involves the design, construction, finance and maintenance of a 32 kilometer long four-lane bypass to Gorakhpur town on NH 28 in the State of Uttar Pradesh. The concession period is twenty (20) years, ending in April 2027, of which 17.5 years is for operations and 2.5 years is for construction. The COD is expected to be in October 2009.

GICL, an SPV, was incorporated for the development and maintenance of this project. Under the concession agreements with NHAI, the consortium is required to hold not less than 51% of GICL's 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 is required to hold a minimum equity stake of 51% of the consortium's holding in the paid up capital of KBICL during the concession period.

GIL has by way of an agreement dated August 31, 2007 transferred the beneficial ownership and economic interest in 26.01% of its shareholding in GICL together with the right to vote, receive dividends and accretions. We also have a controlling interest in GICL due to our right to appoint directors on the board of GICL. Separately, GIL and ATSL have recently transferred 24.99% and 4.90% respectively of the paid up equity capital of GICL to us. Therefore, we directly hold 68.89% in GICL, whilst GIL holds 26.01% and ATSL, one of our Promoter Group Companies, holds 5.10% of the equity share capital. We also hold the beneficial ownership in respect of 26.01% of the equity share capital held by GIL.

The concession agreement was executed on October 6, 2006 and the financial closure was achieved on May 11, 2007.

Concession Agreement

A concession agreement was entered into between GICL and NHAI on October 6, 2006. The concession period will continue until April 5, 2027.

The fees payable pursuant to the concession agreement are as follows:

- *Annuity*: The annuity payments are semi-annual. NHAI is required to pay GICL Rs. 4,860 lakhs on each annuity payment date, i.e., October 4 and April 4 of each year (the "GICL Annuity").

- *Assured Availability*: The concession agreement provides that GICL's right to receive the GICL Annuity shall be abated proportionately if, as a result of GICL's failure to perform or discharge its obligations under the 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".

  Non Availability is measured in terms of the sum total of lane kilometer hours for which the carriageway or any part thereof was unavailable. The concession agreement stipulates that the length of a lane that was unavailable for the use of traffic is the actual length of the affected stretch of that lane as determined by the independent engineer plus 1 kilometer (500 meters on either side of the affected stretch). In the event that the independent engineer has reported Non Availability or Non Availability has otherwise been established, the Annuity payable for the immediately succeeding annuity payment period shall be adjusted for such 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.

Other material terms of the concession agreement include:

- *Capacity Augmentation:* NHAI may at any time after COD decide to augment the capacity of the project with a view to provide the desired level of service to the users of the road. NHAI may invite bids for such capacity augmentation and GICL has the option to submit its bid for capacity augmentation in response to such invitation. In the event that GICL fails to give the lowest bid, GICL will be given the first right of refusal to match the preferred bid. If GICL matches the preferred bid and NHAI accepts such bid, GICL will pay NHAI an amount equal to Rs. 10 lakhs towards bidding cost to be reimbursed to the preferred bidder. In case GICL chooses not to submit its bid for any 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 to GICL of the termination payment. The termination payment shall be the amount equivalent to the discounted value of future net cash flows of the project.

- *Equity Requirement:* GICL must ensure that the consortium holds not less than 51% of its paid up equity capital until 3 years after the COD and not less than 26% of its paid up capital during the balance of the concession period.

Payment Mechanism

- *Submission of Invoice*: GICL is required to submit its invoice at least one month prior to the relevant annuity payment date to the independent engineer (addressed to NHAI) for payment of the portion of the GICL Annuity payable on the relevant annuity payment date, duly adjusted for Non Availability, if any. The independent engineer shall after verification and certification of the amount claimed in the invoice forward the invoice to NHAI with a recommendation for the payment thereof so as to reach NHAI at least one week prior to the relevant annuity payment date.

- *Payment of Annuity*: Upon receipt of the invoice together with a recommendation for payment forwarded by the independent engineer, NHAI is required to take all necessary steps to ensure payment of the portion of the GICL Annuity payable on the relevant annuity payment date. Further, NHAI has provided, GICL with an irrevocable revolving letter of credit from a scheduled bank in India for a sum equal to Rs. 4,860 lakhs throughout the operations period.

- *Levy and Collection of Fee*: GICL 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. GICL's revenue from this project consists of the GICL Annuity only.

NHAI has the authority to levy a toll or a fee on the vehicles using the project facilities and to demand, collect, retain and appropriate the fee as it deems fit in its sole discretion.

Operations and Maintenance

GICL, pursuant to its letter of intent dated November 16, 2006, has granted the responsibility of maintenance to our Company. These Maintenance Services shall commence from the COD till the expiry of the entire concession period. A detailed O&M agreement is expected to be executed between GICL and our Company in due course. Semi-annual payments payable to our Company will be Rs. 80.5 lakhs (as on a base date of January 1, 2006 and which shall progressively escalate at 5% per annum). Lump sum payments of Rs. 1,953 lakhs for periodic maintenance are payable to our Company in the fifth and fifteenth years after the COD and Rs. 3,809 lakhs in the tenth year after the COD (as on a base date of January 1, 2006 and which shall progressively escalate at 5% per annum).

Financing Arrangements

The cost of setting up the Gorakhpur Bypass project is estimated at Rs. 64,921 lakhs. This is financed with a term loan of Rs. 57,543 lakhs and equity of Rs. 7,378 lakhs. The term loan is funded by a consortium consisting of Bank of India, Canara Bank, Central Bank of India and Punjab National Bank. The tenure of the loan is eighteen (18) years including the drawdown period of three years. As part of the financing arrangements, in the event GICL defaults in the repayment of the loan amount and/or payment of the interest and other amounts due, GICL is required to pay liquidated damages at the rate of 0.5% per annum on the defaulted amounts for the period of default. Also, all of the movable and immovable assets of GICL, its receivables, its bank accounts, including the escrow account, its intangible assets, government approvals, insurance contracts shall be mortgaged to the lenders and our Company shall pledge part of its equity stake in GICL in favour of the lenders as security for the loan for a period of upto three years after the COD.

F. Mumbai Offshore Container Terminal

MbPT, pursuant to a letter of intent dated August 8, 2007, has allotted the container terminal project involving construction of offshore container berths and development of a container terminal in Mumbai Harbour and management of the existing Ballard Pier Station Container Terminal to a consortium consisting of us, GIL and Dragados S. P. L. The estimated project cost is approximately Rs. 80,000 lakhs in the initial phase of three years, and approximately Rs. 40,000 lakhs subsequently, thus aggregating to Rs. 1,200 crores. The project is on a BOT basis for thirty (30) years, including three years of construction and equipping period. An SPV for the project, ICTPL has been incorporated for development of the project. ICTPL has entered into the license agreement with MbPT. We have not achieved financial closure for this project as of the date of this Red Herring Prospectus.

Under the terms of the joint venture agreement dated November 7, 2006, Dragados S. P. L, GIL and we shall hold 50%, 26% and 24% stake, respectively, in the equity share capital of this SPV.

In addition, GIL has by way of agreement dated August 31, 2007 agreed to transfer the beneficial and economic interest in respect of its shareholding in this SPV together with the right to vote, receive dividends and accretions.

License Agreement

A license agreement was entered into between ICTPL and MbPT on December 3, 2007. Presently, the project is under the implementation stage. 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 thirty (30) years commencing from 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 the company implementing the 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 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 8,00,000 TEUs for twenty-four (24) consecutive months at the two berths or (ii) the thirteenth (13th) year from the date of signing of the license agreement, whichever is earlier. If ICTPL does not construct the third berth, MbPT shall construct a third berth as a part of additional facilities.

Additional Facility (Exclusivity): The MbPT shall not construct or cause to be constructed any additional facilities until (i) the container throughput at the OCT Project reaches 12,00,000 TEUs in an operating year on all three berths of ICTPL over a period of twenty-four (24) consecutive months; or (ii) the thirteenth (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, MbPT 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 8,00,000 TEUs in an operating year on both berths of ICTPL over a period of twenty-four (24) consecutive months or (ii) the thirteenth (13th) year from the date of signing of the license agreement, whichever is earlier.

Operations and Maintenance

ICTPL is yet to finalize the O&M arrangement for the project.

Financing Arrangements

The estimated cost of this project is Rs. 1,200 crores. Currently, we are in discussions with banks and financial institutions to arrange financing for this project.

G. Pravara Co-generation Power Project

This 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") in Pravara Nagar, Maharashtra. PDVVPSSKL is a co-operative sugar factory registered under the provisions of the Maharashtra Co-operative Societies Act, 1960. We shall, either on our own or through an SPV, be responsible for designing, development, procurement, installation, erection, commissioning, operation and maintenance of the co-generation facility for a period of twenty-five (25) years after commercial operation day. PDVVPSSKL shall lease approximately fifty (50) acres of land to our Company for the purpose of setting up and operating the co-generation facility which includes a bagasse storage facility, water reservoir facility, ash disposal facility and staff colony.

The co-generation facility will be designed as a multi-fuel power plant fired by bagasse or other biomass fuel. The co-generation facility will use bagasse generated or procured by the PDVVPSSKL and additional bagasse procured by us as the main fuel to the extent available and bio-gas made available by PDVVPSSKL. The steam produced by burning fuel will produce electric power in steam turbine generators. The co-generation facility shall supply the process steam and power to PDVVPSSKL and shall sell surplus power to any third party after meeting requirements of PDVVPSSKL.

A detailed project report of the project has been carried out and the indicative cost for executing the project has been estimated at Rs. 16,500 lakhs. We have not achieved financial closure for this project as of the date of this Red Herring Prospectus.

Project Development Agreement

A project development agreement was entered into between our Company and PDVVPSSKL on December 3, 2007. At present, the project is under the implementation stage. The key terms and conditions of the agreement are as follows:

Supply of Bagasse: PDVVPSSKL shall supply the entire bagasse (not less than 216,000 MT during each sugarcane crushing season) as and when generated in its sugar plant at Pravaranagar during the operation of the co-generation facility to our Company. We shall pay for the bagasse at an agreed price.

Supply of Bio-Gas: PDVVPSSKL shall supply the entire bio-gas (not less than equivalent of 48,720 MT of bagasse during each year) generated in its sugar plant at Pravaranagar during the operation of the co-generation facility. We shall pay for the bio-gas at an agreed price.

Supply of Power and Steam: We expect to meet the entire process steam and power requirement of PDVVPSSKL during the sugarcane crushing season and the off-season as follows:

- Power 6.565 MW during season and 1.525 MW during off-season;
- LP steam 109.5 TPH during season and 17.5 TPH during off-season; and
- MP steam 2.5 TPH during season and 2.5 TPH during off-season.

Excess Power: The excess power after supplying to PDVVPSSKL is proposed to be sold to third parties.

Modifications in Sugar Plant: PDVVPSSKL will need to carry out various modifications in its sugar plant to utilise the steam and electricity generated by the co-generation plant.

Lease of Land: PDVVPSSKL will lease approximately fifty (50) acres of land at an annual lease charge of Rs. 60 lakhs to our Company.

Transfer of Co-generation facility: The operations period shall be for twenty-five (25) years from COD, at the end of which the power plant shall be transferred to PDVVPSSKL for Rs. 1,00,000.

III. Projects in the Pre-Development Phase

A. Adityapur SEZ

This project involves the development of an SEZ for automobile and auto components at Adityapur, in the state of Jharkhand in eastern India and our Company has been selected for implementation of the project, subject to fulfillment of certain terms and conditions, including incorporating an SPV, the payment of an authorization fee of Rs. 200 lakhs to Adityapur Industrial Area Development Authority ("AIADA") and complying with certain conditions set out in the request for proposal. The state government is expected to lease out the land to the SPV measuring approximately ninety (90) acres for a period of ninety (90) years.

Our Company has entered into a consortium agreement on March 30, 2006 with GIL and JUSCO to develop the SEZ at Adityapur and have submitted a proposal in accordance with the request for proposal issued by the AIADA. Under the consortium agreement, JUSCO has been appointed as the lead member to represent the consortium in all matters pertaining to the proposal. Under the terms of the agreement, our Company and JUSCO have agreed to a lock-in of five years from the date of issue of shares to it and is permitted to only transfer its interest to GIL.

On June 14, 2006, AIADA issued a letter of allotment to the consortium for the development of the SEZ. SEZ Adityapur Limited, a SPV, was incorporated on October 13, 2006 for the purpose of developing the project. JUSCO holds 51% equity stake in SEZ Adityapur Limited, while our Company along with GIL hold 38% equity stake and the remaining 11% equity stake is held by AIADA. The license agreement is currently being negotiated with AIADA.

In respect of the following projects under (B) and (C) below, GIL has entered into letter agreements whereby it has agreed to transfer the beneficial ownership and economic interest in respect of its shareholding in these project SPVs together with the right to vote, receive dividends and accretions and to appoint directors. The ownership to these shareholdings will be transferred to us after a specified period from the commissioning of the respective plants. For more details see the section titled "History and Certain Corporate Matters" on page109 of this Red Herring Prospectus.

B. Haryana Biomass Power

HAREDA has issued a letter of intent for establishing eight biomass based power projects in Haryana to a consortium consisting of GIL and Bermaco. The capacity of the projects is likely to be in the range of 10 to 12 MW each.

GIL and Bermaco Energy Systems Limited have entered into a Memorandum of Understanding dated March 6, 2006 for the development of these eight biomass based power projects in Haryana. These parties (including their associates) shall maintain an equal equity contribution. The detailed project report has been prepared and submitted to HAREDA for their approval. Pursuant to the Memorandum of Understanding, an SPV, Haryana Biomass Power Limited, has been incorporated on August 23, 2007.

This SPV has not been capitalized as of the date of this Red Herring Prospectus. Under the terms of the aforesaid MoU, GIL and Bermaco Energy Systems Limited shall hold 50% stake each in the equity share capital of this SPV. Further, GIL has entered into agreement dated August 31, 2007 whereby GIL has agreed to transfer the beneficial ownership in respect of its shareholding in this SPV together with the right to vote, receive dividends and accretions. We also have a controlling interest in this SPV due to our right to appoint directors on its board. GIL has entered into such agreements with us in respect of each of the eight biomass based power projects.

C. TIDONG Hydropower

The Government of Himachal Pradesh pursuant to a letter dated April 9, 2007 has allotted the 60 MW Tidong – II Hydro Electric Project to a consortium consisting of GIL and Torrent Power AEC Limited (now Torrent Power Limited). GIL and Torrent Power Limited have entered into a joint venture agreement for the development of the project with GIL holding a 51% equity share in the consortium. Pursuant to the joint venture agreement, an SPV, Tidong Hydro Power Limited has been incorporated on August 21, 2007.

This SPV has not been capitalized as of the date of this Red Herring Prospectus. Under the terms of the aforesaid joint venture agreement, GIL and Torrent Power Limited shall hold 51% and 49% stake respectively in the equity share capital of this SPV. Also, by virtue of an agreement dated August 31, 2007 GIL has agreed to transfer the beneficial ownership and economic interest in respect of its 50% (out of 51%) shareholding in this SPV together with the right to vote, receive dividends and accretions. We also have a controlling interest in the SPV due to our right to appoint directors on its board.

The MOU as required to be signed between the parties is still pending. GIL along with TPL has filed a writ petition seeking directions against the Government of Himachal Pradesh and Department of MPP and Power for execution of the said MOU.

IV. Future Projects

The under mentioned are the projects where we or GIL have together or separately submitted our technical/financial bid or where our technical/financial bid remains unopened or where we have qualified to submit our technical/financial bid.

A. Projects where we have submitted financial bids, results have been announced but the LOI has not been received by us:

The Company has bid for two projects where the financial bids have been opened, the results announced and where we have been declared as preferred bidders. There is no assurance that the letter of award would be awarded to us in a timely manner or at all. Further there may be delays in the process of awards, execution of binding agreements, including financial arrangements, owing to reasons which may be outside the control of the Company.

- Development of a hydro power project in Yangthang, Himachal Pradesh; and
- Development of a multi purpose port at Bedi, Gujarat.

B. Projects where we have submitted financial bids and results are awaited:

We have submitted our financial bid for the development of water treatment and transmission infrastructure for supply of water to Aurangabad City, in the State of Maharashtra. The result for this bid is awaited. There are also other entities apart from us who have been asked to submit their financial bids for this project. 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. For more details, see section titled "Risk factors" at page xiii of this Red Herring Prospectus.

C. Projects where we are qualified to submit financial bid:

We have also qualified to submit financial bids for the following projects:

1. The Elevated Mass Rapid Transit System Project in Hyderabad;
2. Development of city roads on annuity basis in Pimpri and Chinchwad, in the State of Maharashtra;
3. Intermodal Transit Centre, Bangalore;
4. Development of chain of Budget Hotels in the state of Andhra Pradesh on a BOT basis;
5. Development of Deep Draught Iron Ore Berth on a BOT basis in Paradip Port;
6. Development of Deep Draught Coal Berth on a BOT basis in Paradip Port;
7. Mumbai Metro Rail Phase 1, Line II (Charkop-Bandra-Mankhurd corridor) on a BOT basis
8. Development of Elevated Ring Road in Kolkata on a BOT basis;
9. Development of a textile SEZ at Kagal, Kolhapur; and
10. Development of multi-level car parks at various locations in Delhi.

There might be delays in the bid selection process or our bid for the respective projects may not be accepted. 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 competitive bids from other companies bidding for these projects. For more details, see section titled “Risk factors” at page xiii of this Red Herring Prospectus.

V. Operations and Maintenance Business

A. O&M Services for REL and AEL

The agreements for O&M services for REL and AEL have been entered into between GIL and REL, and GIL and AEL, respectively. The O&M services for REL and AEL are currently being carried out by our Company under the Joint O&M Sub Contract between GIL and our Company, effective October 5, 2005, respectively. Pursuant to the agreement, our Company is required to provide O&M services to REL and AEL for a period of 14 years starting from October 2005. The O&M Sub Contract was foreclosed and a fresh O&M Sub-contract was entered on March 31, 2006 pursuant to which the semi-annual contract value payable to our Company was increased against a one-time consideration of Rs. 2,500 lakhs.

B. O&M Services for MNEL

MNEL, pursuant to its letter of intent dated March 6, 2006, has granted the responsibility of tolling and maintenance to our Company. The tolling services and the maintenance services shall commence from the COD (including partial COD, which is attained for a section of the project highway) until the expiry of the entire concession period.

The tolling services shall include the tolling at two toll plazas along with incidental services. The tolling work will be carried out at a lump sum price of Rs. 545 lakhs (as on a base date of March 31, 2006), which shall be progressively escalated at 6% per annum. The initial cost as well as the replacement cost of the tolling system will be borne by MNEL.

The routine maintenance work will be carried out by our Company at a lump sum price of Rs. 710 lakhs (as on a base date of March 31, 2006), which shall be progressively escalated at 6% per annum. Our Company has also undertaken to carry out the work of periodic maintenance of the highway in the following manner:

- In the 5th and 15th year from the COD of the highway (entire stretch), based on a lump sum price of Rs. 2,728 lakhs (as on a base date of March 31, 2006), which shall be progressively escalated at 6% per annum;
- In the 10th year after the COD of the highway (entire stretch), based on a lump sum price of Rs. 7,639 lakhs (as on a base date of March 31, 2006), which shall be progressively escalated at 6% per annum; and
- In the last year of the concession, the periodic maintenance shall be carried out at the rate of Rs. 1,364 lakhs (as on a base date of March 31, 2006), which shall be progressively escalated at 6% per annum.

The letter of intent envisages that a detailed tolling contract and a detailed maintenance contract shall be entered into between our Company and MNEL in due course on a back-to-back basis to the applicable terms and conditions of the concession agreement.

C. O&M Services for KBICL

KBICL, pursuant to its letter of intent dated November 16, 2006, has granted the responsibility of maintenance to our Company. The Maintenance Services shall commence from the COD till the expiry of the entire concession period.

The routine maintenance work will be carried out by our Company at a lump sum price of Rs. 74.4 lakhs p.a. (as on a base date of January 1, 2006), which shall be progressively escalated at 5% per annum. Our Company has also undertaken to carry out the work of periodic maintenance of the highway in the following manner:

- In the 5th and 15th year from the COD of the highway (entire stretch) and the last year of concession, based on a lump sum price of Rs. 380 lakhs (as on a base date of January 1, 2006), which shall be progressively escalated at 5% per annum; and
- In the 10th year after the COD of the highway (entire stretch), based on a lump sum price of Rs. 900 lakhs (as on a base date of January 1, 2006), which shall be progressively escalated at 5% per annum.

The letter of intent envisages that a detailed maintenance contract shall be entered into between KBICL and our Company in due course on a back-to-back basis to the applicable terms and conditions of the concession agreement.

D. O&M Services for GICL

GICL, pursuant to its letter of intent dated November 16, 2006, has granted the responsibility of maintenance to our Company. The Maintenance Services shall commence from the COD till the expiry of the entire concession period.

The routine maintenance work will be carried out by our Company at a lump sum price of Rs. 161 lakhs p.a. (as on a base date of January 1, 2006), which shall be progressively escalated at 5% per annum. Our Company has also undertaken to carry out the work of periodic maintenance of the highway in the following manner:

- In the 5th and 15th year from the COD of the highway (entire stretch), based on a lump sum price of Rs. 1,953 lakhs (as on a base date of January 1, 2006), which shall be progressively escalated at 5% per annum; and
- In the 10th year after the COD of the highway (entire stretch), based on a lump sum price of Rs. 3,809 lakhs (as on a base date of January 1, 2006), which shall be progressively escalated at 5% per annum.

The letter of intent envisages that a detailed maintenance contract shall be entered into between GICL and our Company in due course on a back-to-back basis to the applicable terms and conditions of the concession agreement.

VI. Alliances and Partnerships

In addition, we have entered 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, by way of forming consortiums:

- Port sector projects: With Noble Group Limited (Noble), MMTC Limited and IMC Limited;
- Road sector projects: With Macquarie Securities (Asia) Pte Limited, Sadbhav Engineering Limited, GVK Industries, Srei International Finance Limited and ATSL;
- Mass Rapid Transit Systems: With GVK Industries Limited, Infrastructure Development Finance Company Limited, Alstom Transport S.A., Siemens AG, Leighton Contractors (India) Private Limited, Bharat Earth Movers Limited and Reliance Industries Limited;
- Airport: With Macquarie Securities (Asia) PTE and Prime Developers;

- Power Transmission: With China Light & Power India Private Limited;
- Power generation sector: With Shriram Financial Services Holdings Private Limited and Shriram EPC Limited; and
- Development of a hotel on a BOT basis with Wyndham Hotel Group International Inc.

VII. General

A. Competition

1. *Road Sector*

We do not face any material competition in our two operational road projects, since NHAI is obligated to make fixed payments to us irrespective of the actual toll revenues collected by NHAI. While we believe that we would not face competition on the Mumbai-Nasik toll road project, we may, however, be exposed to fluctuations in revenue once the Mumbai-Nasik toll road project enters into commercial operations, as the revenues of such project will be determined on the basis of toll amounts collected. Under the NHDP, the GOI 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, Madhucon Projects Limited, PLL and Infrastructure and Leasing Financial Services Limited.

2. *Port Sector*

We will not face any material competition in one of our two multipurpose berths, since SAIL is obligated to make minimum cargo handling fees to us for a minimum of three MTPA under a take-or-pay contract, which further provides incentives for SAIL to use such berth in excess of three MTPA. We could, however, face competition for the other berth from minor ports that are being developed or are being considered for development on the east coast of India. In future, we believe that competition in the port sector in bidding for new projects would come from (a) AP Moeller, DP World and PSA International, who already have a presence in India and Hutchison Ports in the container terminals segment and (b) L&T and J M Baxi in the bulk terminals segment.

3. *Power sector*

Due to the historical imbalance between demand and supply in the Indian power sector, there has generally been a stable market for power generation companies in India.

The Electricity Act removed licensing requirements for thermal generators, provided for open access to transmission and distribution networks and removed restrictions on the right to build captive generation plants. These reforms provide opportunities for increased private sector involvement in power generation. Specifically, the open access reforms, by which generators will be able to sell their output directly to distribution and transmission companies and, ultimately, directly to consumers, may increase the financial viability of private investment in power generation. Large Indian business houses, such as the Tata and Reliance groups, which already have a presence in the Indian power sector, may also seek to expand their operations in the sector. The power sector in India could also attract increased investment from international companies.

As a result of reforms in the power sector, SEBs may experience improvements in their financial position and may seek to expand their installed capacity. Competition from hydroelectric power may also increase in the future. While under the Electricity Act, licensing is still required to commission a hydro powered plant, the increased opportunities for private investment in the market described above, when combined with available water supply in India and the resulting low costs of production, may lead to increased investment in and competition from hydroelectricity in the future.

B. Offices

The registered office of our Company is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025, India. For the registered offices of our project companies please refer to the section titled "Our Subsidiaries and Associates" beginning on page 121 of this Red Herring Prospectus.

C. 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 include group personal accident insurance, public liability insurance, consequential loss insurance, standard fire and special perils insurance, consequential loss insurance, electronic equipment insurance, special contingency liability insurance burglary insurance and cash insurance.

D. Intellectual Property

Our 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 our Company has been licensed to use are the unregistered trademarks "Gammon" and the "Gammon logo". A non-exclusive license to use these trademarks has been granted. Under the TLA, our 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, payment of Rs. 100 to GIL, to be paid annually.

The TLA was valid for a period of one year. Our Company has extended the TLA for a further period of five years, i.e., until March 19, 2012, on the same terms and conditions.

E. Human Resources

As of December 31, 2007 our Company had a total of thirty-three (33) 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. The members of our Company's professional staff have a wide range of prior experience. In addition to salary and allowance, our Company provides its employees medical, leave and retirement benefits, which include gratuity.

REGULATIONS AND POLICIES

Introduction

We carry on business as a project developer, which invests in SPVs for infrastructure projects. We also carry out O&M contracts directly in some sectors such as roads.

The current projects of our subsidiaries and of the joint ventures entered into by us are operating in the roads, ports and hydro-electric power sectors. The SPVs established for carrying out activities in these sectors are subject to certain regulations in India.

Regulation of the road sector

The primary central legislations governing the roads sector are the National Highways Act, 1956 and the National Highways Authority of India Act, 1988 (NHAI Act).

National Highways Act, 1956

Under this Act, the central government is vested with the power to declare a highway as a National Highway and also to acquire land for this purpose. The central government may by notification, declare its intention to acquire any land when it is satisfied that for a public purpose such land is required for the building, maintenance, management or operation of a national highway. The National Highways Act prescribes the procedure for the same. Such procedure relates to declaration of an intention to acquire, entering and inspecting such land, hearing of objections, declaration required to be made for the acquisition and the mode of taking possession.

The central government is responsible for the development and maintenance of national highways. However, it may direct that such functions may also be exercised by state governments. Further, the central government has the power to enter into an agreement with any person for the development and maintenance of a part or whole of the highway. Such person would have the right to collect and retain fees at such rates as may be notified by the central government.

The National Highways (Collection of Fees by any Person for the use of Section of National Highways/ Permanent Bridge/ Temporary Bridge on National Highways) Rules, 1997 provide that the central government may enter into agreements with persons for development and maintenance of the whole or part of a national highway/permanent bridge/temporary bridge on national highway. Such person may invest his own funds for development or maintenance and is allowed to collect and retain the fees at agreed rates from different categories of vehicles for an agreed period for the use of the facilities created herein.

The rates of fees and the period of collection are decided by the central government and the factors taken into account to decide the same include expenditure involved in building; maintenance, management and operation of the whole or part of such section; interest on the capital invested; reasonable return, the volume of traffic; and the period of such agreement.

Once the period of collection of fees by the person is completed, all rights pertaining to the section, permanent bridge or the temporary bridge on the national highway would be deemed to have been taken over by the central government.

National Highways Authority of India

The NHAI Act provides for the constitution of an authority for the development, maintenance and management of national highways. Pursuant to the same NHAI was set up in 1995. Under the NHAI Act, the central government carries out development and maintenance of the national highway system through NHAI, an autonomous body. Pursuant to the same, NHAI has the power to enter into and perform any contract necessary for the discharge of its functions under the NHAI Act.

In an effort to provide for additional financing of its projects, the NHAI has taken measures to attract private sector participation in development of projects. The NHAI Act prescribes a limit in relation to the value of the contracts that may be entered into by NHAI. However, such contracts can exceed the value so specified with the prior approval of the central government. The NHAI provides that the contracts for acquisition, sale or lease of immovable property cannot exceed a term of thirty (30) days.

The Government aims to attract both foreign and domestic private investments in construction and maintenance of National Highways. Projects may be offered on BOT basis to private agencies. The concession period can be unto a maximum of 30 years, after which the road is transferred back to NHAI by the concessionaries.

The bidding for the projects takes place in two stages as per the process provided below:

- In the pre-qualification stage, NHAI selects certain bidders on the basis of technical and financial expertise, prior experience in implementing similar projects and previous track record; and

- In the second stage, NHAI invites commercial bids from the pre-qualified bidders on the basis of which the right to develop the project is awarded.

Where projects are funded by multilateral funding agencies such as the World Bank or the Asian Development Bank, the selection takes place in consultation and concurrence with the funding organisation. For other types of projects, selection is as per standards work procedures. Wide publicity is given to NHAI tenders so as to attract attention of leading contractors and consultants. Notice inviting tenders is posted on the web site of the NHAI and published in leading newspapers.

Private sector participation in the road sector is sought to be promoted through the following initiatives as well:

- The Government ensures that all preparatory work including land acquisition and utility removal is completed before awarding of the project;

- Right of way is made available to the concessionaires free from all encumbrances;

- NHAI / Government may provide capital grant up to 40% of project cost to enhance viability on a case to case basis;

- 100% tax exemption for 5 years and 30% relief for next 5 years, which may be availed of in 20 years; and

- Duty free import of specified modern high capacity equipment for highway construction.

Regulation of Ports

The primary legislation governing ports is the Major Port Trusts Act, 1963 (the Port Trust Act). Each port is administered, controlled and managed by a board of trustees (Port Trust) which is constituted by the central government under the Port Trust Act. The Port Trust usually renders services such as landing and shipping of passengers and goods, transporting and storing goods, receiving, transporting and dispatching goods originating in the vessel in the port and intended for carriage by the railways or vice versa; piloting, hauling, mooring, hooking or measuring of vessels or any other service in respect of vessels. Such services can be sanctioned to be performed by private persons if approval of the central government is obtained. For this, such person cannot charge any sum in excess of the amount specified by the Tariff Authority for Major Ports (Port Tariff Authority) by notification. The Port Tariff Authority is an independent body established for fixing and revising port tariffs. These tariffs determine the upper limit of tariffs that can be charged by private entrepreneurs and the port.

Private participation is allowed in the following activities pertaining to ports: (i) leasing out assets of the port; (ii) construction and creation of additional assets (this includes: construction and operation of container terminals; (iii) construction and operation of bulk break bulk, multipurpose and specialized cargo berths; (iv) warehousing, container freight stations, storage facilities and tank farms; (v) crainage/handling equipment; (vi) setting up of captive power plants; (vii) dry docking and ship repair facilities; (viii) leasing of equipment for port handling and leasing of floating crafts from the private sector; (ix) pilotage; (x) captive facilities for port based industries. Further activities may be permitted to be opened to private sector participation after consultation with the central government.

Under the Port Trust Act, approval of the central government is required for lease of property belonging to port such as land, berths super structure and equipment in cases where the lease is for a term exceeding 30 years or where the amount paid in consideration of such lease exceeds the amount fixed by the central government.

Leasing of assets to the private sector is carried out through open tenders and the lease period is decided by the respective Port Trust. However, the maximum period permitted is 30 years. After expiry of the lease period, the assets revert back to the port free of cost. Bids are called for based on a two cover system consisting of technical and financial bids. Financial bids of only those bidders are opened who have been technically qualified. In the financial bid, parameters such as the upfront fee for the lease, royalty per tonne of cargo, minimum cargo guaranteed and lease rent per unit area is required to be specified.

The approval of the Port Trust is required for making, erecting or fixing any wharf, dock, quay, stage, jetty, pier, erection or mooring within the port or its approaches and the Port Trust may specify conditions subject to which such consent is granted.

Though activities have been opened to participation by the private sector, these persons are obligated to operate in accordance with certain considerations such as protection of national interests including national security and adhering to priority berthing orders of the central government, in this regard. Other considerations include following statutory requirements on environmental protection, anti-pollution measures and safety.

However, private sector participants would be permitted to give priority berthing to their own ships and they would service other ships on a first come first served basis with respect to berths constructed or taken on lease by private entrepreneurs.

Regulation of the Power Sector

The Electricity Act, 2003

The electricity sector is regulated both by central and state governments. The central government has the primary responsibility for development of electrical energy in India through planning and policy formulation, monitoring the implementation of power projects and by enacting legislation for thermal and hydro power generation, transmission and distribution.

Prior to June 2003, electricity generation, supply and distribution were governed by different legislations namely, the Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998. However the Electricity Act, 2003 (Electricity Act) was enacted with effect from June 10, 2003, which repealed and replaced the aforementioned enactments. 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. The main features of the Electricity Act include:

- Electricity generation has been de-licensed and captive-generation has been allowed. Though license is not required to establish and operate a generating station, it is necessary that the technical standards relating to connectivity with the grid are complied with. Companies generating electricity may sell to any licensees and if permission is obtained from the State Regulatory Commission, to consumers as well. Consumers can establish captive power plants for their own consumption. There is no requirement for surcharge to be paid on wheeling of power from the captive plant to the destination of the use by the consumer. Approvals from the state government and Central Electricity Authority (CEA) are still required for hydro projects when the capital expenditure of the project exceeds the limits proposed by the central government;

- Central and State Regulatory Commissions, which were constituted under the Electricity Regulatory Commission Act, 1998 continue under the Electricity Act and the power to determine tariff is conferred on them. The regulatory commissions determine the tariff for generation, supply, transmission and wheeling of electricity, whether wholesale, bulk or retail;

- License is required for transmission of electricity, whether at the inter-state or intra-state level. A central transmission utility (CTU) and state transmission utilities (STUs) have been designated by the central government and the state governments respectively who are deemed to be as transmission licensees. Their responsibilities include bearing responsibility for transmission of electricity, coordinating the transmission system, and providing open-access to any users and undertaking transmission through inter-State and intra-State transmission systems.

The Electricity Act allows independent power producers (IPPs) open access to transmission lines subject to the availability of adequate transmission capacity.

- Power trading, meaning the purchase of electricity for resale, has been introduced under the Electricity Act. License is required for the same. The Electricity Act envisages both wholesale supply (i.e. purchasing power from generators and selling to the distribution licensees) and retail supply (i.e. purchasing from generators or distribution licensees for sale to end consumers). For license to be obtained from the Electricity Regulatory Commission, capital adequacy norms and technical parameters must be fulfilled. The Electricity Regulatory Commission will also have the right to fix a ceiling on trading margins in intra-state trading.

- Open access is provided for transmission, distribution and trading. Distribution is a licensed activity. Considering that no license is required for the supply of electricity, a distribution licensee can undertake trading, distribution and supply through one license.

- The Electricity Act provides for the formulation of the National Electricity Policy and the National Tariff Policy.

- Provision relating to restructuring of the State Electricity Boards.

Hydro Projects

Under the Electricity Act, specific provisions have been made for hydro projects. The generating company intending to set up a hydro project station is required to submit any scheme which is estimated to involve a capital expenditure exceeding such sum as may be fixed by the central government before the CEA for approval. The CEA is required to look into whether the proposed river-works will prejudice the best development of the river or its tributaries for power generation. Further factors such as drinking water, irrigation, navigation, flood-control or other public purposes are also required to be considered. The CEA is also required to consider whether the proposed scheme meets the norms regarding dam design and safety.

Fiscal Legislation

Section 80-IA of the Income Tax Act, 1961 provides that while computing the total income of an undertaking set up for generation of power, 100% deduction of the profit and gains is allowed. This deduction is allowed during any 10 consecutive years in a block of first 15 years from the start of operations of the infrastructure facility.

This is applicable when the particular undertaking is not formed by splitting up or reconstruction of a business already in existence and is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Environment Regulation

Infrastructure projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 (Water Pollution Act), the Air (Prevention and Control of Pollution) Act, 1981 (Air Pollution Act) and the Environment Protection Act, 1986 (Environment Act).

The Water Pollution Act aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters;

and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board.

The Central and State Pollution Control Boards constituted under the Water Pollution Act are also to perform functions as per the Air Pollution Act for the prevention and control of air pollution. The Air Pollution Act aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

The Environment Act has been enacted for the protection and improvement of the environment. The Act empowers the central government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The central government may make rules for regulating environmental pollution.

With respect to forest conservation, the Forest (Conservation) Act, 1980 prevents state governments from making any order directing that any forest land be used for a non-forest purpose or that any forest land is assigned through lease or otherwise to any private person or corporation not owned or controlled by the Government without the approval of the central government. The Ministry of Environment and Forests mandates that Environment Impact Assessment (EIA) must be conducted for projects. In the process, the Ministry receives proposals for the setting up of projects and assesses their impact on the environment before granting clearances to the projects.

Special Economic Zones, Act, 2005

SEZ is regulated and governed by Special Economic Zone, Act, 2005 (the "SEZ Act"). The SEZ Act has been enacted for the establishment, development and management of the SEZs for the promotion of exports. An SEZ is a specifically delineated duty free enclave, deemed to be a foreign territory for the purposes of trade as well as duties and tariffs.

Initially, India had introduced the concept of SEZ as a part of its Foreign Trade Policy, 2000. This concept embodied fiscal and regulatory concessions, which formed part of various laws, for example, Customs Act, Income-Tax Act and Excise Act. Since due to its relatively complex legal framework, it was unable to attract significant private investment, the SEZ Act was enacted.

A Board of Approval ("SEZ Board") has been set up under the SEZ Act, which is responsible for promoting the SEZ and ensuring its orderly development. BOA has a number of powers including the authority to approve proposals for the establishment of the SEZ, the operations to be carried out in the SEZ by the developer, the foreign collaborations and foreign direct investments.

Procedure for setting up an SEZ

SEZs may be established under the SEZ Act, either jointly or severally by the central government, state government or any other person. As per the provisions of the SEZ Act, any person, who intends to set up an SEZ may, after identifying the area, make an application in Form-A read with Rule 3 of the SEZ Rules, 2006 to the respective state government of the state where the land is located, giving details of the said proposal. State Government may approve the said proposal within a period of 45 days from the date of receipt of such an application in terms of Section 3 of the SEZ Act, 2005, read with sub-rule 1 of Rule 4 of the SEZ Rules, 2006. Alternatively, an application may also be made directly to the BOA and the NOC from the state government may be obtained subsequently.

On receipt of such an application, the BOA may subject to certain conditions approve the proposal in terms of Section 9 of the SEZ Act, 2005 read with Rule 6 of the SEZ Rules, 2006 and communicate it to the central government. Upon receipt of the communication from the BOA, the central government under rule 6 of the SEZ Rules, within 30 days grants the letter of Approval. The central government may prescribe certain additional conditions.

The approvals granted for setting up a SEZ under the erstwhile scheme were referred to as 'in-principle approvals'. Subsequent to the passing of the SEZ Act, However, currently, the central government initially grants the letter of approval to the proposals for setting up of SEZs which as per the old practice continues to be referred to as the ‘in-principle approval’. The in-principle approval is valid for a period of one year or three years (as the case may be). The validity period may be extended by the central government, on a case to case basis. Normally, in-principle approval is granted when the Developer is yet to acquire land for the purpose of development of SEZ. In case the Developer already possesses required land for the development of SEZ, the BOA normally grants formal approval. Such formal approval shall be valid for a period of 3 years within which time effective steps shall be taken by the Developer to implement the SEZ project. The validity period may be extended by the central government, on a case to case basis.

The Developer is then required to furnish intimation to Department of Commerce, Ministry of Commerce and Industry, Government of India. giving details of the SEZ as required in terms of Rule 7 of the SEZ Rules 2006 and the Department of Commerce, Ministry of Commerce and Industry, Government of India on being satisfied with the proposal and compliance of the developer with the terms of the approval, issues a notification declaring the specified area as an SEZ under Rule 8 of the SEZ Rules, 2006.

Apart from the letter of approval from the central government for setting up of the SEZ, no other governmental license is required. Once an area is declared to be an SEZ, the central government appoints a Development Commissioner under Section 11 of the SEZ, Act who is responsible for monitoring and ensuring strict adherence to the legal framework and the day to day operations of the SEZ.

The Special Economic Zone, Rules 2006 (the “SEZ Rules”)

The SEZ Rules, 2006 have been enacted to effectively implement the provisions of the SEZ Act. The SEZ Rules provide for a simplified procedure for a single window clearance from central and state governments for setting up of SEZs and a ‘unit’ in SEZ. The SEZ Rules also prescribe the procedure for the operation and maintenance of an SEZ, for setting up and conducting business therein with an emphasis on ‘self certification’ and the terms and conditions subject to which entrepreneur and Developer shall be entitled to exemptions, drawbacks and concessions etc. The SEZ Rules also provide for the minimum area requirement for various categories of SEZs.

The Developer and/or a Co-developer as the case may be is required to have at least 26 percent of the equity in the entity proposing to create business, residential or recreational facilities in a SEZ in case such development is proposed to be carried out through a separate entity or special purpose vehicle being a company formed and registered under the Companies Act.

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

We were incorporated in April 2001 with a focus on participating in infrastructure project development through the public private partnerships (PPP) model. Originally formed as Gammon Infrastructure Projects and Investments Limited, our name was subsequently changed to Gammon Infrastructure Projects Limited in April, 2002.

Our Promoter is Gammon India Limited, which is a leading civil engineering and construction company in India, with over 85 years of experience in this sector. Gammon India Limited was established by the late Mr. J. C. Gammon in 1919 as a firm of Civil Engineers & Contractors, which in 1922 was incorporated as a company under the name of J. C. Gammon (Bombay) Limited

We operate as an overall infrastructure holding company with interests in SPVs responsible for carrying on specific projects being undertaken by us. Currently, there are four SPVs in operation. Such SPVs include our subsidiaries and companies formed with other partners where we do not hold a majority share.

Shareholder/ Joint Venture Agreements

Shareholder and Subscription Agreements (collectively referred to as the 'Investor Agreements') with AMIF I Limited (the Investor)

The Investor, a company based in Mauritius which is sponsored and managed by OZ Management LLC, a global institutional asset management firm from the United States, has subscribed to 16,000,000 Equity Shares at a price of Rs. 75.88 per Equity Share (Subscription Price), aggregating to Rs. 12,140.8 lakhs under a share subscription agreement dated November 30, 2005 (SSA). Our Promoter is also a party to the SSA.

Pursuant to the subscription of Equity Shares by the Investor under the SSA, the Promoter, the Company, and the Investor have also entered into a shareholders agreement dated November 30, 2005 (SHA) in respect of the management and control of the affairs of the Company. In terms of the SHA, the Company has also amended the Articles to incorporate its terms in the Articles. See the section titled "Main Provisions of Articles of Association" on page 329 of this Red Herring Prospectus.

The SHA shall stand terminated upon the happening of the earliest of any of the following events (i) the Investor ceasing to hold less than 7.5% of the paid up equity share capital of the Company; or (ii) the written consent of all parties; or (iii) the Company having an IPO at an issue price exceeding the Subscription Price; or (iv) upon the Investor committing a material breach; or (v) the listing of Equity Shares and the Equity Shares being quoted on stock exchange at a price exceeding the Subscription Price for a consecutive period of 30 days. Further, upon the termination of SHA, the Company is free to amend its Articles to delete the amendments carried out earlier pursuant to the SHA.

In the event that the Issue is successful and the Issue Price exceeds the subscription price of Rs. 75.88, the SHA will cease to be binding on the Company, if the Issue Price exceeds the Subscription Price. The Company will also have the right to amend its Articles to delete the amendments made pursuant to the SHA.

Under the Investor Agreements, the Company is bound to use the amounts received under the Investor Agreements only for the purposes of investing in BOT projects and their variants, and/or for undertaking O&M of projects, in both cases in the infrastructure sector.

The SHA provides, among other things, that if the Company wishes to undertake a preferential issue of shares other than by way of an IPO, rights or bonus issue, the Investor shall have the first right to subscribe to the shares so offered. The parties have agreed that this right shall be exercised by the Investor either wholly or for none at all in respect of the entire issue of shares on a preferential basis except that the Investor may exercise this right in part so as to ensure that its shareholding remains at the same level prior to such preferential issue. Further, the parties have agreed that in no event, whether before or after an IPO, the aggregate shareholding of the Investor together with the shareholding of its affiliates, both legal or beneficial, if any, exceed 25 % of the entire share capital of the Company.

The SHA provides for the procedure and conditions under which the promoter and the Investor can transfer their shareholding in the Company. The Promoters and the Investor, (including their affiliates) cannot transfer their shareholding in the Company without complying with these conditions and procedures except as provided in the SHA. Further, the Promoters or the Investor cannot pledge or otherwise create any encumbrance on the Equity Shares held by them, in favour of any person except banks and financial institutions.

The SHA further provides that subsequent to the listing of the Equity Shares, if any party seeks to transfer the Equity Shares held by it to a third party by way of a negotiated deal whether on or off the stock exchange, such party shall offer such Equity Shares to the other party at the maximum permissible price on the date of the offer as permitted by law and such offer shall have to be accepted within 15 days of the offer. Further, in the event that such offer is not accepted and the party seeks to transfer such Equity Shares by way of a negotiated deal on the stock exchange, it shall offer these shares at the maximum permissible price on the day that the Equity Shares are intended to be sold at least 30 minutes before the commencement of the trading of Equity Shares that day. Such offer by way of a notice 30 minutes before the commencement of the trading shall also have to be given in the event that any of the parties intend to transfer the Equity Shares through open market transactions. It is further provided that if either of the party accepts the offer so made and fails to make the payment, it shall be liable to pay the damages for the loss of profit, if any, suffered by the other party.

The SHA further provides that the Promoter and the Investor shall take all necessary steps to reconstitute the Board so that the number of directors appointed by the Promoter and the Investor as is in proportion to their respective shareholdings. However, as long as the Investor holds at least 7.5% of the paid up equity share capital of the Company, the Investor shall have the right to appoint at least one nominee director on the Board. The parties have undertaken to exercise their voting rights in the general meeting in such manner so as to ensure that the Board is constituted in the manner provided herein. Further, the SHA provides that in the event that a director appointed by any of the parties fails to exercise his discretion as provided in the SHA, such party is required to take all such actions within its power to remove such Director. In event that there is no Director appointed by the Investor, the Investor has the right to appoint an observer on the Board who shall be provided all notices and materials provided to the Directors.

The Managing Director is required to be appointed by the Board and shall exercise such powers as delegated by the Board.

The Company is required to constitute a Projects Committee and an Audit Committee, wherein the Investor has the right to appoint one member each as long as it holds at least 7.5% of the paid up equity share capital of the Company. These committees are required to function as provided in the SHA.

The Promoter and the Investor have agreed that the two parties shall bid and/or execute all BOT projects, only through the Company or a SPV formed with the consent of both Parties till such time that the Investor holds at least 7.5% of the paid up equity share capital of the Company. This restriction, however, is not applicable in respect of a company where the Investor is already a shareholder except such companies where the Investor holds more than 7.5% of such company or has a nominee on the board or the projects committee of such company or has access to confidential information of the Company in relation to BOT projects.

The SHA provides that as long as the Investor holds at least 7.5% of the paid up equity share capital of the Company, certain matters enumerated therein shall not be undertaken by the Company or any of its subsidiaries without the approval of the majority of the Board which should include the affirmative vote of at least one director each appointed by the Promoter and the Investor. However, if these matters require the approval of the shareholders, such approval shall be taken from the shareholders in accordance with the SHA. These matters include, declaration of dividends (in excess of a 30% payout of net profits), acquisitions of any other entity or disposition of significant assets outside the ordinary course of business that are in value greater than Rs. 1,000 lakhs per transaction, any amendment to the Memorandum or the Articles, any change in the Company's auditors etc. Further, the requirement for the consent of the Director appointed by the Investor in respect of such matters with respect to the subsidiaries of the Company shall be subject to the project and financing documents executed by the concerned subsidiary.

Further, in respect of certain matters stated, no decisions can be taken by the general meeting unless an affirmative vote has been given by the Investor and the Promoter. The Parties have agreed that they shall exercise their voting rights at the meetings of the Board and the general meeting of the shareholders in such manner so as to implement the provisions of the SHA. The SHA provides that if a resolution contrary to the terms of the SHA is passed at any meeting of shareholders or at any meeting of the Board or any committee thereof, such resolution shall be voidable, at the option of the dissenting Party.

Under the SHA, the Company is required to ensure that business of the Company is carried on in accordance with the policies laid down by the Board and that adequate insurance that is generally available at reasonable rates is maintained against all significant insurable risk. Further it is also required to ensure that the directors disclose to the Board in writing any conflict of interest, or direct or indirect personal benefit in any contracts that the Company enters into with third parties and maintain in its own name at all times, all licenses, registrations, permits and consents necessary to own and operate its assets and to carry on its business. The Investor has certain information rights in relation to the operation and performance of the Company. Further, the Company is required to appoint one of Ernst & Young, KPMG, Price Waterhouse Coopers or Deloitte Haskins & Sells, (Global Four) as the joint statutory auditors. By way of letter dated June 7, 2007 the parties agreed to add S.R. Batliboi & Associates, Chartered Accountants in the list. Pursuant to the same, the Company has appointed S.R. Batliboi & Associates, Chartered Accountants as its joint statutory auditors. The SHA is governed by the laws of India and the parties are required to resolve their disputes in accordance with the Arbitration and Conciliation Act, 1996.

Warrant Agreement in relation to CBICL

The Investor also entered into a warrant subscription agreement (Warrant Agreement) with GIL and CBICL on November 30, 2005. Under the Warrant Agreement, the Investor has agreed to subscribe to optionally convertible warrants of CBICL which would give an option to the Investor to subscribe to 25% of the fully diluted issued and paid up equity share capital of CBICL (CBICL Warrants) at any time after January 1, 2011 but before March 31, 2011. The subscription price paid by the Investor as consideration for allotment of the CBICL Warrants was Rs. 1,00,000. The consideration payable at the time of conversion of the CBICL Warrants shall be the price payable for the same under applicable law.

Under the Warrant Agreement, GIL and the Company were required to provide a written confirmation that they shall not transfer or encumber any of the shares in CBICL held by them for a period of five years without the prior written consent of the Investor. The Warrant Agreement provides that prior to the option being exercised, the warrant shall be held in escrow with the escrow agent as per the terms of the Investor Escrow Agreement. The Warrant Agreement gets terminated *inter alia* upon the termination of the Call and Put Agreement with GIL and CBICL.

Call and Put Agreement and Investor Escrow Agreement in relation to MNEL

The Investor also entered into a call and put agreement (Call and Put Agreement) with GIL and CBICL on November 30, 2005. The Call and Put Agreement provides that the subscription price for the Equity Shares of the Company under the SSA was arrived at based upon a valuation of the Company done by GIL *inter alia* on the assumption that the Company would earn certain revenues from its subsidiary, MNEL. The Call and Put Agreement has been entered to cover the situations where the expected valuation based on MNEL future revenues is not met. In addition, an escrow agreement (Investor Escrow Agreement) has also been entered into between GIL, the Investor and certain partners of ALMT Legal, a partnership firm (Investor Escrow Agent) on November 30, 2005 to facilitate the exercise of rights and obligation under the Call and Put Agreement. Under the Investor Escrow Agreement, GIL and the Investor have appointed the Investor Escrow Agent to hold 3.24% of the fully diluted equity share capital of the Company (as of the date on which Equity Shares were allotted to the Investor under the SSA) held by GIL (Investor Escrow Shares) and the CBICL Warrants allotted under the Warrant Agreement. The Investor Escrow Agent shall hold the Investor Escrow Shares and the CBICL Warrants as a trustee on behalf of the Promoter and the Investor on the terms and conditions contained in the Investor Escrow Agreement. The Investor Escrow Shares would include any accretions thereto, by way of bonus shares, share splits or any other benefit.

The parties have agreed that a valuation exercise of MNEL shall be carried out anytime between March 31, 2009 and December 31, 2010. The Call and Put Agreement has stipulated the mechanics, including appointment of merchant bankers and the valuation method. If the valuation arrived at is equal to or more than the base value prescribed therein (Base Valuation), the Call and Put Agreement shall get terminated. In the event that such valuation is less than the Base Valuation, GIL is required to either (i) pay an aggregate amount of up to Rs. 2,500 lakhs, (the exact amount to be paid shall be as per the formulae contained in the Call and Put Agreement) together with an accumulated annualized return at the rate of 7.83%, for the purposes of purchasing the CBICL Warrants from the Investor or (ii) sell the Investor Escrow Shares to the Investor and simultaneously purchase the CBICL Warrants from the Investor (the number and sale price of Investor Escrow Shares and the sale price of the CBICL Warrants shall be as per the formulae provided in the Put and Call

Agreement). Further, the Call and Put Agreement provides for adjustments in the number of the Investor Escrow Shares required to be sold so as to comply with the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Depending on the option exercised by GIL, the Investor Escrow Shares and CBICL Warrants shall be released from escrow. The Call and Put Agreement also prescribes the requisite procedures to be followed by the Investor Escrow Agent to effect the respective transfers of the Equity Shares or CBICL Warrants as well as the payment of relevant consideration in each instance.

The Call and Put Agreement provides that in the event that the Company has an IPO and the issue price per Equity Share of the Company is higher than the subscription price paid under the SSA, by 25% (compounded annually), the Call and Put Agreement shall terminate. However, if the Company has an IPO within one year of the allotment of Equity Shares under the SSA, then this provision shall apply if the issue price per Equity Share in the IPO is 25% higher in absolute terms. Further, it shall also get terminated if the Company has an IPO and the price per equity share in the IPO is lower than the price per equity share stated as above, but the equity shares are quoted on the NSE, BSE, NYSE or any other recognized stock exchange approved by the Investor, at a price which is at least 25% higher (compounded annually) per Equity Share than the subscription price paid under the SSA for thirty (30) consecutive days.

Shareholder Agreements in relation to AEL and REL

A shareholder agreement dated February 13, 2002 (AEL Shareholders Agreement) was entered among AEL, GIL and Punj Lloyd Limited (PLL). Under the AEL Shareholders Agreement, GIL and PLL agreed to subscribe to the equity contribution of AEL in the ratio of 50:50. The AEL Shareholders Agreement also provides that the consortium of GIL and PLL cannot hold less than 51% of the paid up equity share capital of AEL until three years after the Commercial Operations Date (COD), which in this case is October 30, 2004 and GIL and PLL shall continue to hold not less than 26% of the paid up capital of AEL during the balance operation period i.e. until 2019. Further, it provides that GIL and PLL shall not hold less than 25% each of the consortium's holding in the paid up equity share capital of AEL at any time. This provision has been incorporated so as to comply with provisions of the concession agreement signed with NHAI wherein the aforesaid shareholding limits for GIL and PLL cannot be breached without the approval of NHAI. An amendment agreement was entered into on July 26, 2004, whereby it was recorded that GIL had transferred 27.49% out of the 50% of the shares of AEL held by it to the Company. Further, the Company became party to the agreement through an amendment agreement dated February 3, 2005.

GIL and PLL are entitled to appoint three persons each as directors as long as each of them holds not less than 50% of the paid up equity share capital of AEL. Upon any party's shareholding in AEL falling below 20% of the paid up equity share capital of AEL, such party will lose the right to nominate a director.

On February 3, 2005 an agreement was entered into between PLL, GIL, AEL and the Company for transfer of 37.25% of the paid up equity share capital of AEL from PLL to GIL and the Company. Of the total paid up equity share capital of AEL, held by PLL, 15.74% was transferred to GIL and 21.51% was transferred to the Company for a consideration of Rs. Rs. 71,206,200 and Rs. 97,312,800 respectively.

Further on February 3, 2005, AEL, PLL and GIL also entered into an agreement in relation to the transfer of equity shares constituting 6.25% of the equity share capital of AEL, held by PLL, on the condition that the transfer of the shares represented thereby shall take place by the 15th day from completion of three years from the COD or the permission from NHAI for the said transfer, whichever is earlier. Under the agreement, GIL has made refundable deposits with PLL as consideration for the transfer of shares to take place at the date to be determined as mentioned above. Further, PLL has furnished bank and corporate guarantees as security towards the performance of its obligations therein. In addition, the equity shares which are the subject matter therein have also been pledged. The agreement provides that PLL shall vote on these shares as per instructions of GIL. Further, the right to dividend in respect of these equity shares has also been transferred to GIL. GIL would be entitled to all accretions, entitlements and benefits with respect to such shares including all bonus shares, dividend and interest.

On October 20, 2005, AEL, the Company and GIL have entered into three agreements whereby GIL has agreed to transfer equity shares constituting 6.25%, 19.50% and 18.75% of equity share capital of AEL to the Company.

Under one of these agreements, equity shares representing 6.25% of the paid up equity share capital of AEL are required to be transferred by GIL to the Company in consideration of refundable deposits made by the

Company. It is provided in this agreement that the transfer of these shares shall take place within thirty (30) business days from completion of three years from COD or the date on which the closing has been achieved between GIL and PLL with respect to the agreement for transfer of shares representing 6.25% of the paid up equity share capital of AEL from PLL to GIL, whichever is earlier. Under this agreement, GIL has the right to interest earned on the refundable deposit and in consideration for the same it is required to ensure that AEL remits dividends to the Company. Further, GIL shall vote on these shares only in the manner instructed by the Company. The Company would be entitled to all accretions, entitlements and benefits with respect to such shares including all bonus shares, dividend and interest. In addition, GIL is required to ensure that personnel of the Company are authorized to attend and cast vote at all general meetings of AEL and its own or PLL's personnel should not attend and vote on these shares.

Under the other two agreements entered into on October 20, 2005, 19.50% and 18.75% of the paid up equity share capital of AEL are to be transferred from GIL to the Company in consideration for refundable deposits made by the Company. Such transfer of equity shares constituting 19.50% of the equity share capital of the Company would take place within fifteen (15) business days after either the expiry of operations period (presently as on November 29, 2019) or NHAI giving consent for the transfer of such shares by GIL to the Company, whichever is earlier. Similarly, the transfer of equity shares constituting 18.75% of the equity share capital of the Company would take place within fifteen (15) business days after expiry of three years from COD or NHAI giving its written consent to the transfer of such equity shares by GIL to the Company, whichever is earlier. These agreements also confer similar rights on the Company as regards voting, dividend and accretions in respect of such equity shares.

Pursuant to the aforementioned agreements, our Company is a registered shareholder of 49% of the equity share capital of AEL and has beneficial ownership and economic interest in another 44.5% of the equity share capital of AEL. Additionally, we also have controlling interest by our right to appoint directors on the board of AEL. Currently PLL and GIL (including the shares held jointly by GIL with certain persons) are the registered shareholders with respect to 12.75% and 38.25% of the equity share capital of AEL respectively.

Similar agreements were entered into in relation to REL on the same dates, whereby, our Company has become the registered shareholder of 49% of the equity share capital of REL and has beneficial ownership and economic interest in another 44.5 % of the equity share capital of REL. Additionally, we also have controlling interest by our right to appoint directors on the board of REL. PLL and GIL (including the shares held jointly by GIL with certain persons) are the registered shareholders with respect to 12.75% and 38.25% of the equity share capital of REL respectively.

Share Subscription, and Shareholder and Put Call Option Agreements in relation to VSPL

A share subscription agreement (VSPL Subscription Agreement) was entered into on July 14, 2004 between Vizag Seaport Private Limited (VSPL), GIL, Portia Management Services Limited (Portia) and International Port Services (IPS) wherein IPS agreed to subscribe to 22,877,500 equity shares of VSPL. Prior to such subscription, GIL and the Company together held 100% of the equity share capital of VSPL, with each of them holding 14,275,000 equity shares each.

A shareholders agreement (VSPL Shareholders Agreement) was entered into on July 15, 2004 between VSPL, GIL, IPS, Portia and the Company. IPS is a wholly owned subsidiary of Portia which has been specifically promoted by Mersey Docks and Harbour Company (MDHC) to invest in and subscribe to the shares of VSPL. As per the license agreement dated November 28, 2001 entered into with Visakhapatnam Port Trust (VPT), GIL and IPS as primary sponsors are required to maintain their minimum shareholding in the paid-up equity share capital of the VSPL until the expiry of three years from the date of commercial operations, such that GIL and associates hold 25% and Portia and its associates hold 26%. The balance of 49% shares in the paid up equity share capital of VSPL can be taken by persons other than the consortium. The VSPL Shareholders Agreement defines the primary sponsors as GIL and IPS collectively and/or any associate of GIL and/or IPS who have subscribed to the shares of VSPL (Primary Sponsors). Further, the Company has been defined as an associate of GIL.

The VSPL Shareholders Agreement also provides that Portia or MDHC will own the entire legal/beneficial interest in all the shares of IPS until three years from the date of commercial operations but after this period, if Portia/MDHC wish to divest their shareholding then IPS is required to first offer these shares to GIL.

Under the VSPL Shareholders Agreement the Company and GIL sought to identify an investor for the balance 49% and it was agreed that any remaining un-subscribed shares out of the balance 49% would be subscribed to by GIL. Lastin Holdings Limited (LHL) was identified to subscribe to a minimum of 26% and the parties to the VSPL Shareholders Agreement agreed to induct LHL as secondary sponsors and allot shares to LHL. LHL entered into an agreement with GIL and VSPL on April 28, 2004 (LHL Agreement) wherein LHL undertook to subscribe to and VSPL agreed to issue and allot to LHL 26% of the share capital of VSPL. Tag along rights are provided under the LHL Agreement for both GIL and LHL in the event that either GIL or LHL wishes to sell its shares. Further if either GIL or LHL wishes to acquire any further shares, then the other party shall have the right to require the party acquiring the shares to sell to it, half the number of the further shares so intended to be acquired by acquirer. It is also provided under the LHL Agreement that the parties would hold individually a minimum of 26% of the shares for a period of three years from the date of commercial operations, as defined in the license agreement or for such further period as required by the project lenders. The shares of GIL and LHL would be pledged in favour of the project lenders. Under the VSPL Shareholders Agreement, certain actions have been set out which cannot be undertaken by VSPL without the consent of GIL and IPS.

VSPL had taken an unsecured loan from CBICL which is convertible into equity on April 1, 2008. These shares when issued will be in addition to those mandatorily held by GIL and its associates under the license agreement. On or before the conversion, GIL has agreed to cause CBICL to execute the Deed of Adherence in the agreed form. In the event that IPS continues to be a shareholder of VSPL as on April 1, 2008, IPS will be entitled to subscribe equal or lesser number of shares as it may elect to, as issued and allotted to CBICL pursuant to the conversion. No provision or restriction regarding sale or transfer in the VSPL Shareholders Agreement will be applicable to any shares in the balance 49% insofar as their first sale or transfer is concerned from GIL or its associates; in the event where GIL or its associates subscribe to all or any of the shares unsubscribed to out of the balance 49%. However, the restrictions and provisions relating to transfer / sale shall be applicable to the transferees.

It has been agreed by IPS, GIL and Portia that they shall ensure that no change in their control shall occur or that they shall not sell or attempt to sell 100% of their shareholding except in the manner prescribed under the VSPL shareholders agreement.

The transfer of both legal and beneficial interest in the shareholding can only be in the manner expressly provided for in the VSPL Shareholders Agreement. The transfer by GIL and IPS at any time during the pendency of dues to the Lenders shall only be in accordance with the Put and Call Option Agreement and the financing documents. These restrictions do not apply to the transfer of shares out of the balance 49% shares.

As regards the transfer of shares by either of the Primary Sponsors, the VSPL Shareholders Agreement provides that the first right to purchase will be with the other Primary Sponsor. Where GIL acquires shares in VSPL, LHL is vested with the right to require GIL to sell to it half of the shares so acquired and these shares will not be subject to the same provisions with respect to transfer or sale of shares as are applicable to GIL and IPS. It is also provided that with respect to sale or transfer by shareholders other than the Primary Sponsors, such shareholder shall offer the first right of purchase/refusal to the Primary Sponsors in the first place.

GIL, IPS and VSPL entered into a Put and Call Option Agreement on July 15, 2004. Under this agreement, GIL has been granted a call option and IPS has been given a put option with respect to their respective shareholdings in VSPL whereby GIL has the right to purchase shares from IPS and IPS has the right to require GIL to purchase shares from IPS. Further, in the event of either the put, call option or both these options being exercised by IPS and/or GIL, LHL would purchase half the number of shares of VSPL so acquired by GIL, on the same terms as in the Put and Call Option Agreement

Memorandum of Understanding in relation to Mumbai Nasik Expressway Limited

GIL, Sadbhav Engineering Limited (Sadbhav) and B.E. Billimoria & Co. Limited (Billimoria) entered into a Memorandum of Understanding on March 11, 2004 for submitting a joint bid to NHAI for improvement, O&M of rehabilitation and strengthening of an existing 2-lane road and widening to 4-lane divided highway from kilometers 539.5 to kilometers 440 (Vadape –Gonde section) on National Highway No. 3 on BOT basis. The parties agreed that if the contract for such project is awarded to the consortium, a separate SPV in the form of a company shall be incorporated which will enter into the concession agreement with NHAI. Pursuant to this MNEL was incorporated and the Company presently holds 79.99% which shall reduce to 70% of the equity capital of MNEL.

It is provided that the parties may subscribe to the equity share capital of the SPV through their respective associates. GIL, as the lead member is required to hold 70% whereas Sadbhav is required to hold 20% and Billimoria is required to hold 10% of the equity holding in such SPV. It is provided that such equity shares can be held by the parties themselves or through their associates. The Company, as an associate of GIL, has subscribed for its equity stake in the SPV. The above shareholding is subject to variations as may be permissible under the invitation to bid/concession agreement. Further, it is provided that the management structure of such SPV shall reflect the shareholding of the parties.

Agreement in relation to Punjab Biomass Power Limited

A consortium comprising Bermaco and Jalkheri Power Private Limited (JPPL) was awarded contracts for setting up 9 biomass based power projects by the Punjab State Electricity Board (PSEB), each having power generation potential in the range of 10 MW to 15 MW, in Punjab. This consortium entered into a Power Purchase Agreement on April 29, 2003 with PSEB for the setting up of these projects. This agreement provided that the *"promoter group"* shall be identified once the SPV to set up the projects has been incorporated. An agreement was entered into between the Company and Bermaco Energy Systems Limited (Bermaco) on November 29, 2005 (Bermaco Agreement) for the setting up of a SPV namely Punjab Biomass Power Limited (PBPL) for the implementation of certain projects as well as the ownership, control and management of this SPV.

One of the projects involves a paddy waste based power generation plant to be set up at Baguara in Patiala District, having a proposed installed capacity of 13 MW of electricity per hour (Biomass Project). The Bermaco Agreement provides that PBPL would be a joint venture company between the parties for joint implementation of the Biomass Project in terms of the power purchase agreement / concession agreement to be entered into between PBPL and PSEB. Further, it is provided that if the projects are found to be viable, the SPV would subsequently implement the other projects as well. Accordingly, PBPL has taken up the implementation of the second project at Sawaisinghwala in Bhunerheri village in Patiala.

It is provided that the initial authorized capital of PBPL shall be Rs. 500,000, divided into 500,000 equity shares of face value of Re. 1 each. Bermaco is required to subscribe to 250,000 shares for cash at par and the Company would subscribe to 250,000 shares for cash at a price of Rs. 81 each, which includes a premium of Rs. 80 per share. Further it has been agreed that the share capital would be infused into PBPL according to the financing plan agreed to by the parties and as finalized by PBPL with the lenders to the Biomass Project. It is provided that the shareholders of PBPL are not allowed to create any lien on their shares or grant other options in respect of their shares without the prior consent of PBPL. It is also provided that the Company would pay a total equity premium of Rs. 10,000,000 at the time of taking up the second project. Accordingly, the company has subscribed to 250,000 shares of PBPL of the face value at a price of Rs.41/- per share. The Agreement further states that further equity contribution by the promoters will be at par value.

Any transfer of shares sought to be made by the Company or Bermaco would be subject to the transaction and project documents that have to be entered into. The Company and Bermaco have been vested with the first right of refusal in the event that the other desires to sell its shares in PBPL. The Company and Bermaco have the right either to accept the offer themselves or procure acceptance by its associate(s). However, if either of the Company and Bermaco who have so acquired the shares wishes to sell all or a part of these shares within 5 years of their being acquired, it is not required to offer such shares to the other Primary Shareholder which initially sold the shares to it. Even with respect to sale of shares by shareholders other than the Company and Bermaco, the Company and Bermaco will have the first right of purchase/refusal. If either of them do not purchase the shares offered to them, then the shares so unaccepted will be offered to the other.

The Company and Bermaco may transfer shares held by them to any of their associates, subject to certain conditions including that the associate shall have to agree to adhere to the provisions herein and that such associate cannot be bankrupt or insolvent. The Company and Bermaco are entitled to reacquire any or all of the shares transferred to such associates.

In addition to the first right of refusal, the Company also has a tag-along right in the event that Bermaco wishes to sell any or all of its shares. In the event the transferee is not willing to acquire shares from the Company, Bermaco is required to procure the transferee to acquire half the total number of shares being purchased by him from each of the Company and Bermaco.

The Company and Bermaco are required to ensure that there is no change in control in PBPL. Under the Bermaco Agreement, it is necessary that prior consent of both the Company and Bermaco is taken for change in control to take place. It may also take place when either of the two sells or attempt to sell 100% of their shares in PBPL by following the procedure described earlier above.

The Bermaco Agreement provides that the board of directors of PBPL shall consist of a minimum of three and a maximum of twelve (12) directors and that the shareholders shall nominate directors in proportion to their inter-se shareholding. Further, in the event that shareholding falls below 20% of the paid up equity capital of PBPL, then such shareholder would lose the right to nominate a director on the board of PBPL. In addition, if the shareholding of either of the Company or Bermaco falls below 10% of the paid up capital of PBPL, the other shareholder shall have the right to call for a sale of the remaining stake in PBPL of the other.

There are restrictions on the Board's powers of management in certain situations, wherein the prior consent of both the Company and Bermaco is required to be taken for such actions. These matters include acquisition of any other business or shares of another company, making of material changes in the nature and scope of business, reducing or redeeming share capital, commencing any action for winding up or dissolution of the SPV, declaration of dividend, creation of any charge or encumbrance over the business and entering into any material agreements with lenders to PBPL.

It has also been undertaken by the parties that where any of the other projects are undertaken, whether through a separate SPV or through PBPL, then the Company shall subscribe to 50% equity stake of the separate SPV or to the necessary additional equity stake of PBPL, as the case may be. It is provided that Bermaco shall subscribe to the remaining 50% of the separate SPV or to the prorated additional equity stake of PBPL. As of September 14, 2007, the Company and Bermaco each hold 50% of the equity share capital of PBPL. Further it has been agreed that in case of a separate SPV, it shall have a paid up capital of Rs. 500,000 divided into 500,000 shares and both parties would subscribe to 250,000 shares each.

By its letter dated March 27, 2006, JPPL assigned all its rights under these projects to Bermaco. Bermaco by its letter dated March 27, 2006 has informed the PSEB about the same. Further, it has also informed the PSEB that this project shall be carried out by PBPL and has sought the permission of PSEB for assigning all its rights in relation to these projects to PBPL.

Shareholders Agreement in relation to Kosi Bridge Infrastructure Company Limited

Kosi Bridge Infrastructure Company Limited (KBICL), GIL and GIPL entered into this Shareholders Agreement on April 26, 2007. The consortium members incorporated a SPV in the form of a Company on July 18, 2006 for the implementation of the Kosi bridge project. The parties have agreed that the authorized share capital of the company will be Rs. 250,000,000 and there shall be an initial contribution of additional sums of Rs. 10,00,00,000 in the ratio of their respective equity shareholding.

The equity shareholding of the GIL either in their individual capacity or through their associates along with us in the SPV is agreed to be in the ratio of 51:49.

Further, GIL has entered into an agreement dated August 31, 2007 whereby GIL has transferred the beneficial ownership and economic interest in respect of its 26.01% (out of 51%) shareholding in this SPV together with the right to vote, receive dividends and accretions to us. We also have a controlling interest in KBICL due to our right to appoint directors on the board of KBICL. This transfer shall take place in parts and on prescribed period of time. In addition, GIL has recently transferred its balance 24.99% shareholding in KBICL to us.

Shareholders Agreement in relation to Gorakhpur Infrastructure Company Limited

Gorakhpur Infrastructure Company Limited (GICL), GIL, GIPL and Associated Transrail Structures Limited entered into this Shareholders Agreement on April 26, 2007. The consortium members incorporated a Special purpose vehicle for the implementation of the Gorakhpur by pass project on July 17, 2006. It is agreed between the parties that the authorized share capital of the company will be Rs. 400,000,000 and there shall be an initial contribution of additional sums of Rs. 160,000,000 from the consortium members in the ratio of their equity shareholding.

The Company being a subsidiary of GIL, qualifies as a nominated Associate Company and it is envisaged in the agreement that the future subscriptions and holding in the equity will be made by the Company.

The equity shareholding of the Company along with GIL and ATSL either in their individual capacity or through their associates in the SPV is agreed to be in the ratio of 39:51:10.

Further, GIL has entered into an agreement dated August 31, 2007 whereby GIL has transferred the beneficial ownership and economic interest in respect of its 26.01% (out of 51%) shareholding in this SPV together with the right to vote, receive dividends and accretions. We also have a controlling interest in this SPV due to our right to appoint directors on its boards. This transfer shall take place in parts and on prescribed period of time. In addition, GIL and ATSL have recently transferred 24.99% and 4.9% shareholding respectively in GICL to us.

Joint Venture Agreement in relation to Tidong II Hydroelectric Project

A Joint Venture agreement dated February 18, 2006 was entered between GIL and Torrent Power AEC Limited (now Torrent Power Limited) to form a special purpose vehicle for appraisal and implementation of Hydro-electric project titled as 'Tidong II' on build, own, operate and transfer basis which is one of the 11 projects for which bids are invited by the Government.

The legal ownership of GIL and Torrent in the SPV is 51% and 49% respectively. GIL as lead member has committed to hold at least 26% of the equity share capital of the SPV. By virtue of an agreement dated August 31, 2007 GIL has agreed to transfer the beneficial ownership and economic interest in respect of its 50% (out of 51%) shareholding in this SPV together with the right to vote, receive dividends and accretions. We also have a controlling interest in the SPV due to our right to appoint directors on its board.

Memorandum of Understanding in relation to Haryana Biomass Projects

A MoU dated February 20, 2007 was entered between Haryana Renewable Energy Development Agency and consortium of GIL and Bermaco Energy Systems Limited for setting up of 12 MW Biomass Power Generation Project on build, operate and own basis/ build, operate, own and transfer basis.

Also a MoU dated March 6, 2006 was entered between GIL and Bermaco Energy Systems Limited to form a special purpose vehicle to submit proposal to Haryana Renewable Energy Development Agency for setting up of biomass/agro-waste based power projects in various blocks of various districts of Haryana on build, own and operate basis. It is agreed that GIL and Bermaco Energy Systems Limited shall hold 50% stake each in the equity share capital of the SPV. The SPV so formed under the above mentioned MoU has not been capitalized as of the date of this Red Herring Prospectus.

Further, GIL has entered into agreement dated August 31, 2007 whereby GIL has agreed to transfer the beneficial ownership in respect of its shareholding in this SPV together with the right to vote, receive dividends and accretions. We also have a controlling interest in this SPV due to our right to appoint directors on its board. GIL has entered into such agreements with us in respect of each of the eight biomass based power projects.

Consortium Agreement in relation to Adityapur SEZ project

The Company entered into a Consortium Agreement dated March 30, 2006 with GIL and Jamshedpur Utilities & Services Company Limited to develop and implement the SEZ on public private partnership basis. As a matter of pre bid obligations under the agreement, the Company along with GIL is required to submit an unconditional and irrevocable bank guarantee of Rs. 21.34 lakhs. Further, a bank guarantee of Rs. 200 lakhs is required to be submitted by the parties in proportion of their respective shareholding in the SPV.

The liability of the Company in respect of this agreement is limited to the aggregate amount equal to its proportionate share of the bid security, performance security and amounts spent by JUSCO towards the Project Development fee, Success fee and Authorization fee.

JUSCO as lead member has agreed to subscribe at least 51% of the share capital and the Company along with GIL has agreed to subscribe at least 10% in the share capital.

The legal ownership of the company along with JUSCO, GIL and AIADA is 26%, 51%, 12% and 11% respectively.

Memorandum of understanding in relation to Mumbai Port

We have entered into a MoU with Dragados Servicios Portuarios Y Logisticos, S.L. and GIL on November 7, 2006. The parties have entered into the MOU for constructing two offshore container berths and developing a container terminal on BOT basis for a period of 30 years in Mumbai harbour.

It is agreed between the parties that the above consortium shall hold at least 51% of the paid up equity share capital of the project company until three years from the date of commercial operations of the project. GIL, as the lead member shall hold at least 26% of the paid up equity share capital of the project company until the expiry of three years from the COD. DRAGADOS, as member of the consortium shall hold at least 26% of the paid up equity share capital of the project company until the expiry of three years from the COD.

The SPV so incorporated has not been capitalized as of the date of this Red Herring Prospectus. Further, GIL has by way of agreement dated August 31, 2007 agreed to transfer the beneficial and economic interest in respect of its shareholding in this SPV together with the right to vote, receive dividends and accretions. We also have a controlling interest in this SPV due to our right to appoint directors on its board.

Memorandum of understanding in relation to Passenger Water Transport System along the West Coast of Mumbai

Satyagiri Shipping Company Limited, Tulip Star Hotels Limited, Moreshwar Trading Company Private Limited, Uttam Galva Steels Limited, GIL and our Company entered into a MoU dated March 9, 2007 to set up a SPV called 'Mumbai West Coast Ferries Private Limited' for the purpose of setting up, development and operation of Passenger Water Transport System, along the west coast of Mumbai on Build, Own, Operate and Transfer basis.

It is agreed between the parties that the total equity share capital of the SPV shall be Rs. 10,000 lakhs. Under the agreement, SGSL, Tulip, GIL, MTCPL, Uttam and our Company have agreed to subscribe to 34%, 5%, 6%, 15%, 20% and 20% respectively.

It is agreed that there shall be minimum twelve (12) members on the Board of Directors of the SPV and the Chairman and Managing Director shall be Mr. Nitin Joshi. Further, the consortium members may utilize the services of their subsidiaries, affiliates, associates, professionals pursuant to this MoU only with the written consent of the Board of Directors. Also, in the event of sale of shares, the members shall offer first right of refusal to the existing members and thereafter the shares shall be offered to persons outside the consortium.

In addition to the above, we enter into joint ventures from time to time relating to bids in which we participate. Those arrangements would become material for us when our (or consortium) financial bid is accepted and the respective project is awarded to the consortium. These bids are for infrastructure projects which are consistent with our present line of business and include minor port projects, water supply projects, road and bridge projects. Typically these joint ventures are incorporated and the agreements provide for details of equity participation and activities to be performed.

Memorandum of Terms (MOT) with NAIRA* Net Technologies Limited (NNTL) for developing an airport project in African region

The Company has entered a Memorandum of Terms (MOT) with NAIRA* Net Technologies Limited on March 20, 2007 to participate in the project of developing an airport in the African region along with off-site facilities including landside developments, cargo center, export processing zone, access and ground transportation systems on public private partnership basis (Project).

The parties have agreed that they shall incorporate a SPV for the purposes of this Project. The equity shareholding of the Company shall be 26% in the SPV.

Additionally, under the Second Supplementary MOT dated December 17, 2007 it is agreed that the Company shall infuse US$ 50,000 as pre-operative expense. Subject to approval of concession share structure of the Company holding 26% and NNTL holding 25%, the Company shall further infuse additional sum of US$ 1,00,000 as pre-operative expenses. Further, a Third Supplementary MOT dated December 27, 2007 was executed whereby it was agreed that such pre-operative expenses incurred by the Company shall be refunded within seven days in the event of cancellation of award of project or if the Company rejects to participate in the project on the basis of its due diligence.

Main Objects of the Company

Our main objects as contained in our Memorandum of Association are:

- To provide, develop, own, maintain, operate, instruct, execute, carry out, improve, construct, repair, work, administer, manage, control, transfer on a build, operate and transfer (BOT), build, own , operate and transfer (BOOT) or built, operate, lease and transfer(BOLT) basis or otherwise, make tenders, apply or bid for, acquire, transfer to operating companies in the infrastructure sector, any infrastructure facilities including but not limited to roads, bridges, airports, ports, waterways, rail system, highway projects, water supply projects, pipelines, sanitation and sewerage systems, generation, supply and distribution of electricity, power projects, telecommunication facilities, housing projects, commercial real estate projects, warehouses, factories, godowns, other works or convenience of public or private utility involving public or private financial participation, either directly of through any subsidiary or group company, and to carry out the business on contractual basis, assign, convey, transfer, lease, auction, sell, the right to collect any rent, toll, compensation, charges or other income from infrastructure projects undertaken by the Company.

The present business of the Company is as per the main objects as contained in the Memorandum of Association.

Changes in Memorandum of Association

Date	Details
August 8, 2001	Clause 2 shifted to Other Objects Clause as Clause No.127, the words “invest in” appearing on the fourth line of Clause 1 deleted and succeeding clauses re-numbered
April 1, 2002	Change in name of the Company from Gammon Infrastructure Projects and Investments Limited to Gammon Infrastructure Projects Limited
July 31, 2002	Increase in the authorised share capital from Rs. 200 lakhs to Rs. 500 lakhs
December 23, 2002	Increase in the authorised share capital from Rs. 500 lakhs to Rs. 4,000 lakhs
February 20, 2004	Increase in the authorised share capital from Rs. 4,000 lakhs to Rs. 10,000 lakhs
July 29, 2005	Increase in the authorised share capital from Rs. 10,000 lakhs to Rs. 16,000 lakhs
September 19, 2005	Increase in the authorised share capital from Rs. 16,000 lakhs to Rs. 20,000 lakhs
December 19, 2005	Amendment of Articles by adding articles 255 to 269 to incorporate the provisions of the Investor Agreements

Changes in the registered office

Date of change	Address
Up to March 30, 2004	Fortune 2000, Plot C-3, Block G, Opposite Bharat Nagar, Bandra Kurla Link Road, Bandra (East) Mumbai 400 051
March 31, 2004	Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025

Key Milestones

Date	Event
October 27, 1999	Concession was obtained for project on New Mattancherry bridge by entering into a Concession Agreement
April 23, 2001	Incorporation of the Company
September 26, 2001	COD achieved for the New Matancherry Bridge
October 30, 2001	Concession Agreement signed for the Rajahmundry Dharmavaram Expressway

Date	Event
November 28, 2001	Concession Agreement signed for the Dharmavaram Tuni Expressway License obtained for 2 multipurpose berths at Visakhapatnam port
February 13, 2002	O&M Contract signed for the Rajahmundry Dharmavaram Expressway (REL to GIL)
April 28, 2004	Agreement with Lastin Holdings Limited signed in relation to equity stake in VSPL
July 15, 2004	Put & Call Option agreement signed with IPS Limited
September 20, 2004	COD achieved for the Rajahmundry Dharmavaram Expressway
September 20, 2004	REL Final Completion Certificate
September 24, 2004	COD achieved for berth EQ8 at Visakhapatnam port
October 30, 2004	COD achieved for the Dharmavaram Tuni Expressway
January 31, 2005	“Take or Pay” agreement signed with SAIL
October 14,2005	Concession agreement signed for Mumbai Nasik Expressway
December 8,2005	Concession Agreement signed for Rangit II Hydroelectric project
December 19, 2005	Preferential allotment of equity shares to AMIF I Ltd, Mauritius
June 1, 2006	Financial Closure of Mumbai Nasik Expressway
August 10, 2006	Implementation cum power purchase agreement for Punjab Biomass Project Limited
October 06, 2006	Concession Agreement signed for Kosi Bridge Infrastructure Company Limited
October 06, 2006	Concession Agreement signed for Gorakhpur Infrastructure Company Limited
Nov 22, 2006	Letter of Intent received from the HAREDA
April 09, 2007	Letter of Intent received from government of Himachal Pradesh – Tidong
April 28, 2007	Financial Closure achieved for Kosi Bridge Infrastructure Company Limited
May 11, 2007	Financial Closure achieved for Gorakhpur Infrastructure Company Limited
June 14, 2007	Letter of Intent received for Adityapur SEZ
Aug, 08, 2007	Letter of Intent received for Mumbai Offshore Container Terminal
Dec, 03, 2007	License Agreement signed for Indira Container Terminal Private Limited

OUR SUBSIDIARIES AND ASSOCIATES

We have 12 Subsidiaries and 8 Associate companies. Unless stated otherwise, all companies mentioned in this Chapter are unlisted companies and they have not made any public or rights issue in the preceding three years. These companies have not become sick companies under the meaning of SICA and they are not under winding up.

We may, from time to time, consider reorganization of our subsidiaries and associates depending on the growth of the business of these entities and other related factors subject to required regulatory and corporate approvals.

Rajahmundry Expressway Limited

Corporate Information

REL, a subsidiary of the Company, was incorporated on September 21, 2001. Presently, its registered office is located at Alhuwalia Chambers, 16/17 LSC, Madangir, New Delhi 110 062. REL is engaged in the business of development, maintenance, operation and carrying out all activities related to the Rajahmundry Dharmavaram Toll Road Annuity Project. For more details see the section titled “Business” on page 75 of this Red Herring Prospectus.

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	Punj Lloyd Limited	36,97,500	12.75
2.	GIL (including 50 shares jointly held with certain individuals)	1,10,92,500	38.25
3.	GIPL	1,42,10,000	49.00
	Total	**2,90,00,000**	**100.00**

Currently, our Company directly holds a 49.0% equity stake in REL and had acquired a beneficial ownership and economic interest in a further 44.5% equity stake, which is held by GIL and PLL. The remaining 6.5% equity interest is held by PLL.

Board of Directors

The board of directors consists of:

1. Mr. C. C. Dayal;
2. Mr. Deepak Chauhan; and
3. Mr. Parag Parikh

Mr. Amanullah Aman has been appointed as a Manager of this company pursuant to a board resolution dated November 6, 2007 for a period of three years.

Financial Performance

The audited financial results for this company for the last three fiscals and the six months ended September 30, 2007 are as follows:

(In Rs. lakhs, except share data)

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Six months ended September 30, 2007
Income	3,137.3	5,968.8	6,395.7	3,304.3
Profit after tax	836.9	1,470.1	1,644.1	825.4
Equity Share Capital	2,900	2,900	2,900	2,900
Reserve and Surplus	836.9	2,307.0	3,951.1	4,776.5
Earning per Share (of Rs. 10 each)	2.95	5.07	5.67	2.85
Net Asset Value per share (of Rs.10 each)	12.83	17.91	23.59	26.43

Andhra Expressway Limited

Corporate Information

AEL, a subsidiary of the Company, was incorporated on September 21, 2001. Presently, its registered office is located at Alhuwalia Chambers, 16/17 LSC, Madangir, New Delhi 110 062. AEL is engaged in the business of development, maintenance, operation and carrying out all activities related to the Dharmavaram Tuni Toll Road Annuity Project. For more details see the section titled "Business" on page 75 of this Red Herring Prospectus.

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1	Punj Lloyd Limited	36,97,500	12.75
2	GIL (including 50 shares jointly held with certain individuals)	1,10,92,500	38.25
3	GIPL	1,42,10,000	49.00
	Total	**2,90,00,000**	**100.00**

Currently, our Company directly holds an equity stake of 49.0% and had acquired beneficial ownership and economic interest in a further 44.5% equity stake, which is held by GIL and PLL. The remaining 6.5% equity stake is held by PLL.

Board of Directors

The board of directors consists of:

1. Mr. C. C. Dayal;
2. Mr. Deepak Chauhan; and
3. Mr. Parag Parikh

Mr. Karna H.M. has been appointed as a Manager of this company pursuant to a board resolution dated November 6, 2007 for a period of three years.

Financial Performance

The audited financial results for this company for the last three fiscals and the six months ended September 30, 2007 are as follows:

(In Rs. lakhs, except share data)

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31,2007	Six months ended September 30, 2007
Income	2,956.2	5,652.5	5,951.5	3,105.6
Profit after tax	1,210.3	1,293.6	1,514.0	790.5
Equity Share Capital	2,900	2,900	2,900	2,900
Reserve and Surplus	1,210.3	2,503.9	4,018	4,808.5
Earning per Share (of Rs. 10 each)	4.29	4.46	5.22	2.73
Net Asset Value per share (of Rs.10 each)	14.12	18.59	23.82	26.54

Cochin Bridge Infrastructure Company Limited

Corporate Information

CBICL, a subsidiary of the Company, was incorporated on October 21, 1999. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai- 400 025. CBICL is engaged in the business of development, maintenance, operation and carrying out all activities related to the Mattancherry Bridge Project. For more details see the section titled "Business" on page 75 of this Red Herring Prospectus:

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL*	62,50,070	97.66
2.	Cochin Port Trust	1,50,000	2.34
	Total	**64,00,070**	**100.00**

* Eighteen shares are held by five nominees of GIPL pursuant to Section 49 of the Companies Act.

Board of Directors

The board of directors of CBICL consists of:

1. Mr. Parvez Umrigar;
2. Mr. Deepak Chauhan;
3. Mr. C. C. Dayal; and
4. Mr. Dinesh Patel

Mr. Parag Parikh has been appointed as a Manager of this company pursuant to a board resolution dated November 6, 2007 for a period of three years.

Financial Performance

The audited financial results for this company for the year ended December 31, 2004,last two fiscals and the six months ended September 30, 2007 are as follows:

(In Rs. lakhs, except share data)

	Year ended December 31, 2004	Year ended March 31,2006	Year ended March 31, 2007	Six months ended September 30, 2007
Income	428.2	647.5	544	268.4
Profit after tax	51.5	121.4	147.3	62.7
Equity Share Capital	640	640	640	640

	Year ended December 31, 2004	Year ended March 31,2006	Year ended March 31, 2007	Six months ended September 30, 2007
Reserve and Surplus	(119.8)	72	219.3	282.1
Earning per Share (of Rs. 10 each)	0.81	1.90	2.30	0.98
Net Asset Value per share (of Rs.10 each)	8.07	11.09	13.40	14.39

Mumbai Nasik Expressway Limited

Corporate Information

MNEL, a subsidiary of the Company, was incorporated on July 22, 2005. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai- 400 025. MNEL is currently engaged in the business of development, maintenance, operation and carrying out all activities related to the Vadape-Gonde Toll Road Project. For more details see the section titled "Business" on page 75 of this Red Herring Prospectus.

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL*	4,15,95,000	79.99
2.	Sadbhav Engineering Limited	1,04,00,000	20.00
3.	B.E. Billimoria Limited	5,000	0.01
	Total	**5,20,00,000**	**100.00**

* 40 shares are held by four nominees of GIPL pursuant to Section 49 of the Companies Act. This holding shall reduce to 70% upon transfer of 51,95,000 equity shares to B.E. Billimoria Limited or its associates.

Board of Directors

The board of directors of MNEL consists of:

1. Mr. C.C. Dayal
2. Mr. Parvez Umrigar;
3. Mr. Vishnubhai Patel; and
4. Mr. Sushil Chandra Tripathi

Mr. Deepak Chauhan has been appointed as a Manager of this company pursuant to a board resolution dated November 6, 2007 for a period of three years.

Financial Performance

The audited financial results for this company for the last two fiscals and the six months ended September 30, 2007 are as follows:

(In Rs. lakhs except share data)

	Year ended March 31,2006	Year ended March 31, 2007	Six months ended September 30, 2007
Income	-	-	-
Profit after tax	-	-	-
Equity Share Capital	5	5200	5200
Reserve and Surplus	-	-	-
Earning per Share (of Rs. 10 each)	-	-	-
Net Asset Value per share (of Rs.10 each)	9.51	9.91	9.91

Vizag Seaport Private Limited

Corporate Information

Originally incorporated on April 24, 2001 as Vizag Seaport Limited, it was converted to a private company and a fresh certificate of incorporation was issued to VSPL on March 24, 2004. Presently, its registered office is located at Administrative Block, S4 Gallery, Visakhapatnam Port Area, Visakhapatnam 530 035. VSPL is engaged in the business of development, maintenance, operation and carrying out all activities related to the Vizag Sea Port Project. For more details see the section titled "Business" on page 75 of this Red Herring Prospectus:

Shareholding Pattern (as of December 31, 2007)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL	3,34,36,347	42.22
2.	International Port Services	2,28,77,500	28.89
3.	Lastin Holdings Limited	2,28,77,417	28.89
	Total	**7,91,91,264**	**100.00**

Board of Directors

The board of directors consists of:

1. Mr. Abhijit Rajan;
2. Mr. Himanshu Parikh;
3. Mr. Parvez Umrigar;
4. Mr. Kshitiz Bhasker;
5. Mr. Vir Chand Bothra;
6. Mr. Peter Anthony Jones (Alternate: Sandeep Mehta);
7. Mr. John Martin Owens;
8. Mr. Sam McElroy;
9. Mr. Srinjoy Bose;
10. Mr. Kishalay Bandopadhyay (Alternate: Bhaskar Basu);
11. Ms. Nishita Shah (Alternate: Kirit C. Shah); and
12. Mr. R. Kishore (Executive Director).

Financial Performance

The audited financial results for this company for its last three fiscals and the six months ended September 30, 2007 are as follows:

(In Rs. lakhs, except share data)

	Period ended December 31, 2004	**Period ended December 31, 2005**	**Period ended* March 31, 2007**	**Six months ended September 30, 2007**
Income	224.2	1,381.6	3,370.4	2,473.4
Profit after tax	(690.5)	(1,137.3)	(1,506.0)	(583.7)
Equity Share Capital	5,142.8	7,919.1	7,919.1	7,919.1
Reserve and Surplus	(690.5)	(1,827.8)	(3,333.9)	(3,917.7)
Earning per Share (of Rs. 10 each)	(1.34)	(1.58)	(1.90)	(0.74)
Net Asset Value per share (of Rs.10 each)	8.53	7.691	5.79	13.53

** The financial year consists of 15 months.*

Sikkim Hydro Power Ventures Limited

Corporate Information

SHPVL, a subsidiary of the Company was incorporated on September 5, 2005. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. SHPVL is currently carrying out the development of the Rangit II hydro electric project. For more details see the section titled "Business" on page 75 of this Red Herring Prospectus:

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL*	50,000*	100.00
	Total	**50,000**	**100.00**

* Six shares are held by six nominees of GIPL pursuant to Section 49 of the Companies Act.

Board of Directors

The board of directors consists of:

1. Mr. Parvez Umrigar;
2. Mr. Mahendra Bisaria;
3. Mr. Parag Parikh; and
4. Mr. Harshit Rajan

Financial Performance

The audited financial results for this company for the last two fiscals and the six months ended September 30, 2007 are as follows:

(In Rs. lakhs, except per share data)

	Year Ended March 31, 2006	**Year Ended March 31, 2007**	**Six months ended September 30, 2007**
Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital	5	5	5
Reserves & Surplus	-	-	-
Earnings per share	-	-	-
Net Asset Value per share	9.50	9.50	(6.28)

Gammon- L&T Infra MRTS Limited

Corporate Information

GLIML was incorporated as V.S. Securities Broking Limited on October 28, 2004 and was later renamed as Gammon- L&T Infra MRTS Limited on April 13, 2005. Presently, its registered office is located at Gammon House, Veer Sarvarkar Marg, Prabhadevi, Mumbai 400 025. GLIML was promoted for bidding and implementing the concession to finance, design, construct, operate and maintain the Mass Rapid Transit System for the Versova-Andheri-Ghatkopar Corridor in Mumbai in consortium with Siemens AG (SAG) and Bharat Earth Movers Limited (BEML), for which proposals were invited by the Mumbai Metropolitan Region Development Authority (MMRDA). The consortium, though short-listed at technical evaluation, did not put in a financial bid for the project.

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares**	Percentage
1.	GIPL*	5,000	50.00
2.	L&T Infrastructure Development Projects Limited	5,000	50.00
	Total	**10,000**	**100.00**

* Five shares are held by five nominees of GIPL pursuant to Section 49 of the Companies Act.
** Face value of Rs. 100 each

Board of Directors

The board of directors of GLIML consists of:

1. Mr. Parag Parikh;
2. Mr. Parvez Umrigar;
3. Mr. Krishnamurty Venkatesh; and
4. Mr. Subramani Hariharan.

Financial Performance

The audited financial results for this Company for the period October 28, 2004 to December 31, 2005, January 1, 2006 to March 31, 2007 and the six months ended September 30, 2007 are as follows:

(In Rs. lakhs, except share data)

	For the Period October 28, 2004- December 31, 2005	For the Period January 1, 2006 – March 31, 2007	Six months ended September 30, 2007
Income	-	-	-
Profit after tax	-	(17.7)	(0.2)
Equity Share Capital	10.0	10.0	10.0
Reserve and Surplus	-	(17.7)	(17.9)
Earning per Share (of Rs. 100 each)	-	-	(2.04)
Net Asset Value per share (of Rs.100 each)	96.83	(80.21)	(82.27)

Punjab Biomass Power Limited

Corporate Information

PBPL was incorporated on December 8, 2005. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. PBPL is currently carrying out the development of two biomass power project at Patiala, Punjab. For more details see the section titled “Business” on page 75 of this Red Herring Prospectus:

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares**	Percentage
1.	Gammon Infrastructure Projects Limited*	27,50,000	50.00
2.	Bermaco Energy Systems Limited	27,50,000	50.00
	Total	**55,00,000**	**100.00**

*50 shares are held by five nominees of GIPL pursuant to Section 49 of the Companies Act.
** Face value of Re. 1 each

Board of Directors

The board of directors of PBPL consists of:

1. Mr. Parvez Umrigar;
2. Mr. G. Sathis Chandran;
3. Mr. Vini Ahuja; and
4. Mr. Arun Kapoor

Financial Performance

The audited financial results for this company for the period December 8, 2005 to March 31, 2006, the last fiscal and the six months ended September 30, 2007 are as follows:

(In Rs. lakhs, except share data)

	For the Period December 8, 2005-March 31, 2006	**For the Year ended March 31, 2007**	**Six months ended September 30, 2007**
Income	-	-	-
Profit after tax	-	-	-
Equity Share Capital	5	15	15
Reserve and Surplus	-	300	300
Earning per Share (of Re. 1 each)	-	-	-
Net Asset Value per share (of Re.1 each)	1.0	20.98	20.98

Gammon Projects Developers Limited

Corporate Information

GPDL, a subsidiary of the Company, was incorporated on January 20, 2006. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. GPDL is currently not involved in any business. Under its Memorandum of Association, its main objects include development, operation and maintenance of various types of infrastructure projects.

Shareholding Pattern (as of January 29, 2008)

S.No.	**Name of the shareholder**	**No. of equity shares**	**Percentage**
1.	Gammon Infrastructure Projects Limited*	50,000	100.00
	Total	**50,000**	**100.00**

* Sixty shares are held by six nominees of GIPL pursuant to Section 49 of the Companies Act.

Board of Directors

The board of directors of GPDL consists of:

1. Mr. Parag Parikh;
2. Mr.G. Sathis Chandran;
3. Mr. Kshitiz Bhasker;
4. Mr. Deepak Chauhan;
5. Mr. Ragam Kishore; and
6. Mr. Digambar Bagde

Financial Performance

The audited financial results for this company for the period January 20, 2006 to March 31, 2006, the last fiscal and the six months ended September 30, 2007are as follows:

(In Rs. lakhs, except share data)

	For the Period January 20, 2006- March 31, 2006	**For the Year ended March 31, 2007**	**Six months ended September 30, 2007**
Income	-	11.1	12.8
Profit after tax	(0.1)	(0.0)	(3.6)
Equity Share Capital	5	5	5
Reserve and Surplus	-	-	(3.6)
Earning per Share (of Rs. 10 each)	-	-	(7.38)
Net Asset Value per share (of Rs.10 each)	9.39	9.47	2.14

Gorakhpur Infrastructure Company Limited

Corporate Information

GICL, a subsidiary of the Company, was incorporated on July 17, 2006. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. GICL is engaged in the business of development, maintenance, operation and carrying out all activities related to the Gorakhpur By Pass Project. For more details see the section titled "Business" on page 75 of this Red Herring Prospectus:

Shareholding Pattern (as of January 29, 2008)

S.No.	**Name of the shareholder**	**No. of equity shares**	**Percentage**
1.	GIPL*	2,54,18,378	68.89
2.	GIL	95,96,923	26.01
3.	Associated Transrail Structures Limited	18,81,749	5.1
	Total	**3,68,97,050**	**100.00**

* Four shares held by four nominees of GIPL pursuant to Section 49 of the Companies Act.

Under the funding and shareholders agreement GIL, GIPL and ATSL agreed to subscribe to 51%, 39% and 10% equity holding of GICL. Recently GIL and ATSL have transferred 24.99% and 4.9% respectively of the paid up equity capital of GICL to us. Separately, GIL by way of an agreement dated August 31, 2007 has also transferred the beneficial ownership and economic interest in its balance shareholding together with the right to vote, receive dividends and accretions. We also have a controlling interest in GICL due to our right to appoint directors on its board. Presently, we directly hold 68.89% in GICL whilst GIL holds 26.01% in respect of which we hold beneficial interest and ATSL, one of our Promoter Group Companies, hold 5.10% of the equity share capital.

Board of Directors

The board of directors of GICL consists of:

1. Mr. Parvez Umrigar;
2. Mr. Deepak Chauhan;
3. Mr. Parag Parikh; and
4. Mr. Vinod Modi.

Mr. G. Sathis Chandran has been appointed as a Manager of this company pursuant to a board resolution dated December 15, 2007 for a period of three years.

Financial Performance

The audited financial results for this company for the period July 17, 2006 to March 31, 2007 and the six months ended September 30, 2007 are as follows:

In Rs. lakhs

	For the Period July 17, 2006-March 31, 2007	Six months ended September 30,2007
Income	-	-
Profit after tax	-	-
Equity Share Capital	5	205
Reserve and Surplus	-	-
Earning per Share (of Rs. 10 each)	-	-
Net Asset Value per share (of Rs.10 each)	(63.85)	8.19

Kosi Bridge Infrastructure Company Limited

Corporate Information

KBICL, a subsidiary of the Company, was incorporated on July 18, 2006. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. KBICL is engaged in the business of development, maintenance, operation and carrying out all activities related to the Kosi Bridge Project. For more details see the section titled “Business” on page 75 of this Red Herring Prospectus. :

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL*	1,78,76,354	73.99
2.	GIL	62,84,146	26.01
	Total	**2,41,60,500**	**100.00**

* Five shares held by five nominees of GIPL pursuant to Section 49 of the Companies Act.

Under the funding and shareholders agreement, GIL and GIPL agreed to subscribe 51% and 49% shareholding of KBICL. GIL has transferred 24.99% of the paid up equity capital of KBICL to us. Separately, GIL by way of an agreement dated August 31, 2007 has also transferred the beneficial ownership and economic interest in its 26.01% holding together with the right to vote, receive dividends and accretions. We also have a controlling interest in KBICL due to our right to appoint directors on the board of KBICL. Presently, we directly hold 73.99% in KBICL and GIL holds the remaining 26.01% of the equity share capital in respect of which the beneficial ownership interest is held by us.

Board of Directors

The board of directors of KBICL consists of:

1. Mr. Parvez Umrigar;
2. Mr. Deepak Chauhan;
3. Mr. Parag Parikh; and
4. Ms. Urvashi Saxena.

Mr. Kshitiz Bhasker has been appointed as a Manager of this company pursuant to a board resolution dated November 30, 2007 for a period of three years.

Financial Performance

The audited financial results for this company for the period July 18, 2006 to March 31, 2007 and the six months ended September 30, 2007 are as follows:

In Rs. lakhs

	For the Period July 18, 2006-March 31, 2007	**Six months ended September 30,2007**
Income	-	-
Profit after tax	-	-
Equity Share Capital	5	205
Reserve and Surplus	-	-
Earning per Share (of Rs. 10 each)	-	-
Net Asset Value per share (of Rs.10 each)	(38.9)	8.81

SEZ Adityapur Limited

Corporate Information

SEZAL was incorporated on October 30, 2006. Presently, its registered office is located at Sakchi Boulevard Road, Northern Town, Jamshedpur, Jharkhand 831 001. SEZAL is currently engaged in the development of SEZ at Adityapur, Jharkhand.

Shareholding Pattern (as of December 31, 2007)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL	18,999	37.998
2.	JUSCO	25,497	50.994
3.	AIADA	5,500	11.00
4.	Rituraj Sinha	1	0.002
5.	Parvez Umrigar	1	0.002
6.	Sanjiv Paul	1	0.002
7.	Sharad Kumar	1	0.002
	Total	**50,000**	**100.00**

Board of Directors

The board of directors of SEZAL consists of:

1. Mr. Sanjiv Paul;
2. Mr. Parvez Umrigar;
3. Mr. Rituraj Sinha; and
4. Mr. Mohanlal Roy.

Financial Performance

This company has had limited operations as it was incorporated on October 30, 2006, and therefore no data in relation to the financial performance for the last three financial years is available.

Marine Project Services Limited

Corporate Information

MPSL, a subsidiary of the Company, was incorporated on March 14, 2007. Its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. MPSL is currently not involved in any business. Under its Memorandum of Association, its main objects include development, operation and maintenance of various types of marine infrastructure projects.

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL*	49,940	99.88
2.	Others	60	0.12
	Total	**50,000**	**100.00**

* Sixty shares held by six nominees of GIPL pursuant to Section 49 of the Companies Act.

Board of Directors

The board of directors of MPSL consists of:

1. Mr. Kshitiz Bhasker;
2. Mr. G. Sathis Chandran;
3. Mr. Parag Parikh
4. Mr. Prashant Kumar;
5. Mr. Manoj Gupta; and
6. Mr. Virag Gupta.

Financial Performance

This Company has limited operations as it was incorporated in March 14, 2007 and therefore no data in relation to the financial performance for the last three financial years is available.

ATSL Infrastructure Projects Limited

Corporate Information

AIPL was incorporated on April 16, 2007. Its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. AIPL proposes to engage in the business of investing in infrastructure projects. For more details see the section titled "Business" on page 75 of this Red Herring Prospectus:

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL *	24,450	48.90
2.	ATSL	25,500	51.00
3.	Others	50	0.10
	Total	**50,000**	**100.00**

* GIPL, ATSL and others are subscribers to the Memorandum of Association and the share allotment is pending.

Board of Directors

The board of directors of AIPL consists of:

1. Mr. Deepak Chauhan;
2. Mr. Parag Parikh; and
3. Mr. D.C. Bagde

Financial Performance

This company has had limited operations as it was incorporated in April 16, 2007 and therefore no data in relation to the financial performance for the last three financial years is available.

Gammon Logistics Limited (GLL)

Corporate Information

Gammon Road Developers Limited (GRDL), a subsidiary of the Company, was incorporated on June 12, 2007. Its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. Pursuant to a resolution dated January 5, 2008, GRDL changed its name to Gammon Logistics Limited and a fresh certificate of incorporation was issued on January 11, 2008. The main objects of GRDL were altered and approved by the shareholders in the EGM held on January 5, 2008 and the same has been registered. The altered objects include business of providing logistics/supply chain services and support in relation to transportation of all type of goods / parcels by road, rail, air, sea or any other conveyance whatsoever including multimodal operations.

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL*	49,994	99.99
2.	Others	6	0.01
	Total	**50,000**	**100.00**

* Six shares held by six nominees of GIPL pursuant to Section 49 of the Companies Act.

Board of Directors

The board of directors of AIPL consists of:

1. Mr. Parag Parikh;
2. Mr. G. Sathis Chandran;
3. Mr. Kshitiz Bhasker; and
4. Mr. Deepak Chauhan

Financial Performance

This company has had limited operations as it was incorporated in June 12, 2007 and therefore no data in relation to the financial performance for the last three financial years is available.

Haryana Biomass Power Limited (HBPL)

Corporate Information

HBPL, a subsidiary of the Company, was incorporated on August 23, 2007. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. This company proposes to engage in the development and operation of agro based power projects in the state of Haryana.

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL	49,994*	99.99

S.No.	Name of the shareholder	No. of equity shares	Percentage
2.	Others	6*	00.01
	Total	**50,000**	**100.00**

* GIPL and others are subscribers to the Memorandum of Association. Shares are yet to be allotted.

Under the terms of the Memorandum of Understanding between GIL and Bermaco Energy Systems Limited, it was agreed that the parties shall hold 50% stake each in the equity share capital of this SPV. Further, GIL by a an agreement dated August 31, 2007 has agreed to transfer the beneficial ownership and economic interest in respect of its shareholding in HBPL together with the right to vote, receive dividends and accretions and to appoint directors. We also have a controlling interest in HBPL due to our right to appoint directors on the board of HBPL. GIL has entered into such agreements with us in respect of each of the eight biomass based power projects

Board of Directors

The board of directors of HBPL consists of:

1. Mr. Parvez Umrigar;
2. Mr. G. Sathis Chandran;
3. Mr. Vini Ahuja; and
4. Mr. Arun Kapoor

Financial Performance

This company has had limited operations as it was incorporated in August 23, 2007 and therefore no data in relation to the financial performance for the last three financial years is available.

Tidong Hydro Power Limited (THPL)

Corporate Information

THPL, a subsidiary of the Company, was incorporated on August 21, 2007. Its registered office is located at Katoch House, Brow, Post Rampur, Himachal Pradesh 172 201. This company proposes to engage in the business of development and operation of hydro power projects in the state of Himachal Pradesh.

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL	49,994*	99.99
2.	Others	6*	0.01
	Total	**50,000**	**100.00**

* GIPL and Others are subscribers to the Memorandum of Association. Allotment of shares is pending.

Pursuant to the joint venture agreement between GIL and Torrent, the parties agreed to hold 51% and 49% stake respectively in the equity share capital of THPL. However, it has not been capitalized as of the date of this Red Herring Prospectus. Further, GIL, by an agreement dated August 31, 2007 has agreed to transfer the beneficial ownership and economic interest in respect of its 50% (out of 51%) shareholding in THPL together with the right to vote, receive dividends and accretions and to appoint directors to us. We also have a controlling interest in THPL due to our right to appoint directors on the board of THPL.

Board of Directors

The board of directors of THPL consists of:

1. Mr. Himashu Parikh;
2. Mr. Parvez Umrigar; and

3. Mr. Mahendra Bisaria

Financial Performance

This company has had limited operations as it was incorporated in August 21, 2007 and therefore no data in relation to the financial performance for the last three financial years is available.

Modern Tollroads Limited

Corporate Information

MTL was incorporated on August 27, 2007. Its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. MTL proposes to engage in the business of investing in infrastructure projects.

Shareholding Pattern (as of January 29, 2008)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	GIPL	24,470*	48.94
2.	BEB	25,500*	51.00
3.	Others	30*	0.06
	Total	**50,000**	**100.00**

* GIPL and Others are subscribers to the Memorandum of Association. Allotment of shares is pending.

Board of Directors

The board of directors of AIPL consists of:

1. Mr. Parvez Umrigar;
2. Mr. Parag Parikh;
3. Mr. Monesh Bhansali; and
4. Mr. Kaiyoze Billimoria

Financial Performance

This company has had limited operations as it was incorporated on August 27, 2007 and therefore no data in relation to the financial performance for the last three financial years is available.

Indira Container Terminal Private Limited

Corporate Information

ICTPL was incorporated on September 13, 2007. Its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. ICTPL is engaged in the business of development and maintenance of the off shore terminal (comprising offshore berths, yards, rail depot, rail sidings etc.) and also the Ballard Pier Station terminal (comprising an existing on-shore berth with equipments, stacking area etc.), in the Mumbai Harbour of the State of Maharashtra.

Shareholding Pattern (as of December 31, 2007)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	Dragados SPL	25,000*	50.00
2.	GIL	13,000*	26.00
3.	GIPL	11,960*	23.92
4.	Others	40*	0.08
	Total	**50,000**	**100.00**

* GIPL and Others are subscribers to the Memorandum of Association. Allotment of shares is pending.

Under the terms of the joint venture agreement Dragados SPL, GIL and we agreed to hold 50%, 26% and 24% stake respectively in the equity share capital of ICTPL. Further, GIL has entered into an agreement dated August 31, 2007 and has agreed to transfer the beneficial ownership and economic interest in respect of its shareholding in this SPV together with the right to vote, receive dividends and accretions and to appoint directors.

Board of Directors

The board of directors of ICTPL consists of:

1. Mr. Parvez Umrigar;
2. Mr. Himanshu Parikh;
3. Mr. Alfredo Olivares; and
4. Mr. Inigo Sarria.
5. Mr. Kshitiz Bhasker

Financial Performance

This company has had limited operations as it was incorporated in September 14, 2007 and therefore no data in relation to the financial performance for the last three financial years is available.

Eversun Sparkle Maritime Services Private Limited

Corporate Information

ESMSPL was incorporated on October 11, 2004. Presently, its registered office is located at VSPL Administration. Block, S4 Gallery, Port Area, Visakhapatnam, Andhra Pradesh 530 035. ESMSPL is engaged in the business of providing dredging services.

Shareholding Pattern (as of December 31, 2007)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	Gammon Infrastructure Projects Limited	21,43,950	33.30
2.	Lastin Holdings Limited	21,43,882	33.30
3.	West Asia Maritime Limited	21,43,977	33.30
4.	R. Kishore	6,540	0.10
	Total	**64,38,349**	**100.00**

We acquired equity stake in ESMSPL by virtue of purchase of 1,071,950 shares on April 1, 2006 and further allotment of 1,072,000 shares to us on March 29, 2007.

Board of Directors

The board of directors of ESMSPL consists of:

1. Mr. Bhaskar Basu;
2. Mr. Subhash Anant Joshi;
3. Mr. V.V.S.Roy;
4. Mr. V.Parathpara Rao; and
5. Mr. M.R.Chowdary

Financial Performance

The audited financial results for this Company for the last three fiscal and the six months ended September 30, 2007 are as follows:

(In Rs. lakhs except share data)

	Year ended March 31, 2005	**Year ended March 31, 2006**	**Year ended March 31, 2007**	**Six Months ended September 30, 2007**
Income	125	210.2	241.1	114.5
Profit after tax	(195.1)	(109.8)	(143.9)	(838.8)
Equity Share Capital	1.0	382.8	643.8	643.8
Reserves and Surplus	-	(129.3)	(364.4)	-
Earning Per Share (of face value of Rs.10 each)	(195.10)	(2.87)	(3.73)	(1.30)
Net Asset Value per share (of face value of Rs.10 each)	8,568	6.62	4.34	2.68

Net Asset Value = Net Assets / No. of Equity Shares

OUR MANAGEMENT

The following table sets forth details regarding our Board of Directors as of the date of filing the Red Herring Prospectus with SEBI:

Board of Directors

S. No.	Name, Designation, Father's Name, Address, Occupation	Age	Date of Appointment and Term	Other Directorships
1.	**Abhijit Rajan** **Chairman and Managing Director** S/o Late Mr. Jagdish Rajan Rituraj, 1, Military Road, 2, Mittal Park, Juhu, Mumbai 400 049. DIN: 00177173 *Industrialist*	46	Appointed as a Director on April 23, 2001 Appointed as Chairman and Managing Director on January 23, 2006 for a period of three years.	1. Gammon India Limited 2. First Asian Capital Resources Private Limited 3. Pacific Energy Private Limited 4. Gammon Housing & Estate Developers Limited 5. Gammon Cities Limited 6. Vizag Seaport Private Limited 7. Gammon & Billimoria Limited 8. Sarod Engineering Private Limited 9. FIN EST S.P.A.
2.	**Parvez Umrigar** **Managing Director** S/o Keki Umrigar 164, Bora Bazar Street, 1st Floor, Fort, Mumbai 400 001. DIN: 00106689 *Service*	44	Appointed as a Director on April 23, 2001 Appointed as Managing Director with effect from July 21, 2005 for a period of three years	1. Vizag Seaport Private Limited 2. Punjab Biomass Power Limited 3. Kosi Bridge Infrastructure Company Limited 4. Cochin Bridge Infrastructure Company Limited 5. Mumbai Nasik Expressway Limited 6. Sikkim Hydro Power Ventures Limited 7. Gammon- L&T Infra MRTS Limited 8. Gorakhpur Infrastructure Company Limited 9. SEZ Adityapur Limited 10. Haryana Biomass Power Limited 11. Tidong Hydro Power Limited 12. Modern Tollroads Limited 13. Indira Container Terminal Private Limited
3.	**Himanshu Parikh** **Non Executive Director** S/o Late Vinod Parikh 2A, 'Rituraj', Juhu Military Road, Opposite Mittal Park, Mumbai 400 049. DIN: 00760181 *Businessman*	47	Appointed as a Director on April 23, 2001 Liable to retire by rotation	1. Gammon India Limited 2. Gammon Housing & Estate Developers Limited 3. Ashwin Overseas Private Limited 4. Gammon Information Technologies Limited 5. Sneha Agencies Private Limited 6. Vizag Seaport Private Limited 7. Gammon Realty Limited 8. Milkway Trading Private Limited 9. Tidong Hydro Power Limited 10. Gammon International LLC 11. Indira Container Terminal Private Limited

S. No.	Name, Designation, Father's Name, Address, Occupation	Age	Date of Appointment and Term	Other Directorships
4.	**C.C. Dayal** **Independent Director** S/o Late Charandas Dayal Arun, B-7, Narayan Dabholkar Road, Mumbai 400 006 DIN: 00178583 *Chartered Accountant*	62	Appointed as a director on September 19, 2005 Liable to retire by rotation	1. Synchrofin Services Private Limited 2. Gammon Housing & Estate Developers Limited 3. Gammon Information Technologies Limited 4. STFA Piling (India) Limited 5. Cochin Bridge Infrastructure Company Limited 6. Transmetal Limited 7. Navdeep Chemicals Private Limited 8. Gammon India Limited 9. Gammon and Billimoria Limited 10. Spectrum Informatics Private Limited 11. Mumbai Nasik Expressway Limited 12. Andhra Expressway Limited 13. Rajahmundry Expressway Limited 14. Weltex Cables (India) Limited 15. Gammon Cooling Towers Limited 16. Raseera Investments Private Limited
5.	**Sanjay Sachdev** **Independent Director** S/o Mr. Niranjan Sachdev India House No.2, Flat #21 4th Floor, Kemps Corner Mumbai 400 026 DIN: 00415170 *Service*	45	Appointed as a director on March 25, 2006 Liable to retire by rotation	1. Freedom Financial Services (Singapore) Pte. Limited 2. Freedom Financial Services Private Limited 3. Shinsei Corporate Advisory Services Private Limited 4. Shinsei Investment I Limited, Mauritius 5. Shinsei Investment II Limited, Mauritius 6. Shinsei UTI India Fund (Mauritius) Limited 7. UTI International (Singapore) Private Limited
6.	**Mr. Naresh Chandra** **Independent Director** S/o Mr. Rama Kant Sector C-4, 4053 Vasant Kunj, New Delhi 110 070. DIN: 00015833 *Retired from Indian Administrative Service*	73	Appointed as an additional director on October 15, 2007 Liable to retire by rotation	1. Hindustan Motors Limited 2. Electrosteel Castings Limited 3. Linde Process Technologies (I) Private Ltd 4. Bajaj Auto Limited 5. AVTEC Limited 6. ACC Limited 7. Balrampur Chini Mills Limited 8. Vedanta Resources Plc, UK 9. Tata Consultancy Services Limited 10. VIS Legis Consult Private Limited 11. Cairn India Limited 12. G4S Corporate (India) Private Limited 13. Great Offshore Limited

S. No.	Name, Designation, Father's Name, Address, Occupation	Age	Date of Appointment and Term	Other Directorships
				14. Scholar Investment Real Estate Fund, Mauritius 15. EROS International Plc.

Abhijit Rajan is a commerce graduate and an industrialist. He joined the board of GIL in 1991 and was elevated to the office of the Managing Director of GIL in the same year. He was further elevated to the position of Chairman and Managing Director of GIL with effect from April 17, 2001 and continues to hold that position. Mr. Rajan joined the Company's board on April 23, 2001 and was made the Chairman of the Company on August 4, 2001. He was elevated to the position of Chairman and Managing Director of the Company on January 23, 2006 and continues to hold that position.

Parvez Umrigar is B. Com., AICWA, FCA. He has been with the Gammon Group for the last nine years. He has wide experience of over 16 years in areas like strategic planning, finance, accounts, taxation and compliance. He joined the Board on April 23, 2001 and was appointed as Chief Executive Officer with effect from September 1, 2002. He was elevated to the position of Managing Director on July 21, 2005 and continues to hold that position.

Himanshu Parikh is a Commerce Graduate with wide experience in diverse fields such as purchase and general management. He joined the board of GIL on June 2, 1997, and was appointed as a whole-time director on April 1, 2000. He ceased to be a whole-time director on March 31, 2003 and was then appointed as its Executive Director on May 1, 2005 and continues to hold that position. He joined the Board of the Company on April 23, 2001.

C.C. Dayal is a Chartered Accountant having vast professional experience and expertise in internal audit, taxation and finance. He joined the board of GIL in June, 1989 and has since been closely associated with the Gammon Group. He joined the Board of the Company on September 19, 2005.

Sanjay Sachdev, has a Master's Degree in International Management from USA and a Degree in Law from, University of Bombay. He is a certified financial planner and is credited for co-founding the CFP Program in India. He is a Fellow of the Life Management Institute and LIMRA Leadership Institute (LLIF), USA. He is also an Associate member of the American Bar Association. He is the founding Chairman of United Way of Mumbai (part of United Way International). He has international experience of over 20 years, including 13 years of experience working with the Pension and Mutual Fund operations at the Principal Financial Group. He joined the Board of the Company on March 25, 2006.

Naresh Chandra, joined the Indian Administrative Service in May, 1956. While deputation to the Government of India in 1965, he held many prestigious posts. He has worked as Commonwealth Secretariat Advisor on Export Development and Policy with the Export Development Board, Government of Sri Lanka. He was a member of the India-US Sub-Commission on Economic Affairs and Commerce as well as the Co-Chairman of India-US Working Group on Technology Transfer. On retirement, he was appointed Senior Advisor to the Prime Minister of India. He has also served as Governor of Gujarat and as the Ambassador of India to the USA. He chaired the Committee on Corporate Governance set up by the Union Ministry of Finance and Company Affairs in 2002, and also the committee on Private Companies and Limited Liability Partnership. He is currently working as the Chairman of the Committee on Civil Aviation Policy set up by the GoI. He has been for long an active member of the India International Centre and a Founder Member and Trustee of the Mathematical Sciences Foundation, Delhi.

Remuneration of Directors

Abhijit Rajan, the Chairman and Managing Director does not draw any remuneration from the Company, as he is on deputation from GIL.

Parvez Umrigar who was initially the CEO and later became the Managing Director, was on deputation from GIL till December 31, 2005; during which period he received no remuneration from GIPL. He was appointed by a Board resolution dated July 18, 2005 for a period of three years commencing from July 21, 2005 and by our shareholders at the EGM dated July 20, 2005. Pursuant to his enrollment as an employee of our Company with effect from January 1, 2006, remuneration payable to him was revised by Board resolution dated June 14, 2006 with effect from January 1, 2006. The same was approved by the shareholders resolution dated September 26, 2006.

A further revision of the remuneration terms was approved by Board resolution dated March 30, 2007 with effect from May 1, 2006 till July 20, 2008 which was approved by the Shareholders at the EGM on May 4, 2007.

It was further revised by the resolution of Remuneration Committee dated October 30, 2007 and January 7, 2008 with effect from May 1, 2007. This is subject to approval of the shareholders.

Details of his remuneration are provided as under:

Basic Pay	• At the rate of Rs. 1,21,000 per month from May 1, 2007. There will be a fixed allowance at the rate of Rs. 1,00,000 per month and variable allowance at the rate of 100% of the basic pay per month; • An amount equivalent to 12% of the basic pay per month will be proportionately discounted after incorporation of Provident fund scheme; • An amount equivalent to 15% of the basic pay per month will be proportionately discounted after incorporation of Superannuation scheme; • An amount equivalent to 12% of the basic pay per month will be proportionately discounted after incorporation of a Provident Fund Scheme.
Perquisites	• A month's basic pay per year as medical allowance; • Leave travel concession up to a maximum of one month's basic pay per year; • Ex- gratia payment up to one month's basic pay per year; • Miscellaneous allowance on severance of service with the Company up to fifteen days basic pay for every completed year's service; • Accommodation allowance of Rs. 1.35 lakhs per month for the period April 2007 and March 2008 and a furnished accommodation with effect from April 2008; • Health insurance as per our policy; • Personal accident insurance as per our policy; • Use of Company car and telephone; • Annual performance incentive subject to a minimum of Rs. 20 lakhs and a maximum of Rs. 25 lakhs per annum.

He has also been granted Employees Stock options. For details see section titled "Capital Structure- Employees Stock Option Scheme" on page 31 of this Red Herring Prospectus.

None other directors receive any remuneration other than sitting fees for attending Board Meetings.

Payment or benefit to directors/ officers of our Company

Except as stated in section titled "Our Management" and "Capital Structure- Employees Stock Option Scheme" on page 138 and page 31 of this Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

Corporate Governance

We have a broad-based Board of Directors, constituted in compliance with the Companies Act and listing agreements with the Stock Exchanges. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

The Board has six Directors, of which three are independent directors. Two of our directors are Managing Directors. The Chairman of the Board, Mr. Abhijit Rajan, is also a Managing Director of the Company.

Committees of the Board

Audit Committee

The present members of the Audit Committee are:

- Mr. C. C. Dayal (Chairman);
- Mr. Sanjay Sachdev; and
- Mr. Parvez Umrigar

The Audit Committee was constituted on July 31, 2003. The scope and functions of the Audit Committee are as per Section 292A of the Companies Act. Its main functions are to:

- create an open avenue for communication between the Board of Directors, internal auditors and the independent auditors;
- recommend the appointment and removal of statutory and internal auditors, fix audit fees and approve payment for other services;
- provide directions and oversee the operation of the total audit function in the Company (internal as well as external);
- monitor the adequacy of the internal control environment including computerized information control system and security and management information systems;
- review the half yearly report obtained from the compliance officer appointed by the Company;
- interact with the external auditors before finalizing the annual or half yearly financial statements;
- review the annual financial statements and analyze the performance of the Company, along with the management, before the same are forwarded to the Board with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements having financial statement implications;
- to scrutinize the reasons for default, if any, in payments to depositories, debenture holders, shareholders, creditors, etc, and legal matters that could have a significant impact on the financial statements;
- review functioning of the Whistle Blower Mechanism, if the same is existing;
- review all related party transactions; and
- if necessary, institute special investigation teams with complete access to all records, information and personnel of the Company.

Shareholders/Investors Grievance Committee

The members of the Shareholders/ Investors Grievance Committee are:

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

The Shareholders/Investors Grievance Committee was constituted on December 19, 2005. The Shareholders/Investors Grievance Committee has been set up for the following purposes:

- redressing complaints from shareholders such as non-receipt of dividend, annual report, transfer of shares and issue of duplicate share certificates; and

- monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares and bonds issued by the Company.

IPO Committee

The IPO Committee was constituted on June 29, 2007. The Board has appointed this committee to oversee and administer the activities to be undertaken for this Issue.

The members of the IPO Committee are:

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

Remuneration Committee

The committee was reconstituted on March 25, 2006. The Board has appointed this Committee to have powers to approve appointments and remuneration of executive Directors.

The members of the Remuneration Committee are:

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

Compensation Committee

The committee was constituted on March 30, 2007. The Board has appointed this Committee to regulate and supervise the company's 'Employees Stock Option Scheme'.

The members of the Compensation Committee are:

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

Shareholding of the Directors

Our Articles do not require our Directors to hold any qualification shares in our Company. The list of Directors holding Equity Shares and the number of Equity Shares held by each of them directly as of December 31, 2007 is set forth below:

Name of Director	Number of Equity Shares held
Mr. Abhijit Rajan	56,88,889
Mr. Himanshu Parikh	7,11,111
Mr. C. C. Dayal	10*

* 10 Equity Shares held as nominee of GIL pursuant to Section 49 of the Companies Act.

Interests of Directors

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. The Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. For more details, please see the section titled "Related Party Transactions" on page 159 of this Red Herring Prospectus.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as Directors, members, partners or trustees. See the section titled "Our Management–Remuneration of Directors" on page 140 of this Red Herring Prospectus.

Borrowing Powers of our Board

Our Articles authorise our Board, to borrow moneys and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit. See section titled "Main Provisions of the Articles of Association" on page 329 of this Red Herring Prospectus. Our shareholders at an AGM on July 31, 2002 authorised our Board to borrow a maximum of Rs. 10,000 lakhs.

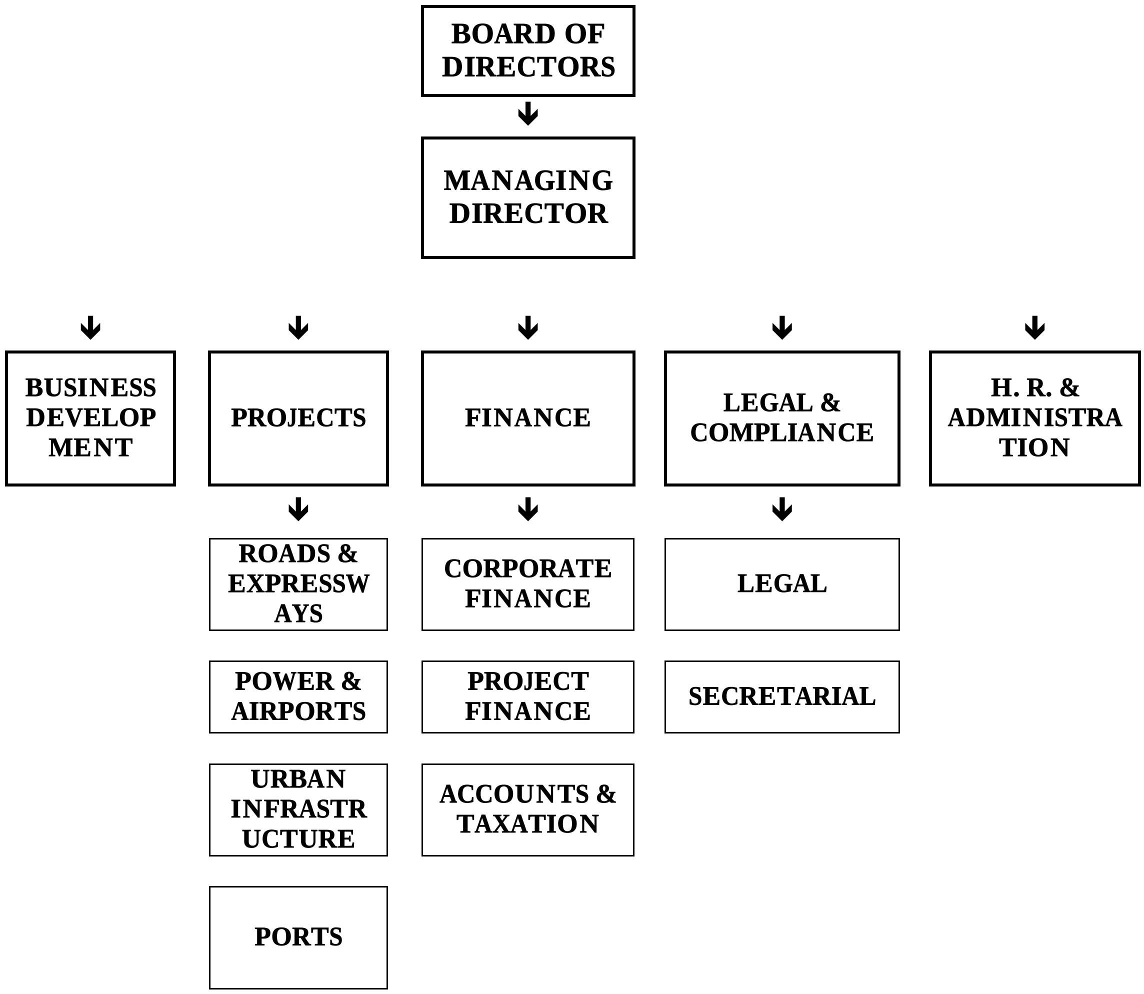
Changes in our Board of Directors in the last three years

The following changes have occurred in Board of Directors of the Company in the last three years:

Name	Date of Appointment	Date of Resignation
Mr. C.C. Dayal	September 19, 2005	-
Mr. S.K. Guha Thakurta	September 19, 2005	Passed away on September 29, 2007
Mr. Sanjay Sachdev	March 25, 2006	-
Mr. Abhijit Rajan	Appointed as Chairman – August 4, 2004 Appointed as Chairman and Managing Director – January 23, 2006	-
Mr. Parvez Umrigar	Appointed as Chief Executive Officer – September 1, 2002 Appointed as Managing Director – July 21, 2005	-
Mr. Naresh Chandra	October 15, 2007	

Organisational Structure

GAMMON INFRASTRUCTURE PROJECTS LIMITED



Key Managerial Personnel of our Company

None of the key managerial personnel are related to each other. The key managerial personnel enumerated below are permanent employees of our Company. None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers:

Abhijit Rajan is a Commerce graduate and is an industrialist. He joined the board of GIL in 1991 and was elevated to the office of the Managing Director of GIL in the same year. He was further elevated to the position of Chairman and Managing Director of GIL with effect from April 17, 2001 and continues to hold that position. Mr. Rajan joined the Company's board on April 23, 2001 and was made the Chairman of the Company on August 4, 2001. He was elevated to the position of Chairman and Managing Director of the Company on January 23, 2006 and continues to hold that position.

Parvez Umrigar is B. Com., AICWA, FCA. He has been with the Gammon Group for the last 10 years. He has wide experience of over fifteen (15) years in areas like strategic planning, finance, accounts, taxation and compliance. He joined the Board on April 23, 2001 and was appointed as Chief Executive Officer with effect from September 1, 2002. He was elevated to the position of Managing Director on July 21, 2005 and continues to hold that position.

Mr. Parag Parikh, Head, Finance, is a post graduate in Management and Business Administration and Master of Commerce. He joined the organization in the year 1999 and has over eight years of experience with the Gammon Group. He has been involved in evolving structures of securitization of cash flows, non-recourse long term project finance etc. The gross remuneration paid to him for the fiscal 2007 was Rs. 13,91,491.

Mr. Kshitiz Bhasker, Head, Business Development, is a Finance Post Graduate in Business Management and a Civil Engineer. He joined the organization on September 1, 2004 and has over eight years of experience. Prior to joining the Company, he was in GIL and was responsible for implementing the enterprise resource planning system for the organization. Apart from these, he has about two years of experience in managing construction projects sites. The gross remuneration paid to him for the fiscal 2007 was Rs. 9,67,537.

Mr. Amanullah Aman, General Manager (Projects), is a B. Tech (Hons) from IIT Kharagpur. He has done MS in Engineering and Masters in Business Administration from Said Business School, University of Oxford, UK. He has over 12 years of experience and has worked with UBS, Stamford, Connecticut (USA) and with Enron Corporation, Houston, USA. He joined the Company in November 2006. The gross remuneration paid to him for the fiscal 2007 was Rs. 7,38,990.

Note: Mr. Abhijit Rajan and Mr. Parvez Umrigar are Key Managerial Personnel as defined under Accounting Standard 18 (“AS-18”).

Shareholding/ Interest of the Key Managerial Personnel

The following are the details with regards to equity shareholding of Key Managerial Persons:

Date	Key Management Person	No. of shares
September 14, 2007	Abhijit Rajan	56,88,889

Changes in the Key Managerial Personnel

The following are the changes in our Key Managerial Personnel during the last three years:

Name and Designation of the Employee	Date and reason
Vijay Agarwal, Chief Financial Officer	Resigned- June 30, 2007
Rajiv Daru, Company Secretary	Resigned- August 31, 2007

OUR PROMOTERS

Promoter

Gammon India Limited

Corporate Information

GIL was originally incorporated as J.C. Gammon (Bombay) Limited on June 15, 1922 and which was changed to J. C. Gammon Limited on March 26, 1938 and further to Gammon India Private Limited on June 25, 1954. It was renamed as Gammon India Limited on May 19, 1962. Presently, its registered office is located at Gammon House, Veer Sarvarkar Marg, Prabhadevi, Mumbai 400 024. The main objects of GIL, as contained in its memorandum of associations include:

- To acquire as a going concern, take over and work, upon such terms as may appear conducive to the interests of the Company the business heretofore carried on in the Presidency of Bombay by John Charles Gammon and all the machinery, plant, furniture, fixtures, stock-in-trade, goodwill, assets and effects thereof specified in the Agreement referred to in Article 3 of the Articles of Association of the Company; and to pay therefore in cash or shares of the Company of partly in one and partly in the other; and to undertake all the liabilities of the said John Charles Gammon in connection with such business; and with the object aforesaid to adopt, become parties to, enter into and carry into effect all such agreements, guarantees, deeds and instruments as may be necessary or as may be deemed advisable or proper; and in particular to become parties to enter into and carry into effect with or without modification the Agreement which has already been prepared and is referred to in Article 3 of the Articles of Association.

- To construct, execute, carry out, equip, improve, work, develop, administer, manage or control works and conveniences of all kinds whether for any Government, Public Body, Local Authority, Company or individual, including, but no restricted to, railways, tramways, docks, harbours, Piers, wharves, canals, reservoirs, embankments, irrigations, reclamation, improvement, sewage, drainage, sanitary water, gas, electric light, telephonic, telegraphic and power supply works, and hotels, warehouses, markets, buildings and all other works or conveniences of public or private utility: and generally to carry on the business of builders and contractors, reinforced concrete specialists, engineers, architects, surveyors, estimators and designers in all their respective branches.

Shareholding Pattern (as of December 31, 2007)

S. No.	Shareholder Category	No. of shares equity shares held*	Percentage
1.	**Promoters**		
	Indian Promoters	2,41,26,840	27.58
	Foreign Promoters	30,86,435	3.53
	Sub-Total	**2,72,13,275**	**31.11**
2.	**Non-promoter holding**		
	Mutual Funds and UTI	1,29,79,205	14.84
	Banks, Financial Institutions, Insurance, Companies, (Central/state govt. Institutions/ Non-Government Institutions)	6,18,303	0.71
	FIIs	2,72,98,487	31.21
	Sub-Total	**4,08,95,995**	**46.75**
3.	**Others**		
	Bodies Corporate	85,61,683	9.79
	Individuals	49,36,503	5.64
	Foreign Company	0	0
	Foreign Nationals	1,68,570	0.19
	Non-Resident Indians (including repatriable)	1,54,433	0.17
	Overseas Corporate Bodies	47,23,620	5.4
	Clearing Member	14,595	0.017

S. No.	Shareholder Category	No. of shares equity shares held*	Percentage
	Sub-Total	**1,85,59,404**	**21.22**
	Shares under GDR Issue	8,01,796	0.91
	Grand Total	8,74,70,470	100.00

*Face value of Rs. 2 each

The break-up of shareholding of promoters of GIL are as set out below:

S. No.	Shareholder Category	No. of shares equity shares held*	Percentage
	Promoters		
	Indian Promoters		
	Abhijit Rajan	34,765	0.04
	Jagdish Rajan	19,520	0.02
	Pacific Energy Private Limited	1,50,13,015	17.16
	First Asian Capital Resources Private Limited	2,91,315	0.33
	Nikhita Estate Developers Private Limited	34,85,420	3.99
	Devyani Esate and Properties Private Limited	52,82,805	6.04
	Sub-Total	**2,41,26,840**	**27.58**
	Foreign Promoters		
	Masayor Enterprises Limited	30,86,435	3.53
	Sub-Total	**30,86,435**	**3.53**
	Total	**2,72,13,275**	**31.11**

Mr. Abhijit Rajan and Late Mr. Jagdish Rajan are individual promoters of Gammon India Limited. The details of Mr. Abhijit Rajan are set out below:

Mr. Abhijit Rajan

Mr. Abhijit Rajan, aged 46 years, is the Chairman and Managing Director of our Company. For further details, see "Our Management" on page 138 of this Red Herring Prospectus.

His driving license number is 86/00/3401/Bom.

We confirm that the permanent account number, bank account number and passport number of Mr. Abhijit Rajan, will be submitted to the BSE and the NSE.

<u>Board of Directors</u>

The board of director consists of:

1. Mr. Abhijit Rajan (Chairman and Managing Director);
2. Mr. Peter Gammon (Chairman Emeritus- Non Executive);
3. Mr. Himanshu Parikh (Executive Director);
4. Mr. Rajul A. Bhansali (Executive Director);
5. Mr. C.C. Dayal (Non Executive- Independent Director);
6. Mr. Atul Dayal (Non Executive- Independent Director);
7. Mr. Naushad Forbes (Non Executive- Independent Director); and
8. Mr. Jagdish Sheth (Non Executive- Independent Director).

Share Quotation
Highest and lowest price on BSE in the last six months:

Month	High (Rs.)	Low (Rs.)
December, 2007	611.25	545.65
November, 2007	594.50	526.30
October, 2007	573.95	450.45
September, 2007	465.60	414.70
August, 2007	461.75	387.90
July, 2007	499.35	416.50

(Source: BSE Website)
Closing price on BSE as of January 5, 2008 was Rs. 781.45.

Market Capitalisation on BSE as of January 5, 2008 was Rs. 68,33,780 lakhs.

Highest and lowest price on NSE in the last six months:

Month	High (Rs.)	Low (Rs.)
December, 2007	607.90	548.60
November, 2007	590.10	525.45
October, 2007	576.70	455.50
September, 2007	462.10	414.75
August, 2007	463.40	387.45
July, 2007	498.35	418.50

(Source: NSE Website)
Closing price on NSE as of January 5, 2008 was Rs. 777.05.

Market Capitalisation on NSE as of January 5, 2008 was Rs. 6,79,530.2lakhs.

Financial Performance (on a consolidated basis)

The audited financial results for this company for the last three fiscal are as follows:

(In Rs. lakhs, except share data)

	Year ended December 31, 2004*	Year ended March 31, 2006**	Year ended March 31, 2007
	9 months	**15 months**	**12 months**
Income	87,730	2,04,450	2,36,790
Profit after tax	2,663.8	14,458	3,507
Equity Share Capital	1,557.9	1,769.1	1,769.1
Reserve and Surplus	34,658.2	99,098	1,19,702
Earning per Share (of Rs. 10 each)	4.13	18.62	4.04
Net Asset Value per share (of Rs.10 each)	38.46	108.37	110.73

- *The financial year consisted of nine months.
- ** The financial year consisted of fifteen months.

Capital issue during the preceding three years

A.

Details of the issue:	Issue of 9,16,030 global depositary receipts representing 9,16,030 equity shares of Rs. 10 each of GIL, at a price of US$ 13.10 per Global Depositary Receipt which were listed on the Luxembourg Stock Exchange. The said offering was made outside the United States in reliance on Regulation S of the U.S. Securities Act, 1933.
Year of issue:	2004
Date of closure of issue:	December 22, 2004
Date of allotment:	December 22, 2004
Promise v. Performance:	The object of this issue was to fund growth in the engineering

	procurement and construction business and BOT business model and its variants. The proceeds of this issue were used for this purpose.

B.

Details of the issue:	Issue of 91,86,900 global depositary receipts representing 91,86,900 equity shares of Rs. 2 each of GIL, at a price of US$ 9.47 per Global Depositary Receipt and 13,72,700 GDRs representing 13,72,700 equity shares of Rs. 2 each of GIL (Green Shoe Option), at a price of US$ 9.47 per GDR, which were listed on the Luxembourg Stock Exchange. The said offering was made outside the United States in reliance on Regulation S of the U.S. Securities Act, 1933.
Year of issue:	2006
Date of closure of issue:	January 27, 2006 and February 7, 2006
Date of allotment:	January 27, 2006 and February 7, 2006
Promise v. Performance:	The object of this issue was to fund growth of the company and in particular for procurement of plant and equipment, repayment/prepayment of debt, meeting working capital requirements, mobilisation of recently awarded projects, funding of BOT projects; and pending the deployment of funds in the above mentioned use of proceeds, GIL intends to use the net proceeds to repay a portion of its long term and short term debt.

Other details relating to GIL

PAN	AAA CG 3821 A
Bank Account Details	Account No. OD 261072 , Canara Bank, Fort Main Branch, Warden House, Sir P. M. Road, Fort, Mumbai 400 001.
CIN Number	U74999MH1922PTC000997
RoC Registration Number	11-997
Address of the RoC	The Registrar of Companies, Hakoba Mills Compound, 2nd Floor, Fancy Mill Compound, Dattaram Lad Marg, Mumbai 400 032

Mechanism for redressal of investor grievance

GIL has a Shareholders/Investor Grievance Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders relating to transfers, non receipt of balance sheet, non receipt of dividend declared etc. Typically, the investor grievances are dealt within a fortnight of receipt of the complaint from the investor. As of December 31, 2007, there is no investor grievance pending against GIL.

Promoter Group

The following are our Promoter group companies:

Associated Transrail Structures Limited

Corporate Information

- ATSL was incorporated on March 29, 1993. Presently, its registered office is located at Neptune Tower, 7th Floor, Productivity Road, Alkapuri, Baroda 390 007. ATSL is primarily engaged in the varied businesses of commissioning of power transmission lines, developing conventional and non-conventional energy resources, developing infrastructure projects and manufacturing conductors.

Shareholding Pattern (as on November 30, 2007)

S. No.	Shareholder Category	No. of shares equity shares held	Percentage
1.	**Promoters**		
	Indian Promoters	7,15,264	7.12
	Sub-Total	7,15,264	7.12
2	**Others**		
	Private/Public Corporate Bodies	82,20,916	81.79
	Indian Public	11,15,653	11.09
	Sub-Total	93,36,569	92.88
	Grand Total	**1,00,51,833**	**100**

Board of Directors

The board of directors consists of:

1. Mr. D. C. Bagde (Managing Director);
2. Mr. A. B. Desai (Director); and
3. Mr. Naval Choudhary (Additional Director).

Share Quotation

As on March 31, 1998 which was the last date of trading, there were 25,10,000 shares listed at OTCEI. The last traded share price was Rs. 4.95. (*Source: OTCEI Website*)

Market Capitalisation on March 31, 1998 was Rs. 124lakhs.

Financial Performance

The audited financial results for this company for the year ended June 30, 2005, March 31, 2006 and June 30, 2007 are as follows:

(In Rs. lakhs, except share data)

	Year ended June 30, 2005	**Year ended March 31 2006***	**Year ended June 30, 2007****
Income	12,889	18,801.9	54,067
Profit after tax	595.8	1,794.6	5,485.4
Equity Share Capital	1,005.2	1,005.2	1,005.2
Reserve and Surplus	293.5	1,958.1	7,309.5
Earning per Share (of Rs. 10 each)	5.42	17.70	54.41
Net Asset Value per share (of Rs.10 each)	12.92	29.48	82.72

* The financial year consists of nine months.
** The financial year consists of fifteen months

The companies mentioned below are unlisted and have not made any public or rights issue in the preceding three years. Neither they have become a sick company under the meaning of SICA nor are they under winding up.

Gammon & Billimoria Limited

Corporate Information

Gammon & Billimoria Limited (GBL) was incorporated on December 27, 2002. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. GBL is engaged in the business of construction and setting up of infrastructure projects, both within or outside India.

Shareholding Pattern (as of December 31, 2007)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	B. E. Billimoria & Company	49,000	49.00
2.	Gammon India Limited	50,940	50.94
3.	Others	60	0.06
	Total	**1,00,000**	**100**

Board of Directors

The board of directors consists of:

1. Mr. Abhijit Rajan;
2. Mr. Rajul A. Bhansali;
3. Mr. C. C. Dayal;
4. Mr. Kaiyoze Billimoria; and
5. Mr. Digant Kapadia

Financial Performance

The audited financial results for this Company for last three fiscals are as follows:

(In Rs. lakhs, except share data)

	Period ended December 31, 2004*	Year ended March 31, 2006**	Year ended March 31, 2007
Income	21.7	68.3	326
Profit after tax	(0.7)	1.4	16
Equity Share Capital	10	10	10
Reserve and Surplus	0.7	0.4	16.4
Earning per Share (of Rs. 10 each)	(0.75)	1.44	16.00
Net Asset Value per share (of Rs.10 each)	9.12	10.25	26.30

* The financial year consists of nine months.
** The financial year consists of fifteen months.

STFA Piling (India) Limited

Corporate Information

STFA Piling (India) Limited was incorporated on November 5, 1999. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. The Company is engaged primarily in the business of constructing and developing infrastructure projects.

Shareholding Pattern (as of August 31, 2007)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	Gammon India Limited	2,17,321*	50
2.	Stfa Temel Pile Construction Company	2,17,321	50
	Total	**4,34,642**	**100**

* Including 70 shares with certain individuals in which beneficial interest is held by GIL.

Board of Directors

The board of directors consists of:

1. Mr. Sanjeev Gautam;
2. Mr. C. C. Dayal; and
3. Mr. Ercan Karadede

Financial Performance

The audited financial results for this company for last three fiscals are as follows:

(In Rs. lakhs, except share data)

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007
Income	93	0.1	0.00
Profit after tax	(10.7)	(10.2)	(2.5)
Equity Share Capital	43.5	43.5	43.5
Reserve and Surplus	0.00	0.00	0.00
Earning per Share (of Rs. 10 each)	(2.46)	(2.35)	(0.57)
Net Asset Value per share (of Rs.10 each)	(5.86)	(8.22)	(8.79)

Pacific Energy Private Limited

Corporate Information

Pacific Energy Private Limited was incorporated on March 21, 1995. Presently, its registered office is located at 301, Capri, Greenfields Estate, A.B. Nair Road, Juhu, Mumbai 400 049. It is engaged primarily in the business of design and manufacture of conventional and/or non-conventional power generation and distribution equipment and systems.

Shareholding Pattern (as of December 31, 2007)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	Abhijit Rajan	20,010	3.85
2.	First Asian Capital Resources Private Limited	5,00,000	96.15
3.	Harshit Rajan	10	0.00
	Total	**5,20,020**	**100**

Board of Directors

The board of directors consists of:

1. Mr. Abhijit Rajan; and
2. Mr. Virag Gupta

Financial Performance

The audited financial results for this company for the last three fiscal are as follows:

(In Rs. lakhs, except share data)

	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006
Income	81.6	75.1	75.1
Profit after tax	(241.8)	74.8	74.5
Equity Share Capital	52	52	52
Reserve and Surplus	491	565.8	640.3
Earning per Share (of Rs. 10 each)	(46.50)	14.39	14.33
Net Asset Value per share (of Rs.10 each)	104.37	118.77	133.13

Gammon Cooling Towers Limited

Corporate Information

Gammon Cooling Towers Limited (GCTL) was originally incorporated as Gammon Power Limited on May 17, 1995 and the name was later changed to Gammon Cooling Towers Limited on February 13, 1998. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. GCTL is engaged primarily in the business of establishment, operation and maintenance of power generating stations.

Shareholding Pattern (As on December 31, 2007)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	Mr. V.N. Shetty	10.00	0.02
2.	Mr. Abhijit Rajan	10.00	0.02
3.	Mr. Shobit Rajan	10.00	0.02
4.	Mr. Harshit Rajan	10.00	0.02
5.	Gammon India Limited	49,940.00	99.88
6.	Mr. C.C. Dayal	10.00	0.02
7.	Mr. Bhasker Vittal	10.00	0.02
	Total	**50,000.00**	**100**

Board of Directors

The board of directors consists of:

1. Mr. N.V. Nayak;
2. Mr. A.B. Desai; and
3. Mr. A.L. Bhatia

Financial Performance

The audited financial results for this company for last three fiscals are as follows:

(In Rs. lakhs, except share data)

	Period ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007
Income	-	-	170.5
Profit after tax	0.00	-	30.3
Equity Share Capital	0.00	5	5
Reserve and Surplus	(0.7)	(0.7)	26.9

	Period ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007
Earning per Share (of Rs. 10 each)	-	(0.11)	60.53
Net Asset Value per share (of Rs.10 each)	(1,072)	8.41	63.73

Gammon Realty Limited

Corporate Information

Gammon Realty Limited (GRL) was incorporated on November 24, 2006. Presently, its registered office is located at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. GRL is principally engaged in the business of development, and construction of residential premises, commercial and industrial premises and other infrastructure projects.

Shareholding Pattern (As on December 31, 2007)

S.No.	Name of the shareholder	No. of equity shares	Percentage
1.	Gammon India Limited	1,50,49,940	75.06
2.	Mr. Abhijit Rajan	50,00,010	24.94
3.	Mr. Himanshu Parikh	10	0.00
4.	Mr. A.B. Desai	10	0.00
5.	Mr. V.K. Sharma	10	0.00
6.	Mr. R.A. Bhansali	10	0.00
7.	Mr. P.S. Gupchup	10	0.00
	Total	**2,00,50,000**	**100**

Board of Directors

The board of directors consists of:

1. Mr. Himanshu V. Parikh;
2. Mr. A.B. Desai; and
3. Mr. Virag Gupta

Financial Performance

The audited financial results for this company for fiscal 2007 are as follows:

(In Rs. lakhs, except share data)

	Year ended March 31, 2007
Income	-
Profit after tax	(25.3)
Equity Share Capital	2,005
Reserve and Surplus	(25.3)
Earning per Share (of Rs. 10 each)	(0.13)
Net Asset Value per share (of Rs.10 each)	9.87

Gammon International LLC

Corporate Information

GILLC was incorporated on June 30, 2007. Presently, its registered office is located at P.O. Box no. 889, Postal Code 100, Muscat, Oman. GILLC is engaged primarily in the business of civil construction contracts including Roads, Bridges and tunnels construction contracts, Building materials instruments and equipments.

Shareholding Pattern (as of December 31, 2007)

S.No.	Name of the shareholder	No. of equity shares*	Percentage
1.	GIL	1,03,500	69.00
2.	Oman Holdings International S.A.O.G	46,500	31.00
	Total	**1,50,000**	**100**

* Face value of Omani Rial 1.000 each.

Board of Directors

The board of directors of GILLC consists of:

1. Mr. Himanshu Parikh;
2. Mr. Rajul Bhansali;
3. Mr. Ramkrishna Telang;
4. Mr. Maqbool Hameed; and
5. Mr. Behram Divecha

Financial Performance

This company has had limited operations as it was incorporated in June 30, 2007, and therefore no data in relation to the financial performance for the last three financial years is available.

FIN EST S.P.A

Fin Est S.P.A was incorporated under the laws of Italy and its registered office is located at Via F. Vegezio, 15, Milano, Italy. It is a holding company for group companies and is involved in designing and execution of specialized activities for construction application including designing and producing the equipment necessary for the above.

Shareholding Pattern (As of December 31, 2007)

Sr. No.	Name of the Shareholder	No. of equity shares of Euro 1 each.	Percentage
1	Dr. Cessare Predevedini	7,80,000	50.00
2	GIL	7,80,000	50.00
	Total	**15,60,000**	**100.00**

Board of Directors:

The board of directors consists of:

(i) Dr. Cesare Prevedini
(ii) Mr. Alex Baroso
(iii) Mr. Abhijit Rajan
(iv) Mr. Rajul A Bhansali
(v) Dr. Luisi Ginetti

Financial Performance:

The audited financial statements of this company for the year ended December 31, 2005 and 2006 are as follows:

(In Rs. lakhs, except share data)

	Year ended December 31, 2005	Year ended December 31, 2006
Income	(26)	85.2
Profit after tax	(61.3)	39.7
Equity Share Capital	454.4	908.7
Reserves and Surplus	2,742.6	4,040.2
Earning Per Share (of Euro 1 each in Rs.)*	(7.86)	2.54
Net Asset Value per share (of Euro 1 each in Rs.)*	409.86	317.24

* EURO / INR exchange rate taken as average rate of the year as 56.94.

Gammon International FZE (GI-FZE)

GI-FZE was incorporated on September 13, 2007 and its registered office is located at P.O. Box 49720, Hamriyah Free Zone, Sharjah, United Arab Emirates. It is involved in contractual and engineering works, maintenance and operations related to turnkey projects in the field of petroleum projects, on and off shore gas fields.

Shareholding Pattern (As of December 31, 2007)

Sr. No.	Name of the Shareholder	No. of equity shares (of Dhs 150,000 each)	Percentage
1	GIL	1	100.00
	Total	**1**	**100.00**

Board of Directors:

The board of directors consists of:

1. Mr. Rajul A Bhansali; and
2. Mr. R. Subramanian

Financial Performance:

This company has had limited operations as it was incorporated in September 13, 2007, and therefore no data in relation to the financial performance for the last three financial years is available.

Gammon Projects Nigeria Limited (GPNL)

GPNL, was incorporated on May 21, 2007. Presently, its Registered Office is located at 115, Palm Avenue, Mushin, Lagos, P.O. Box 9024, Ikeja, Lagos, Nigeria. The main objects of GPNL, as contained in its memorandum of associations include:

To construct, execute, carry out, equip, improve, work, develop, administer, manage or control works and conveniences of all kinds, whether for any Government, Public Body, Local Authority, Company or individual, including, but not restricted to, railways, tramways, docks, harbour, piers, wharves, canals, reservoirs, embankments, irrigations, reclamation, improvements, sewage, drainage, sanitary, water, gas, electric light, telephonic, telegraphic and power supply works, and hotels, warehouses, markets, buildings and all other works or convenience of public or private utility: and generally to carry on the business of builders and contractors, reinforced concrete specialists, engineers, architects, surveyors, estimators and designers in all their respective branches.

Shareholding Pattern (As of December 31, 2007)

Name of the shareholder	No. of shares	* Amount in Naira	Percentage
Gammon India Limited	1,49,99,900	1,49,99,900	100.00
Mr. Telang Ramkrishna Laxmikant	100	100	0.00
Total	1,50,00,000	1,50,00,000	100.00

*Amount not remitted towards subscription.

Board of Directors

The board of directors consists of:

1. Mr. Rajul Bhansali; and
2. Mr. Ramakrishna Telang

Financial Performance

This Company has had limited operations as it was incorporated on May 21, 2007 and therefore no data in relation to the financial performance for the last three financial years is available.

Interest of our Promoters

To the extent of the repayment of our loans from the Issue proceeds to GIL amounting to Rs. 1,000lakhs, GIL, our Promoter would be considered to be interested in the Issue.

Common Pursuits

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For, further details on the related party transactions, to the extent of which our Company is involved, see section titled "Related Party Transactions" on page 159 of this Red Herring Prospectus.

Disassociation by the Promoters in the last three years

None of our promoters other than Freyssinet Prestressed Concrete Company Limited (FPCC) and Sadbhav Engineering Limited have disassociated themselves from any of our companies/ firms during preceding three years.

In FPCC, GIL sold its entire holding of 4,44,744 equity shares to M/s. Smit Capital Services Limited and accordingly FPCC ceased to be a 'promoter group company'.

In relation to Sadbhav Engineering Limited, GIL's holding declined below 10% as a result of further issuance of equity shares by said company.

RELATED PARTY TRANSACTIONS

Relationships:

Entities where control exists: Holding Company of the Group

Gammon India Limited ('GIL')

Associates

Eversun Sparkle Maritimes Services Private Limited ('ESMSPL')

Associated Transrail Structures Limited ('ATSL')

ATSL Infrastructure Projects Limited ('AIPL')

Modern Tollroads Limited ('MTL')

Key Management Personnel ('KMP')

Mr.Abhijit Rajan

Mr.Parvez Umrigar

Name of related party	Nature of Transactions	September 30, 2007	March 31, 2007	March 31, 2006
GIL	Operations & Maintenance Income	7,05,81,399	14,34,16,064	12,46,93,194
	Operations & Maintenance Expenses	7,05,81,399	13,61,26,874	10,58,27,929
	Contract Expenditure - Project Assets/Capital Work in Progress	108,88,08,434	149,83,23,466	1,75,78,916
	Advances received against O & M contract	7,11,36,304	0	0
	Advances recovered against O & M contract	4,72,70,733	0	0
	Purchase of Intangible Asset	0	25,00,00,000	0
	Rendering of services	0	0	66,10,000
	Rent Paid	6,00,000	12,00,000	15,00,000
	Share Application Money paid	0	0	0
	Purchase of Investments	1,02,45,900	0	17,53,90,600
	Sale of Investments	0	0	6,60,00,000
	Share Application Money Received	2,04,00,000	0	106,51,59,100
	Refund of Share Application Money Received	2,04,00,000	0	67,46,18,841
	Insurance Claims received	0	29,87,142	0
	Finance provided (including Loans & Equity contribution in cash or in kind)	0	0	5,07,90,000
	Finance provided for expenses and on account payments	5,89,607	8,28,249	85,68,697

	Amount liquidated towards the above finance	0	9,750	7,65,38,912
	Interest income during the period	0	0	20,42,955
	Finance received (including Loans and Equity contribution in cash or in kind)	14,10,00,000	0	276,23,32,606
	Finance received for expenses & on account payments	10,24,612	4,36,02,113	6,24,75,563
	Amount liquidated towards the above finance	7,26,712	6,16,30,683	246,39,50,232
	Interest paid during the period	9,92,465	0	2,38,58,733
	Deposit towards purchase of beneficial Interest of equity shares	1,06,64,100	0	32,83,80,000
	Advances paid against Contracts	92,68,10,460	54,59,44,750	0
	Recovery of Advances paid	16,92,49,740	18,24,74,640	0
	Retention money recovered	5,67,33,211	0	0
	Retention money refunded	5,65,55,712	0	0
	Guarantee Commission Paid	0	16,10,578	1,03,09,438
	Underwriting/Subscription Fees paid	0	0	13,31,827
	Refund received of Margin Money Deposit kept	0	94,38,488	0
	Guarantees and Collaterals Outstanding	0	0	41,28,13,141
	Outstanding Balances Receivable	116,23,70,317	46,03,72,397	0
	Outstanding Balances Payable	0	0	5,21,83,584
ATSL	Purchase of Investments	10,04,500	0	0
	Share Application Money Received	20,00,000	0	0
	Share Application Money Refunded	20,00,000	0	0
	Finance provided (including Loans & Equity contribution in cash or in kind)	21,50,00,000	38,25,00,000	3,88,00,000
	Amount liquidated towards the above finance	17,00,00,000	21,25,00,000	3,88,00,000
	Interest income during the period	1,15,52,602	44,76,988	10,31,425
	Finance received for expenses & on account payments	0	1,73,394	0
	Amount liquidated towards the above	0	1,73,394	0

	finance			
	Outstanding Balances Receivable	22,30,45,055	17,00,00,000	0
AIPL	Finance provided (including Loans & Equity contribution in cash or in kind)	2,44,500	0	0
	Finance provided for expenses and on account payment	1,360	0	0
	Outstanding Balances Payable	2,25,940	0	0
MTRL	Finance provided (including Loans & Equity contribution in cash or in kind)	2,44,700	0	0
	Finance provided for expenses and on account payment	18,750	0	0
	Outstanding Balances Payable	2,25,450	0	0
KMP	**- Mr. Abhijit Rajan**			
	Purchase of Beneficial Interest of equity shares	0	10	0
	Share Application Money Received	0	0	10,00,00,000
	Refund of Share Application Money Received	0	0	4,31,11,110
	Finance received (including Loans & Equity contribution in cash or in kind)	0	0	5,68,88,890
	- Mr.Parvez Umrigar			
	Purchase of Beneficial Interest of equity shares	0	20	0
	Gross Value of Stock options issued	11,40,00,000	0	0
	Amortisation of options issued	16,15,000	0	0
	Managerial Remuneration	28,73,559	38,45,659	14,23,315

Notes:

1. The above disclosures are required to be made as per the Accounting Standard (AS) 18-"Related Party Disclosures" issued by the Institute of Chartered Accountants of India. AS 18 was applicable to the Company with effect from April, 2004. Accordingly, the disclosures as prescribed by AS 18 have been made prospectively from the period ended December 31, 2004.

The classification and disclosures of information of related parties for each of the years is as per the audited consolidated financial statements of Gammon Infrastructure Projects Limited for the respective years, which have been adjusted for restatements as listed in Annexure V.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend. As of date, the Company has not declared any dividend. However, this is not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITORS' REPORT

(as required by Part II of Schedule II of the Companies Act, 1956)

S.R. Batliboi & Associates	**Natvarlal Vepari & Co.**
Chartered Accountants	Chartered Accountants
6th floor, Express Towers	Oricon House
Nariman Point	4th floor, 12 K Dubash Marg
Mumbai 400 021	Mumbai 400 023

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

Dear Sirs,

1. We, S.R. Batliboi & Associates, Chartered Accountants ('SRB') and Natvarlal Vepari & Co., Chartered Accountants ('NVC') (collectively 'the joint auditors') have examined the Restated Consolidated Financial Information of Gammon Infrastructure Projects Limited ('the Company') and its subsidiaries, joint ventures and associates (such subsidiaries, together with the Company are collectively hereinafter referred to as 'the Group') as at September 30, 2007, March 31, 2007 and March 31, 2006, annexed to this report, prepared by the Company and approved by the Board of Directors, in accordance with the requirements of :

   a. Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
   b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('DIP Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date;
   c. the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of the Chartered Accountants of India ('ICAI')and
   d. terms of our engagement agreed with you in accordance with our engagement letters dated September 3, 2007 and November 15, 2007 in connection with the offer document being issued by the Company for its proposed Initial Public Offer ('IPO').

   The Company proposes to make an initial public offer of 16,550,000 equity shares having a face value of Rs 10 each, at an issue price to be arrived at by the book building process (referred to as 'the Offer').

Financial information as per audited financial statements:

2. (a) The Restated Consolidated Financial Information of Gammon Infrastructure Projects Limited has been extracted by the management from the consolidated financial statements of Gammon Infrastructure Projects Limited for the six month period ended September 30, 2007, year ended March 31, 2007 and fifteen months period ended March 31, 2006 and approved by the Board of Directors. The audits for the six month period ended September 30, 2007 and year ended March 31, 2007 was conducted jointly by us and for the period ended March 31, 2006 was conducted solely by Natvarlal Vepari & Co., one of the joint auditors. The consolidated financial statements for the six month period ended September 30, 2007 was prepared for the purposes of preparation of the Restated Consolidated Financial Information of the company to be included in the Red Herring Prospectus in connection with the Offer that the Company proposes to make

(b) We, for the six month period ended September 30, 2007, year ended March 31, 2007, and NVC for the year ended March 31, 2006 did not audit the financial statements of

- certain subsidiaries whose financial statements reflect total assets of Rs. 383,396,213, Rs 35,91,89,098 and Rs 607,96,14,337 as at September 30, 2007, March 31, 2007 and March 31, 2006, respectively, total revenue of Rs. 2,68,49,542, Rs 5,44,04,847 and Rs 151,13,94,513 for the six month period, year and fifteen month period then ended, respectively, and cash flows of Rs. 78,72,761, and Rs 44,61,794 for the six month period ended September 30, 2007, year ended March 31, 2007; and

- certain joint venture Companies whose financial statement reflect total assets of Rs. 313,73,76,248, Rs 308,74,98,041 and Rs. 266,76,28,931 as at September 30, 2007, March 31, 2007 and March 31, 2006, respectively, total revenue of Rs. 24,73,42,699, Rs 30,45,83,662 and Rs. 17,04,85,664 for the six month period, year and fifteen month period then ended, respectively and cash flows of Rs. 71,77,755 and Rs 3,60,73,570 for the six month period ended September 30, 2007 and year ended March 31, 2007, respectively. The Group's share as at and for the period/year ended September 30, 2007, March 31, 2007 and March 31, 2006 of such assets was Rs. 133,18,01,757, Rs 130,73,53,352 and Rs 112,81,66,300, respectively, of revenues was Rs. 10,44,33,695, Rs 12,86,02,127 and Rs 7,19,82,928 , respectively and cash flows being Rs. 36,61,471 and Rs 1,62,28,471 for the six month period ended September 30, 2007 and year ended March 31, 2007 respectively.

- certain associates whose financial statements reflect a loss of Rs. 83,88,819 and Rs. 1,43,93,412 for the six month period ended September 30, 2007 and year ended March 31, 2007 respectively. The Group's share of loss of such associates for the six month period ended September 30, 2007 and year ended March 31, 2007 was Rs. 37,48,741 and Rs. 65,80,843 respectively. For the period ended March 31, 2006 some of the subsidiaries mentioned above were associates for part of the year. The group's share of profit from such companies for the period that they were associates was Rs. 10,16,86,611.

These financial statements have been audited by other firms of Chartered Accountants ('the other auditors') and accordingly reliance has been placed on the financial statements audited by them for the said years except for certain subsidiaries, whose financial statements reflect total assets of Rs. 8,278,634 for the period ended September 30, 2007, certain joint ventures whose financial statements reflect total assets of Rs. 37,85,593 and the group's share being Rs. 18,15,408 for the period ended September 30, 2007, which are based on un-audited financial statements certified by the management of the said companies.

We have been furnished the examination reports of the other auditors on the restated standalone financial information of the subsidiaries and joint ventures included for the six month period ended September 30, 2007, year ended March 31, 2007 and fifteen month period ended March 31, 2006 and our opinion in so far as it relates to the amounts included in the Summary Statement of Consolidated Assets and Liabilities, as Restated, Summary Statement of Consolidated Profit and Loss Account, as Restated and Statement of Consolidated Cash Flow, as Restated are based solely on the reports of the other auditors.

In respect of other subsidiaries of the Company for the six month period ended September 30, 2007, year ended March 31, 2007 and the period ended March 31, 2006, the audit has been conducted by one of us who are the joint auditors of Gammon Infrastructure Projects Limited from the year ended March 31, 2007. The audit of Gammon Infrastructure Projects Limited for the period ended March 31, 2006 has been conducted solely by Natvarlal Vepari and Co.

(c) *The auditors of one of the joint ventures of the Company have qualified their examination report on the financial information prepared by the joint venture company for the six month period ended September 30, 2007, year ended March 31, 2007 and fifteen month period ended March 31, 2006 indicated above to state that they are unable to form an opinion in view of the uncertainties which exist in relation to that matter*

In respect of this matter in which uncertainties exist, the Company had in its consolidated financial statements as at September 30, 2007, March 31, 2007 and March 31, 2006, disclosed the same as a *contingency. The Company has in its Consolidated Restated Financial Information also included the same disclosure in Note No B(10) of Annexure IV to the Consolidated Restated Financial Information attached to this report.*

(d) The other auditors *subject to the matters discussed in 2(c) above* have also confirmed that the restated standalone financial information of the respective subsidiary, joint venture and associates, has been made after incorporating:

i. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
ii. Adjustments for the material amounts in the respective financial years to which they relate.

Further they have indicated that there are no extraordinary items that need to be disclosed separately in the accounts and there are no other qualifications in the auditors' reports which require any adjustments to the summary statements.

3. Without qualifying our report, we refer to Note B (4) of the Annexure IV to the Consolidated Summary Statements 2007 regarding the Early Completion Bonus accrued by the two subsidiary companies of Gammon Infrastructure Projects Limited in earlier years and included in sundry debtors at September 30, 2007 and March 31, 2007 which has been disputed by the customer.

4. In accordance with the requirements of Paragraph B(1) of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you and based on reliance placed on the examination reports of the other auditors of the subsidiaries, joint ventures and associates as indicated in paragraph 2 above and *subject to our comments in paragraph 2 (c) above,* we report that :

a. The Summary Statement of Consolidated Assets and Liabilities, as Restated, Summary Statement of Consolidated Profit and Loss Account, as Restated and Statement of Consolidated Cash Flow, as Restated (collectively 'the Consolidated Summary Statements') as at and for the six month period ended September 30, 2007, year ended March 31, 2007 and as at and for the period ended March 31, 2006, as set out in Annexure I, II and III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Consolidated Financial Information and Break up of Adjustments/Restatements made in Consolidated Restated Financial Information as set out in Annexure IV and V to this report. The Consolidated Summary Statements include as at September 30, 2007, March 31, 2007 and March 31, 2006 financial information examined by other auditors as indicated in paragraph 2, who have submitted their examination report on which we have placed reliance.

b. Based on the above and also as per the reliance placed on the reports submitted by the other auditors as indicated in paragraph 2 above we are of the opinion that the Consolidated Restated Financial Information have been made after incorporating:

i. adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
ii. adjustments for the material amounts in the respective financial years to which they relate.

And that

- there are no extraordinary items which need to be disclosed separately in the Consolidated Summary Statements
- there are no qualifications in the auditors' reports, which require any adjustments to the Consolidated Summary Statements.

Other Financial Information

5. We have also examined the following other financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors and annexed to this

report relating to the Group for the six month period ended September 30, 2007, year ended March 31, 2007 and fifteen month period ended March 31, 2006. This includes financial information of subsidiaries and joint ventures as at September 30, 2007, March 31, 2007 and March 31, 2006 examined by other auditors as indicated in paragraph 2 above who have submitted their report on which reliance has been placed by us

a. Annexure VI - Statement of Consolidated Secured Loans
b. Annexure VII - Statement of Consolidated Unsecured Loans;
c. Annexure VIII - Statement of Consolidated Loans and Advances;
d. Annexure IX - Statement of Consolidated Debtors;
e. Annexure X - Statement of Consolidated Investments;
f. Annexure XI - Statement of Consolidated Current Liabilities and Provisions;
g. Annexure XII - Details of Other Consolidated Income
h. Annexure XIII - Statement of Contingent Liabilities and Capital Commitments;
i. Annexure XIV - Related Party Disclosures.

In our opinion, the financial information as disclosed in the Annexures VI to XIV to this report, read with the respective significant accounting policies included in the Notes to Consolidated Restated Financial Information disclosed in Annexure IV, after making adjustments and re-groupings as considered appropriate and disclosed in Annexure V – Breakup of Adjustments/Restatements made in Consolidated Restated Financial Information, and *subject to our comments in paragraph 2 (c) above* has been prepared in accordance with Part II of Schedule II of the Act and the DIP Guidelines.

6. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

7. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company and is not be used, referred to or distributed for any other purpose without our prior written consent.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008

ANNEXURE I

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED FOR LAST THREE REPORTING PERIODS

(All figures in Rupees)

		As At		
		September 30, 2007	**March 31, 2007**	**March 31, 2006**
A.	**ASSETS :**			
	Fixed Assets-Gross block	6,77,40,66,961	6,77,31,63,638	6,23,12,14,547
	Less: Depreciation	1,20,42,89,852	99,62,87,264	59,37,64,616
	Net Block	5,56,97,77,109	5,77,68,76,374	5,63,74,49,931
	Add : Capital Work In Progress	3,95,30,47,687	2,00,25,67,227	19,63,50,171
	TOTAL	**9,52,28,24,796**	**7,77,94,43,601**	**5,83,38,00,102**
B.	**GOODWILL ON CONSOLIDATION**	**1,09,09,358**	**90,62,372**	**0**
C.	**INVESTMENTS**	**86,91,44,887**	**5,39,18,772**	**4,84,25,267**
D.	**CURRENT ASSETS, LOANS & ADVANCES :**			
	Inventories	79,26,265	37,94,249	5,82,734
	Sundry debtors	62,11,40,706	74,09,78,946	60,73,19,372
	Cash and bank balances	25,24,07,016	129,14,50,683	152,10,58,938
	Loans and advances (gross of provision for tax)	57,34,90,208	44,99,93,745	16,38,17,123
	Total	**1,45,49,64,195**	**2,48,62,17,623**	**2,29,27,78,167**
	TOTAL ASSETS (A + B +C + D)	**11,85,78,43,236**	**10,32,86,42,368**	**8,17,50,03,536**
E.	**LIABILITIES AND PROVISIONS :**			
	Loan funds			
	Secured loans	7,99,37,00,761	6,67,83,16,489	5,11,77,75,865
	Unsecured loans	14,10,00,000	0	0
	Deferred Tax Liability, net	6,05,09,740	4,61,46,326	1,09,67,761
	Current liabilities and provisions			
	Current liabilities	35,20,75,370	43,87,57,242	26,65,77,827
	Provision for Taxation	20,93,41,565	16,58,51,749	8,85,74,830
	Provision for staff benefits	28,53,922	7,82,679	4,74,315

F.	**Minority Interest**	**20,72,61,001**	**19,55,63,218**	**17,46,90,912**
	Total (E + F)	**8,96,67,42,359**	**7,52,54,17,703**	**5,65,90,61,510**
	NET WORTH [(A+B+C+D)-(E+F)]	**2,89,11,00,877**	**2,80,32,24,665**	**2,51,59,42,026**
G.	Represented by:			
	Shareholders funds			
	Share Capital	1,28,00,00,000	1,28,00,00,000	1,28,00,00,000
	Warrants issued	1,00,000	1,00,000	1,00,000
(i)	**Share Capital and Warrants**	1,28,01,00,000	1,28,01,00,000	1,28,01,00,000
(ii)	**Employees Stock Options Outstanding**	38,35,922		
	Security premium	97,98,18,046	100,19,65,014	99,08,15,658
	General Reserve	1,82,00,000	1,82,00,000	1,82,00,000
	Capital Reserve on Consolidation		0	1,86,72,036
	Profit and Loss account	61,98,71,458	51,03,01,999	21,17,72,602
(iii)	Reserves and Surplus	1,61,78,89,504	1,53,04,67,013	1,23,94,60,296
(iv)	Less: Preliminary/Share Issue Expenses of subsidiaries not written off	1,07,24,549	73,42,348	36,18,270
	Total (G) (i+ii+iii-iv)	**2,89,11,00,877**	**2,80,32,24,665**	**2,51,59,42,026**

Notes: The above statement should be read with the Notes to Consolidated Restated Financial Information appearing in Annexure IV and Break up of Adjustments / Restatement made in Consolidated Restated Financial Information appearing in Annexure V.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar — Managing Director Himanshu Parikh — Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008

ANNEXURE II

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED FOR LAST TW0 REPORTING PERIODS

(All figures in Rupees)

		Year / Period Ended	
	September 30, 2007 (6 months)	**March 31, 2007 (12 months)**	**March 31, 2006 (15 months)**
INCOME :			
Turnover			
- Income from advisory services	0	0	1,07,10,922
- Operation & Maintenance revenue	7,05,81,399	14,34,16,064	12,46,93,194
- Income from port operations	10,57,41,911	12,85,62,713	5,62,28,355
- Annuity revenues	58,30,10,000	116,60,20,000	55,45,21,670
- Toll proceeds	1,78,41,326	3,65,08,405	2,03,90,015
- Miscellaneous receipts	0	24,96,442	12,73,056
Total Turnover	**77,71,74,636**	**147,70,03,624**	**76,78,17,212**
Other Income	5,95,15,034	11,18,01,757	1,71,75,852
TOTAL INCOME	**83,66,89,670**	**158,88,05,381**	**78,49,93,064**
EXPENDITURE :			
Operational Expenses	15,23,56,848	22,37,57,886	13,15,82,309
Administrative Expenses	3,72,73,014	7,02,80,551	5,42,87,665
Finance Costs	25,54,25,261	44,95,47,145	23,12,73,789
Depreciation	19,88,48,008	38,43,22,298	19,31,44,568
Amortisation of Intangible Asset	91,66,500	1,82,82,909	0
Amortisation of Goodwill	14,63,883	22,65,592	0
Miscellaneous expenditure written off	2,99,444	7,67,778	3,42,022
TOTAL EXPENDITURE	**65,48,32,958**	**114,92,24,159**	**61,06,30,353**
Net Profit before tax and Share of Profits / (Losses) in Associates	**18,18,56,712**	**43,95,81,222**	**17,43,62,711**
Share of Profits / (Losses) in Associates	(37,48,741)	(65,80,843)	10,16,86,611
Net Profit before tax and after Share of Profits/ (Losses) in Associates	**17,81,07,971**	**43,30,00,379**	**27,60,49,322**
Provision for taxation	5,78,87,949	11,35,97,916	7,02,66,192
NET PROFIT AFTER TAX	**12,02,20,022**	**31,94,02,463**	**20,57,83,130**
Less : Profit after tax attributable to Minority Interest	1,06,50,563	2,08,73,066	2,31,30,084
NET PROFIT	**10,95,69,459**	**29,85,29,397**	**18,26,53,046**
Profits brought forward	51,03,01,999	21,17,72,602	3,74,29,624
Less: Minority Interest of earlier years	0	0	83,10,068

Balance carried to Balance sheet	**61,98,71,458**	**51,03,01,999**	**21,17,72,602**

Notes: The above statement should be read with the Notes to Consolidated Restated Financial Information appearing in Annexure IV and Break up of Adjustments / Restatement made in Consolidated Restated Financial Information appearing in Annexure V.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441 Place: Mumbai Date: January 30, 2008	per Amit Majmudar Partner Membership No. 36656 Place: Mumbai Date: January 30, 2008	Parvez Umrigar, Managing Director Himanshu Parikh, Director Place: Mumbai Date: January 30, 2008

ANNEXURE III

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CONSOLIDATED CASH FLOW, AS RESTATED FOR THE PERIOD / YEAR ENDED SEPTEMBER 30, 2007

(All figures in Rupees)

	Period ended September 30, 2007		Year ended March 31, 2007	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before Tax		17,81,07,971		43,30,00,379
Adjustments for :				
Employees Stock Options	38,35,922		0	
Depreciation & Amortisation	20,80,14,508		40,26,05,207	
Dividend Income	(6,32,534)		(23,46,392)	
Profit on sale of Investments	(78,49,955)		(1,76,13,739)	
Interest (Net)	20,44,64,521		36,48,45,148	
Goodwill amortised	14,63,883		22,65,592	
Capital WIP written off	0		8,85,243	
Preliminary and Share Issue Expenses written off	2,99,444		7,67,778	
		40,95,95,789		75,14,08,837
Operating Profit before Working Capital Changes		58,77,03,760		1,18,44,09,216
Adjustments for :				
Trade and Other Receivables	12,57,46,272		(13,57,51,979)	
Trade Payables & Working Capital Finance	1,07,51,904		(3,73,68,834)	
Inventories	(41,32,016)		(32,11,515)	
		13,23,66,160		(17,63,32,328)
Cash Generated from the Operations		72,00,69,920		1,00,80,76,888
Direct Taxes paid		(7,96,00,250)		(9,84,30,211)
Cash flow before extraordinary items		64,04,69,670		90,96,46,677
Extraordinary items		0		0
Net Cash from Operating Activities		**64,04,69,670**		**90,96,46,677**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(86,51,76,674)		(2,13,42,47,266)	
Purchase consideration comprising entirely cash				
and cash for acquisition of subsidiaries	(60,94,25,825)			
Purchase of Investments :				
- Joint Venture / Group Companies	(4,89,200)		(1,52,98,657)	
- Mutual Funds	(74,78,25,656)		(1,78,81,72,298)	
Sale of Investments :				
- Joint Venture / Group Companies	41,88,741			
- Mutual Funds			177,76,57,950	

Fixed Deposit with banks (above 90 days)	(10,71,00,000)			
Deposit with Joint Stock Companies	(4,50,00,000)		(17,43,56,000)	
Advances to Joint Venture / Group Companies	17,56,932		(67,77,387)	
Goodwill on acquisition of stake in Joint Venture	0		(3,00,00,000)	
Share Application Money Pending Allotment	0		2,03,19,500	
Capital WIP written off	0		(8,85,243)	
Interest received	4,59,05,898		7,90,38,947	
Profit on sale of Investments	78,49,955		1,76,13,739	
Dividend received	6,32,534		23,46,392	
Net Cash from Investing activities		**(2,31,46,83,295)**		**(2,25,27,60,323)**
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Increase in Securities Premium	0		1,50,00,000	
Proceeds from borrowings	98,12,10,465		190,17,58,466	
Repayment of Loans	(18,43,74,966)		(34,05,88,000)	
Minority Interest Contribution	10,47,220		(760)	
Interest Paid	(25,45,16,562)		(44,32,65,218)	
Preliminary Expenses	(8,55,365)		(44,74,241)	
Share Issue Expenses	(1,44,40,834)		(1,49,24,857)	
		52,80,69,958		**1,11,35,05,390**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(1,14,61,43,667)**		**(22,96,08,256)**
			0	
Cash & cash equivalents, end of year		14,53,07,016		129,14,50,683
Cash & cash equivalents, beginning of year		129,14,50,683		152,10,58,939
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(1,14,61,43,667)**		**(22,96,08,256)**
		0		
COMPONENTS OF CASH AND CASH EQUIVALENTS				
Cash and Cheques on hand		15,01,818		15,04,891
Balances with Banks:				
-On Current Account		14,38,05,198		8,30,16,808
-On Deposit Account		9,61,00,000		120,69,28,984
		24,14,07,016		**129,14,50,683**

Notes:

i) The financial period from January 1, 2005 to March 31, 2006, is the first year of preparation of Consolidated financials statements and since the adjusted consolidated balances at December 31,2004 which are relevant for the period's cash flow are not available it is not practical to present the indirect method consolidated cash flow statement for the period from January 1,2005 to March 31,2006. Therefore there is only one year for which cash flow statement is prepared and reported.

ii) The above statement should be read with the Notes to Consolidated Restated Financial Information appearing in Annexure IV and Break up of Adjustments / Restatement made in Consolidated Restated Financial Information appearing in Annexure V.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited	
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar Managing Director	Himanshu Parikh Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	

ANNEXURE IV

GAMMON INFRASTRUCTURE PROJECTS LIMITED

NOTES TO RESTATED CONSOLIDATED FINANCIAL INFORMATION

(All figures in Rupees)

The Consolidated Financial Information has been extracted from the Consolidated Financial Statements of the Group. The significant accounting policies used for the preparation of the Consolidated Financial Statements of the Company are summarized below. The other notes are based on the restated financial information.

A. ACCOUNTING POLICIES

a) PRINCIPLES OF CONSOLIDATION

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

The Financial Statements of the Company and its subsidiary companies have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard - 21 "Consolidated Financial Statements" issued by Institute of Chartered Accountants of India ('AS-21').

The Consolidated Financial Statements have been prepared using uniform policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements

The excess of cost of investments of the Company over its share of equity in the Subsidiary is recognised as goodwill and 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 are included in these consolidated financial statements using the proportionate consolidation method as per the Accounting Standard – 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India ('AS-27').The group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, on a line by line basis.

Investment in associates

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

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

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

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

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.

b) **REVENUE RECOGNITION**

Infrastructure Development Business **:**

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

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

The Company earns an annuity income from some of its Build, Own, Transfer ('BOT') projects which 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 income is recognised on an accrual basis when the same is due.

Developer Fees :

Revenue on Professional services rendered are recognised on accrual basis.

Operations and Maintenance Revenues :

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

Interest income:

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

Dividend income:

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

c) **FIXED ASSETS AND DEPRECIATION**

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

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

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

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

d) **IMPAIRMENT**

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

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

e) **INVESTMENTS**

Investments other than those in subsidiaries ,associates and joint ventures 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 the investments.

f) **INVENTORIES**

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

g) **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.

h) **PROVISION FOR TAXATION**

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

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

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

i) **PRELIMINARY AND SHARE ISSUE EXPENSES**

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

j) **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.

k) **EARNINGS PER SHARE**

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

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

l) **EMPLOYEE BENEFITS**

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

Gratuity liability and leave encashment are defined benefit obligations and are provided on the basis of an actuarial valuation made at the end of each year/period.

m) **EMPLOYEE SHARE – BASED PAYMENTS (ESOP)**

The Company uses the intrinsic value 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).

n) **AMORTISATION OF GOODWILL**

Excess of Goodwill over Capital Reserve on consolidation is amortised over five years.

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

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

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

p) **CASH AND CASH EQUIVALENTS**

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

B. <u>OTHER NOTES</u>

1. <u>SUBSIDIARIES</u>

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

Name of the Subsidiary	Proportionate of legal ownership either directly or through subsidiaries	Voting power and beneficial interest
Cochin Bridge Infrastructure Company Ltd ('CBICL')	97.66%	97.66%
Andhra Expressway Ltd ('AEL')	49.00%	93.50%
Rajahmundry Expressway Ltd ('REL')	49.00%	93.50%
Sikkim Hydro Power Ventures Ltd ('SHVPL')	100.00%	100.00%
Mumbai Nasik Expressway Ltd ('MNEL')	79.90%	79.90%
Gammon Projects Developers Ltd ('GPDL')	100.00%	100.00%
Gorakhpur Infrastructure Company Ltd ('GICL')	68.89%	94.90%
Kosi Bridge Infrastructure Company Ltd ('KBICL')	73.99%	100.00%
Marine Project Services Limited ('MPSL')	99.99%	99.99%
Tidong Hydro Power Limited ('THPL')	99.99%	99.99%
Haryana Biomass Power Limited('HBPL')	99.99%	99.99%
Gammon Road Developers Limited('GRDL')	99.99%	99.99%

a) The Company had during the period January 2005 to March 2006 entered into an agreement with Gammon India Limited ('GIL') by which it had acquired the beneficial, controlling interest and voting rights in respect of 1,29,05,000 equity shares each (representing 44.5% of the beneficial, controlling interest and voting rights each) of Rajahmundry Expressway Limited ('REL') and Andhra Expressway Limited ('AEL') in consideration of payment of deposit of Rs 16,36,18,800 and Rs 16,47,61,200 respectively. Of these shares GIL had acquired the beneficial, controlling interest and voting rights in 18,12,500 shares each of AEL and REL from Punj Lloyd Limited ('PLL'). By virtue of this agreement and the equity share holding in these companies, AEL and REL have become subsidiaries of the Company. The amount of Rs. 32,83,80,000 paid to GIL has been shown under Investments. In respect of these shares where the beneficial, controlling interest and voting rights have transferred to the company, the shares continue to be the held in the name of GIL and PLL as per the records of the respective companies.

b) Similarly the Company has during the current period (April 1, 2007 to September 30, 2007) entered into another agreement with Gammon India Limited ('GIL') by which it had acquired the beneficial, controlling interest and voting rights in respect of 5,33,205 equity shares each of Gorakhpur Infrastructure Company Limited ('GICL') and Kosi Bridge Infrastructure Company Limited('KBICL') (representing 26.01% of the beneficial, controlling interest and voting rights in GICL and KBICL, each) in consideration of payment of deposit for acquisition of these shares of Rs. 53,32,050 each for GICL and KBICL respectively. By virtue of this agreement and the equity share holding in these companies, GICL and KBICL have become subsidiaries of the Company. In respect of these shares where the beneficial, controlling interest and voting rights have transferred to the company, the shares continue to be the held in the name of GIL as per the records of the respective companies.

c) The Company has during the current period entered into a further agreement with GIL for acquisition of beneficial, controlling interest and voting rights in respect of the equity shares of Indira Container Terminal Private Ltd ('ICTPL'). Under this agreement when ICTPL shares are allotted to GIL, the Company would make a deposit to GIL, equivalent to GIL's subscription amount for the respective shares to acquire the abovementioned beneficial, controlling interest and voting rights.

As a consequence of this agreement the Company's beneficial, controlling interest and voting rights in ICTPL aggregate 50% of ICTPL.

d) The Company had revised its terms of sub-contract for operations and maintenance of two stretches of National Highways in the state of Andhra Pradesh with the holding company, Gammon India Limited, and foreclosed its earlier sub-contract. Pursuant to revision and as per the terms of revised sub-contract the Company has paid an upfront consideration of Rs 25 crores for award of the sub-contract effective from April 1, 2006. This amount has been considered as an intangible asset in the books of accounts and is being amortized over the life of the sub-contract

e) Under the Concession Agreement dated October 27,1999, executed between CBICL, Government of Kerala (GOK), Greater Cochin Development Authority (GCDA) and Gammon India Limited dated January 6, 2001; the entire project has been assigned to CBICL as a Concessionaire for the purpose of developing, operating and maintaining the infrastructure facility on BOT basis for 13 years and nine months. Subsequently a Supplementary Concession Agreement is being worked out as per the Government of Kerala's Order Nos. G.O. (M.S.) No. 11/2005/PWD dated January 24, 2005 and G.O. (M.S) No. 16/2005/PWD dated t March1,2005 between the Government of Kerala, Greater Cochin Development Authority and CBICL. In terms of the order, the period of concession has been increased by 6 years and CBICL is entitled to yearly annuity receipts which it is accounting as revenue. CBICL has not made any provision against the said receivables of Rs 6,28,86,256.

f) CBICL has extended a Term Loan of Rs 8,00,00,000/- (Rs Eight Crores only) to Vizag Seaport Private Limited, which is convertible at par into Equity Shares of Rs 10/- each on April 1, 2008.

g) Warrant Issued to Investor

Pursuant to the approval of the members of CBICL at an EGM, a Warrant Subscription Agreement between the CBICL, Gammon India Ltd and AMIF I Ltd ('the investor') has been executed on November 30, 2005. Based on the agreement CBICL has issued an Optionally Convertible Warrant on a preferential basis which gives the investor an option to subscribe to 25% of the issued and paid share capital of CBICL on a fully diluted basis, on a preferential allotment basis, at any time after January 1, 2011 but before March 31, 2011, by paying to CBICL, the fair value thereon.

2. Sundry Debtors

Bonus recoverable from the NHAI

Sundry debtors also include Rs. 15,39,69,340/- of Early Completion Bonus receivable from the National Highways Authority of India ('NHAI') accrued in earlier years by AEL and REL under the Contract which has been disputed by the NHAI. The companies, however, believe that the same is good and fully recoverable, and hence, no provision has been considered necessary against this for any amounts not recoverable.

Recovery of VAT from annuity payments

On the basis of an interim order of the Honourable Andhra Pradesh High Court, the NHAI recovered Rs. 4,46,59,200/- being the VAT @ 4% from the annuities paid to AEL and REL by NHAI (including all annuities of all past years which had been fully paid by NHAI to the AEL and REL).

The interim order had directed NHAI to transfer this amount as a Fixed Deposit in any nationalised bank pending the final order of the Honourable High Court. The Honourable High Court on April 12, 2007 passed the final order accepting the Company's position and directed NHAI to refund the said amount to the Company. An amount of Rs.4,46,59,200 received is adjusted against Sundry Debtors.

3. JOINTLY CONTROLLED ENTITIES

The following Jointly Controlled Entities have been considered applying AS-27 on the basis of audited accounts for the period ended September 30, 2007

a) Details of Joint Ventures entered into by the Company

Sr no	Name of the Joint Venture	% of Interest as at September 30, 2007
1.	Vizag Seaport Private Ltd	42.22%
2.	Gammon L & T Infra MRTS Ltd	50%
3.	Punjab Biomass Power Ltd	50%
4.	Indira Container Terminal Private Ltd (ICTPL)	50%
5.	SEZ Adityapur Ltd	38%

4. ASSOCIATES

The following Associates have been accounted for by applying the equity method in accordance with the Accounting Standard (AS) – 23 " Accounting for Investment in Associates in Consolidated Financial Statements".

Name of the Company	% Share held
Eversun Sparkle Maritime Services Pvt. Ltd	33.30%
Modern Toll roads Limited	48.94%
ATSL Infrastructure Projects Ltd	48.90%

5. Share Application Money - KBICL and GICL

KBICL and GICL have received share application money of Rs 5,20,409 and Rs 6,20,500 respectively from GIL on September 28, 2006. The amount of Rs 2,55,000 each of KBICL and GICL was converted to equity on October 3, 2006 and the balance amount is share application money pending for conversion as on September 30, 2007. The balance amount of Rs 2,65,409 and Rs 3,65,500 from KBICL and GICL respectively is converted into equity on October 22, 2007.

6. CAPITAL RESERVE AND GOODWILL

Goodwill on consolidation is adjusted with the Capital Reserve on consolidation and the balance of excess of Goodwill over Capital Reserve is amortised over a period of five years.

The details of Goodwill and Capital Reserve are as under.

Particulars	30.09.07 Rupees	31.03.07 Rupees
Goodwill :		
- CBICL	1,34,25,584	1,34,25,584
- PBPL	3,00,00,000	3,00,00,000
- GICL	20,63,995	-
- KBICL	12,46,874	-
- VSPL	2,46,73,807	2,46,73,807
	7,14,10,260	6,80,99,391
Capital Reserve :		
- AEL	3,78,94,737	3,78,94,737
- REL	1,88,76,690	1,88,76,690
Net of Goodwill over Capital Reserve	**1,46,38,833**	**1,13,27,964**
Goodwill amortised	37,29,475	22,65,592
Net Goodwill / (Capital reserve)	**1,09,09,358**	**90,62,372**

7. Deferred taxation

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

Particulars	September 30, 2007	March 31, 2007	March 31, 2006
Deferred Tax Liability :	6,58,66,647		
-On Account of Depreciation		5,17,87,920	1,94,06,889
Deferred Tax Asset :			
-On Account of Unabsorbed	(53,56,907)		
Losses and Depreciation		(56,41,594)	(84,39,128)
Net Deferred Tax Liability	**6,05,09,740**	**4,61,46,326**	**1,09,67,761**

8. Earnings per share

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

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006
Net Profit for the Period / Year	10,95,69,459	29,85,29,397	18,26,53,046
Weighted average Number of Shares outstanding during the period/year used for calculating Basic Earnings per Share	12,80,00,000	12,80,00,000	6,81,92,110
Weighted average Number of Shares outstanding during the period / year used for calculating Diluted Earnings per Share	12,81,54,975	12,80,00,000	6,81,92,110

Earnings per Share-Basic (Rs.)	0.86	2.33	2.68
Earnings per Share-Diluted(Rs.)	0.85	2.33	2.68

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

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.

VSPL

Secured by first charge on the fixed assets and moveable assets of the company

Secured by hypothecation of moveable assets and receivables of the company.

Vehicle loan is secured by hypothecation of car purchased under the scheme from ICICI Bank Limited

MNEL

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

a. a first mortgage and charge on all the Borrower's immovable properties, both present and future;
b. a first charge by way of hypothecation of all the Borrower's moveables, both present and future;
c. a first charge on Borrower's Receivables except bonus;
d. a first charge over all bank accounts of the Borrower;
e. a first charge on all intangibles of the Borrower including but not limited to goodwill, rights, undertakings and uncalled capital, present and future;
f. a first charge by way of assignment or otherwise creation of Security Interest in:

i) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, duly acknowledged and consented to by the relevant counter-parties to such Project Documents to the extent not expressly provided in each such Project Document, all as amended, varied or supplemented from time to time including all guarantees and bonds issued or to be issued in terms thereof;

ii) the right, title and interest of the Borrower by way of first charge in, to and under all the Government Approvals;

iii) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents;

iv) all insurance contracts/ insurance proceeds;

g. Pledge of 51% of equity shares held by GIL and GIPL.

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 this Agreement ("Secured Obligations") shall be secured by: -

a) a first mortgage and charge on all the Borrower's immovable properties, both present and future;

b) a first charge by way of hypothecation of all the Borrower's moveables, including current and non-current assets, moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future other than the Project Assets;

c) a first charge on Borrower's Receivables;

d) a first charge over all bank accounts of the Borrower including without limitation, the Escrow Account, the Retention Accounts (or any account in substitution thereof) and such Other Bank Accounts that may be opened in terms hereof and of the Project Documents and in all funds from time to time deposited therein and in all Authorised Investments or other securities representing all amounts credited thereto;

e) a first charge on all intangibles of the Borrower including but not limited to goodwill, rights, undertakings and uncalled capital, present and future;

f) a first charge by way of assignment or otherwise creation of Security Interest in:

(i) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, duly acknowledged and consented to by the relevant counter-parties to such Project Documents to the extent not expressly provided in each such Project Document, all as amended, varied or supplemented from time to time;

(ii) the right, title and interest of the Borrower by way of first charge in, to and under all the Government Approvals;

(iii) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents;

(iv) all insurance contracts/ insurance proceeds;

10. 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:

Company Name	No. of Equity shares pledged as at		Rate (Rupees)
	30.09.2007	**31.03.2007**	

AEL	36,97,560	36,97,560	10/-
REL	36,97,560	36,97,560	10/-
MNEL	1,61,20,000	1,61,20,000	10/-

11. CONTINGENT LIABILITIES

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

Particulars	September 30, 2007	March 31, 2007	March 31, 2006
VSPL :			
Bank Guarantees	1,56,34,484	1,14,12,257	3,29,39,404
Disputed Liquidated Damages	84,44,453	84,44,453	84,44,453
Others	84,44,453	84,44,453	84,44,453
TOTAL	**3,25,23,390**	**2,83,01,163**	**4,98,28,310**

b) Disputed liquidated damages pertain to amounts paid by VSPL under dispute to Vizag Port Trust (VPT). VSPL, during the previous period received a claim from VPT for liquidated damages aggregating to Rs 2,00,00,000 (P.Y. 2,00,00,000 (Rs 84,44,453 proportionate share of the Company in Joint Venture in the form of jointly controlled entity), on account of delay in completion of East Quay (EQ) 8. VSPL is disputing the liquidated damages claim and has paid the claim under protest. The amount paid has been included in 'advances recoverable in cash or in kind or for value to be received' under 'loans and advances'.

Discussions between VSPL and VPT are ongoing. The management expects to resolve the dispute amicably and obtain a refund of the amount paid. Pending the outcome of the dispute, significant uncertainties exist vis-à-vis the ultimate refund of the amounts paid under protest. Hence the management has not considered a provision for the amounts paid and included the same under advances recoverable in these financial statements.

c) Contingent Liability also includes an amount of Rs 17,76,99,900 (P.Y. 17,76,99,900) claimed by the Collector and District Registrar, Rajahmundry, pursuant to and Order dated March 15, 2005, as deficit stamp duty payable on the Concession Agreement entered into between REL and National Highway Authority of India ('NHAI'), classifying the Concession Agreement as a 'lease' under Article 31(d) of the Indian Stamp Act. REL has impugned the Order by way of a writ petition before the High Court of Andhra Pradesh at Hyderabad. No provision is considered necessary in respect of the said demand, as the management believes that there is no contravention of the Indian Stamp Act.

12. Segment reporting

The Company's operations constitute a single business and geographical segment of "Infrastructure Development "as per AS 17.

13. Employee stock option scheme

The Company has instituted an ESOP Scheme during the period which was approved by the shareholders vide their resolution dated May 4, 2007. The Board of Directors of the Company has granted 16,15,000 stock options to its employees pursuant to the ESOP Scheme on 1st July,2007 .Each options entitles an employee to subscribe to 1 equity share of the Company at an exercise price of Rs 80 per share.

The options vest in a graded manner over a period of 4 years and are exercisable for a period of 2 years from vesting as described below.

Vesting Date	No of Options that will vest	Exercise Period	Intrinsic Value (Rs)	Fair Value (Rs)
(1)	(2)	(3)	(5)	(4)
July 1, 2008	3,52,250	01.07.08 to 30.06.10	19.00	41.54
July 1, 2009	4,21,750	01.07.09 to 30.06.11	19.00	48.68
July 1, 2010	4,10,250	01.07.10 to 30.06.12	19.00	54.59
July 1, 2011	4,30,750	01.07.11 to 30.06.13	19.00	59.62
	16,15,000			

The company being an unlisted company, the intrinsic value is determined on the basis of an independent valuer by following the price to Net Asset Value (NAV) method. The intrinsic value and the fair value as determined by the independent valuer are given in the above table.

Under this method, compensation expense equals the intrinsic value of the option which is recorded over the vesting period of the option. The intrinsic value is the excess of the value of the underlying stock as determined by the Independent Valuer over the exercise price at the measurement date, which typically is the grant date.

The fair value of options was determined using the Black-Scholes Option Pricing Model with the following assumptions:

a. Risk free interest rate………………………………………. 7.49%
b. Expected Dividend yield …………………………………… -
c. Expected life of the option ………………………………… 2 to 5 years
d. Expected Volatility of Share price…………………………. 51%

The Company's stock option activity for the period ended September 30, 2007 is presented below:

	Shares arising from options	Weighted average exercise price
Outstanding at the beginning of the period	-	-
Exercised	-	-
Granted	16,15,000	80
Outstanding at the end of the period	16,15,000	80

There were no options which were forfeited or expired during the period. Further, none of the 16,15,000 options granted are exercisable at September 30, 2007.

The stock options outstanding at September, 30 2007 are in respect of 16,15,000 shares all of which have an exercise price of Rs 80 per share and have a weighted average remaining contractual life of 3.57 years.

Had compensation cost been determined in accordance with the fair value approach described in the Guidance Note, the Company's net profit for the period ended September 30, 007 as reported would have changed to amounts indicated below:

Particulars	Rs.
Net Income as reported	10,95,69,459
Add: Stock based compensation expense included in the reported income	38,35,922
Less: Stock based compensation expenses determined using fair value of options	96,95,843
Net profit (adjusted)	10,37,09,538
Basic earnings per share as reported	0.86

Basic earnings per share (adjusted)	0.81
Diluted earnings per share as reported	0.86
Diluted earnings per share(adjusted)	0.81
Weighted average number of shares considered for diluted earnings per share (adjusted)	12,83,16,395

14. Employee benefits

From the April 1, 2007, the revised AS -15 (Employee Benefits) is applicable to the Company. The Company had been making provisions under the earlier AS 15 and hence there are no disclosures required for prior years/periods in respect of AS 15 revised. There is no effect on account of change in AS -15 revised.

Gratuity

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	Period ended September 30, 2007
Net employee benefit expense (recognised in personnel costs)	
Current Service Cost	1,03,122
Interest Cost	20,664
Actuarial loss	3,74,727
Total	4,98,513

The provision for gratuity at September 30, 2007 and March 31, 2007 aggregates Rs. 9,46,422 and Rs 4,47,909.

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

Particulars	Rs.
Defined benefit obligation, at March 31, 2007	4,47,909
Current service Cost	1,03,122
Interest Cost	20,644
Actuarial loss	3,74,727
Defined benefit obligation, at September 30,2007	9,46,422

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

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

Discount rate	8.00%
Expected rate of return on plan assets	Not applicable
Expected rate of salary increase	5%
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.

Leave encashment

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

Particulars	Period ended September 30, 2007
Net employee benefit expense (recognised in personnel costs)	
Current Service Cost	1,34,652
Interest Cost	17,601
Actuarial loss	14,20,547
Total	15,72,800

The provision for leave encashment at September 30, 2007 and March 31, 2007 aggregates Rs. 19,07,500 and Rs 3,34,770.

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

Particulars	Rs
Defined benefit obligation, at March 31, 2007	3,34,700
Current service Cost	1,34,652
Interest Cost	17,601
Actuarial loss	14,20,547
Defined benefit obligation, at September 30,2007	19,07,500

The company's leave encashment obligation is fully unfunded. The principal assumptions used in determining the leave encashment obligation are as follows:

Discount rate	7.5%
Expected rate of return on plan assets	Not applicable
Expected rate of salary increase	5.0%
Retirement age	60 years

ANNEXURE: V

GAMMON INFRASTRUCTURE PROJECTS LIMITED

BREAK UP OF ADJUSTMENTS / RESTATMENTS MADE IN CONSOLIDATED RESTATED FINANCIAL INFORMATION

The adjustments/restatements made while preparing the Restated Consolidated Financial Information are summarized below:

	Period Ended		
	September 30, 2007 (6 months)	**March 31, 2007 (12 months)**	**March 31, 2006 (15 months)**
Net Profit After Tax and after Extraordinary items as per Audited Financial Statements	10,95,45,459	27,45,15,462	21,59,21,057
Adjustments on account of :			
Operations & Maintenance Income [refer Note 2 (a) below]	0	0	(1,03,36,640)
Preliminary & Share Issue Expenses recognised in the respective years [refer Note 1 (a) below]	0	0	11,07,300
Deferred tax (benefit) [refer Note 2 (g) below]	0	0	(1,06,03,568)
Adjustment of Excess / (Short) provision of taxes for prior years [refer Note 2 (b) & (c) below]	24,000	2,59,19,942	(1,67,55,062)
Income and operating expenses, indirect expenses and tax amount recognised in respective year [refer Note 2 (h) below]	0	(19,06,007)	19,06,007
Preliminary & Share Issue Expenses recognised in the respective years [refer Note 2 (f) below]	0	0	14,13,952
Net Profit as restated	**10,95,69,459**	**29,85,29,397**	**18,26,53,046**

Notes on adjustments made in the restated consolidated financial information:

1. **Change In Accounting Policies**:

a) Miscellaneous Expenditure :

Until March, 2004, the Company had amortised Share Issue expenses and Preliminary expenses over a period of ten and five years respectively. After this the company changed its policy to write off such expenses to the "Security Premium Account", if available or to the Profit and Loss Account in the year in which it incurred such expenditure. Accordingly the amounts amortized to the profit and loss account has been restated during the period ended 31st March 2006 by charging such expenditure to the profit and loss account in the year in which it was incurred in line with the new policy adopted of charging such expenditure. The unamortized balance amounting to Rs.30,67,250 in respect of share issue expenses and Rs.1,40,260 in respect of preliminary expenses being the balance after amortization done for the interim period ended 30th September 2005 was adjusted to the security premium account while preparing the accounts for the period ended 31st March 2006.

2. **Prior Period Adjustments And Material Regroupings** :

a) Operations and Maintenance Income includes Rs 1,03,36,640/- relating to the period from September 20, 2004 to December 31, 2004, on account of finalisation of terms of Operating & Maintenance agreement after the audit for the nine months period ended December 31, 2004. This has been adjusted to Reserves and Surplus in the Summary Statement of Consolidated Assets and Liabilities, as restated.

b) Pursuant to the retrospective amendment to section 80IA by the Finance Act, 2007, the Company has during the year ended March 31, 2007, made short provision for tax of earlier years of Rs 2,46,92,502. This short provision has been restated and charged to the respective years to which it relates.

c) Other short provision of taxes have been restated and the corresponding amounts have been charged in the respective years in which the related provision was required to be made.

d) Interest accrued (receivable) of Rs 30,08,162 disclosed as separate line item in balance sheet as at March 31, 2006 has been reclassified under loans and advances.

e) Share issue expenses of Rs 1,08,16,209 paid during the period ended 30 September, 2007 relating to Initial Public Offering expenses incurred during the years ended March 31, 2006 and March 31, 2007 amounting to Rs 94,28,549 and Rs 13,87,660 are adjusted against the balance in the security premium account of the respective years

f) Accounting Standard 26 on Intangible Assets was applicable to the Company for all the accounting periods commencing on or after 1 April, 2004.In one of the Joint Venture Company, the miscellaneous expenditure carried forward of Rs 13,01,338 incurred before 31st December ,2004 did not meet the criteria for deferral after introduction of Accounting Standard 26.This amount is adjusted in the opening Retained Earnings as at January 1, 2005.

g) On account of error in computation of deferred tax liability as at December 31, 2004 in one of the Joint Venture company, deferred tax charge for the period ended December 31, 2004, was overstated by Rs.2,51,13,689/- which has been restated and adjusted in the opening Retained Earnings as at Jan 1 ,2005.

h) One of the joint ventures of the Company had earlier prepared its financial statement for the year ended March 31, 2006 and 15 months period ended March 31, 2007 as against the Company's financial years of the 15 months period ended March 31, 2006 and year ended March 31, 2007 for which the Company had prepared financial information. Given the difference in the financial years of the Company and the joint venture, the Company had earlier prepared its Consolidated Financial Information based on management accounts of this joint venture.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar — Managing Director Himanshu Parikh — Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008

ANNEXURE: VI

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CONSOLIDATED SECURED LOANS AS RESTATED FOR THE LAST THREE REPORTING PERIODS

(All figures in Rupees)

Particulars	As At		
	September 30, 2007	March 31, 2007	March 31, 2006
Term Loans from the Banks			
Andhra Expressway Limited(AEL)	208,61,70,000	217,26,70,000	208,35,43,784
Rajahmundry Expressway Limited(REL)	233,74,12,000	243,52,42,000	236,33,67,984
Mumbai Nasik ExpressWay Limited(MNEL)	204,46,23,768	122,75,00,000	0
Vizag Seaport Private Limited(VSPL)	85,90,59,094	83,63,47,615	67,08,08,238
Punjab Bio-mass Project Limited (PBPL)	1,74,122	2,19,088	0
Gorakhpur Infrastructure Company Limited (GICL)	43,49,24,946	0	0
Kosi Bridge Infrastructure Company Limited(KBICL)	22,49,52,902	0	0
Interest accrued and due on loans	63,83,929	63,37,786	55,859
Total	**799,37,00,761**	**667,83,16,489**	**511,77,75,865**

Notes:

1) For security details refer Note B-9 of Annexure IV
2) The figures disclosed above are based on the consolidated restated financial information of Gammon Infrastructure Projects Limited
3) The interest rate on loan taken in case of above Companies are

AEL and REL	* 9.63% p.a.
MNEL	9.00% p.a.
VSPL	9.00% p.a.
PBPL	8.94% p.a.
GICL	11.25% p.a.
KBICL	11.25% p.a.

* Upto the First Reset Date (27.03.07), the loan carries an interest rate of 8.5% per annum. On the First Reset Date, the rate of interest may be reset by the lenders with a cap of upto 9.63% per annum and a floor of upto 7.87%. In the event the rate of interest is not reset on the First Reset Date, the interest rate applicable during the period immediately preceding the First Reset Date shall continue. On every subsequent reset date {i.e. the date of expiry of the period of five years from the first drawdown (March 27, 2006) and so on thereafter}, the lenders may reset interest rate which would have a cap and floor of 10% each over the rate prevailing during the period immediately preceding the Subsequent Reset Date.

As per our report of even date.

<table>
<tr><td>For Natvarlal Vepari & Co.
Chartered Accountants</td><td>For S.R. Batliboi & Associates
Chartered Accountants</td><td colspan="2">For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited</td></tr>
<tr><td>N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008</td><td>per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008</td><td>Parvez Umrigar
Managing Director

Place: Mumbai
Date: January 30, 2008</td><td>Himanshu Parikh
Director</td></tr>
</table>

ANNEXURE: VII

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CONSOLIDATED UNSECURED LOANS AS RESTATED FOR THE LAST THREE REPORTING PERIODS

(All figures in Rupees)

Particulars	As At September 30, 2007	March 31, 2007	March 31, 2006
Inter-corporate Loan			
Gammon India Limited	14,10,00,000		

Notes:

1. The interest rate on the loan taken from GIL (Holding Company) was @ 9% p.a.
2. The figures disclosed above are based on the consolidated restated financial information of Gammon Infrastructure Projects Limited.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441 Place: Mumbai Date: January 30, 2008	per Amit Majmudar Partner Membership No. 36656 Place: Mumbai Date: January 30, 2008	Parvez Umrigar, Managing Director Himanshu Parikh, Director Place: Mumbai Date: January 30, 2008

ANNEXURE : VIII

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CONSOLIDATED LOANS & ADVANCES AS RESTATED FOR THE LAST THREE REPORTING PERIODS

(All figures in Rupees)

Particulars	As At		
	September 30, 2007	March 31, 2007	March 31, 2006
Advances recoverable in cash or in kind	1,76,45,540	1,37,86,576	1,56,83,546
Interest Accrued and Receivable – [refer note 2 (d) in Annexure V]	1,36,31,071	86,71,213	30,08,162
Dues from/Deposit with			
- Joint Venture Companies and Associate Companies	22,00,20,455	17,67,77,387	0
- Others	43,56,000	43,56,000	0
Loan to Joint Venture Company (Vizag Seaport Private Ltd)	4,62,22,186	4,62,22,186	4,62,22,186
Other Deposits	49,44,757	44,36,855	1,32,72,568
Service Tax Recoverable	50,59,901	1,13,34,877	23,14,692
Prepaid Expenses	1,28,92,532	1,52,56,416	1,14,51,513
Advance taxes paid	24,87,17,766	16,91,52,235	7,18,64,456
TOTAL	**57,34,90,208**	**44,99,93,745**	**16,38,17,123**

Notes:

1. The figures disclosed above are based on the consolidated restated financial information of Gammon Infrastructure Projects Limited
2. Dues from Joint Venture and associate companies at March 31,2007 include dues of Rs 31,98,767 and Rs 26,90,772 receivable from Gorakhpur Infrastructure Projects Ltd ('GICL') and Kosi Bridge Infrastructure Company Ltd ('KBICL'), respectively. GICL and KBICL have become subsidiaries of the company at September 30, 2007.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited	
N. Jayendran	per Amit Majmudar	Parvez Umrigar	Himanshu Parikh
Partner	Partner	Managing Director	Director
Membership No. 40441	Membership No. 36656		
Place: Mumbai	Place: Mumbai	Place: Mumbai	
Date: January 30, 2008	Date: January 30, 2008	Date: January 30, 2008	

ANNEXURE: IX

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CONSOLIDATED DEBTORS AS RESTATED FOR THE LAST THREE REPORTING PERIODS

(All figures in Rupees)

Particulars	**As At**		
	September 30, 2007	**March 31, 2007**	**March 31, 2006**
Debts outstanding for more than six months:			
Gammon India Limited	1,96,300	1,96,300	1,96,300
Others	20,81,14,700	26,84,49,634	18,20,87,986
Other Debts:			
Gammon India Limited	0	4,70,26,341	3,46,36,799
Others	41,28,29,706	42,53,06,671	39,03,98,287
TOTAL	**62,11,40,706**	**74,09,78,946**	**60,73,19,372**

Notes:

1. The figures disclosed above are based on the consolidated restated financial information of Gammon Infrastructure Projects Limited.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441 Place: Mumbai Date: January 30, 2008	per Amit Majmudar Partner Membership No. 36656 Place: Mumbai Date: January 30, 2008	Parvez Umrigar, Managing Director Himanshu Parikh, Director Place: Mumbai Date: January 30, 2008

ANNEXURE: X

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CONSOLIDATED INVESTMENTS AS RESTATED FOR THE LAST THREE REPORTING PERIODS

(All figures in Rupees)

Particulars	As At September 30, 2007	March 31, 2007	March 31, 2006
Long term Investment unless otherwise stated.			
Trade Investments - Unquoted			
Ordinary Shares of Rs 10/- each unless otherwise stated			
(Fully paid up unless otherwise stated)			
Associates:			
Eversun Sparkle Maritime Services Pvt Limited	1,11,09,916	1,48,58,657	0
Gorakhpur Infrastructure Company Limited (Note 2)	0	1,95,000	0
Kosi Bridge Infrastructure Company Limited (Note 2)	0	2,45,000	0
Modern Tollroads Limited	2,44,700	0	0
ATSL Infrastructure Projects Limited	2,44,500	0	0
Current Investments:			
Non Trade Investments - Quoted			
Equity Shares of Rs 10/- each unless otherwise stated			
(Fully paid up unless otherwise stated)			
Canara Bank Limited	26,88,000	26,88,000	26,88,000
Vijaya Bank Limited	76,800	76,800	76,800
Tata Consultancy Services Limited of Re1/- each	4,93,000	4,93,000	4,93,000
Allahabad Bank Limited	8,63,460	8,63,460	8,63,460
Infrastructure Development Finance Co. Limited	17,68,816	17,68,816	17,68,816
Other Investments:			
Share application money pending allotment	2,18,15,691	2,22,15,691	4,25,35,191
Investment in liquid Mutual Funds (Current Investments)	82,98,40,004	1,05,14,348	0
TOTAL	**86,91,44,887**	**5,39,18,772**	**4,84,25,267**
Aggregate Book Value of Quoted Investments	58,90,076	58,90,076	58,90,076
Aggregate Book Value of Unquoted Investments	84,14,39,120	1,52,98,657	0
Aggregate Book Value of Other Investments	2,18,15,691	3,27,30,039	4,25,35,191
Aggregate Market Value of Quoted Investments	3,12,80,039	2,76,40,917	2,61,08,185

1. The figures disclosed above are based on the consolidated restated financial information of Gammon Infrastructure Projects Limited
2. These companies are subsidiaries of the Company at September 30, 2007.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar Himanshu Parikh Managing Director Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008

ANNEXURE: XI

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CONSOLIDATED CURRENT LIABILITIES AND PROVISIONS AS RESTATED FOR THE LAST THREE REPORTING PERIODS

(All figures in Rupees)

Particulars	As At September 30, 2007	March 31, 2007	March 31, 2006
Sundry Creditors	6,96,89,204	8,39,28,542	9,10,52,146
Dues to Holding Company - Gammon India Limited	15,61,98,341	27,23,53,158	9,27,32,919
Dues to Joint Ventures / Associates	6,30,371	(34,900)	0
Advance received from Clients	27,74,511	2,85,00,000	0
Equity Obligations	0	0	7,03,41,675
Dues to Lenders	73,10,152	69,11,768	0
Interest accrued payable	7,67,572	0	0
Other Liabilities	11,47,05,219	4,70,98,674	1,24,51,087
	35,20,75,370	**43,87,57,242**	**26,65,77,827**
Provisions :			
- Provision for Taxation - [refer note 2 (b) and (c) in Annexure V]	20,93,41,565	16,58,51,749	8,85,74,830
- Provision for Staff Benefits	28,53,922	7,82,679	4,74,315
	21,21,95,487	16,66,34,428	8,90,49,145
TOTAL	**56,42,70,857**	**60,53,91,670**	**35,56,26,972**

Notes:

1. The figures disclosed above are based on the consolidated restated financial information of Gammon Infrastructure Projects Limited

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited	
N. Jayendran	per Amit Majmudar	Parvez Umrigar	Himanshu Parikh
Partner	Partner	Managing Director	Director
Membership No. 40441	Membership No. 36656		
Place: Mumbai	Place: Mumbai	Place: Mumbai	
Date: January 30, 2008	Date: January 30, 2008	Date: January 30, 2008	

ANNEXURE: XII

GAMMON INFRASTRUCTURE PROJECTS LIMITED

DETAILS OF OTHER CONSOLIDATED INCOME AS RESTATED FOR THE LAST THREE REPORTING PERIODS

(All figures in Rupees)

	Recurring (R) Non recurring (NR)	Year / Period Ended September 30, 2007 (6 months)	March 31, 2007 (12 months)	March 31, 2006 (15 months)
Interest Income	NR			
-Deposit with Joint Stock Company		1,83,39,241	1,98,63,753	33,46,892
-Others		3,25,26,515	6,48,38,245	53,63,763
Dividend Income	R	6,32,534	23,46,392	18,71,057
Profit on Sale of Investments	NR	78,49,955	1,76,13,739	22,87,482
Other Income	NR	1,66,789	71,39,628	43,06,658
TOTAL		**5,95,15,034**	**11,18,01,757**	**1,71,75,852**

Notes:
1. The figures disclosed above are based on the consolidated restated financial information of Gammon Infrastructure Projects Limited
2. The classification of other income as recurring / non recurring and related / not related to business activity is based on the current operations and business activity of the company as determined by the management.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited	
N. Jayendran	per Amit Majmudar	Parvez Umrigar	Himanshu Parikh
Partner	Partner	Managing Director	Director
Membership No. 40441	Membership No. 36656		
Place: Mumbai	Place: Mumbai	Place: Mumbai	
Date: January 30, 2008	Date: January 30, 2008	Date: January 30, 2008	

ANNEXURE: XIII

GAMMON INFRASTRUCTURE PROJECTS LIMITED

DETAILS OF CONSOLIDATED CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

CONTINGENT LIABILITIES

a) **Group's share in Contingent Liability not provided for in the respect of Joint Venture Company**

(All figures in Rupees)

Particulars	As At September 30, 2007	March 31, 2007	March 31, 2006
VSPL			
Bank Guarantees	1,56,34,483	1,14,12,257	3,29,39,404
Disputed Liquidated Damages	84,44,453	84,44,453	84,44,453
Others	84,44,453	84,44,453	84,44,453
TOTAL	**3,25,23,389**	**2,83,01,163**	**4,98,28,310**

b) Disputed liquidated damages pertain to amounts paid by VSPL under dispute to Vizag Port Trust (VPT). VSPL during the period received a claim from VPT for liquidated damages aggregating to Rs 2,00,00,000 (Rs 84,44,453 proportionate share of the Company in Joint Venture in the form of jointly controlled entity), on account of delay in completion of East Quay (EQ) 8. VSPL is disputing VSPL is disputing the liquidated damages claim and has paid the claim under protest. The amount paid has been included in 'advances recoverable in cash or in kind or for value to be received' under 'loans and advances'.
Discussions between VSPL and VPT are ongoing. VSPL management expects to resolve the dispute amicably and obtain a refund of the amount paid. Pending the outcome of the dispute, significant uncertainties exist vis-à-vis the ultimate refund of the amounts paid under protest. Hence the management has not considered a provision for the amounts paid and included the same under advances recoverable in these financial statements.

c) Contingent Liability also includes an amount of Rs 17,76,99,900 claimed by the Collector and District Registrar, Rajahmundry, pursuant to and Order dated March 15, 2005, as deficit stamp duty payable on the Concession Agreement entered into between REL and National Highway Authority of India ('NHAI'), classifying the Concession Agreement as a 'lease' under Article 31(d) of the Indian Stamp Act. REL has impugned the Order by way of a writ petition before the High Court of Andhra Pradesh at Hyderabad. No provision is considered necessary in respect of the said demand, as the management believes that there is no contravention of the Indian Stamp Act.

CAPITAL COMMITMENTS

(All figures in Rupees)

Particulars	As At September 30, 2007	March 31, 2007	March 31, 2006
Contract(Net of Advances) remaining to be executed on capital account and not provided for *	2324,90,00,000	1042,58,77,416	1221,40,80,011

* The capital commitment is in respect of projects where the concession agreements have been signed and does not include projects where only Letters of Intent are held.

EXPORT COMMITMENTS

(All figures in Rupees)

Particulars	As At 30.09.2007	31.03.2007	31.03.2006
VSPL			
-Under EPCG Scheme	7,20,28,191	7,20,28,191	23,89,13,590

As per our report of even date.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008

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

Parvez Umrigar, Managing Director
Himanshu Parikh, Director

Place: Mumbai
Date: January 30, 2008

ANNEXURE XIV

STATEMENT OF RELATED PARTY TRANSACTIONS

Relationships:

Entities where control exists:Holding Company of the Group
Gammon India Limited ('GIL')

Associates
Eversun Sparkle Maritimes Services Pvt. Limited ('ESMSPL')
Associated Transrail Structures Limited ('ATSL')
ATSL Infrastructure Projects Limited ('AIPL')
Modern Tollroads Limited ('MTL')

Key Management Personnel ('KMP')
Mr.Abhijit Rajan
Mr.Parvez Umrigar

Name of related party	Nature of Transactions	September 30, 2007	March 31, 2007	March 31, 2006
GIL	Operations & Maintenance Income	7,05,81,399	14,34,16,064	12,46,93,194
	Operations & Maintenance Expenses	7,05,81,399	13,61,26,874	10,58,27,929
	Contract Expenditure - Project Assets/Capital Work in Progress	108,88,08,434	149,83,23,466	1,75,78,916
	Advances received against O & M contract	7,11,36,304	0	0
	Advances recovered against O & M contract	4,72,70,733	0	0
	Purchase of Intangible Asset	0	25,00,00,000	0
	Rendering of services	0	0	66,10,000
	Rent Paid	6,00,000	12,00,000	15,00,000
	Share Application Money paid	0	0	0
	Purchase of Investments	1,02,45,900	0	17,53,90,600
	Sale of Investments	0	0	6,60,00,000
	Share Application Money Received	2,04,00,000	0	106,51,59,100
	Refund of Share Application Money Received	2,04,00,000	0	67,46,18,841
	Insurance Claims received	0	29,87,142	0
	Finance provided (including Loans & Equity contribution in cash or in kind)	0	0	5,07,90,000

	Finance provided for expenses and on account payments	5,89,607	8,28,249	85,68,697
	Amount liquidated towards the above finance	0	9,750	7,65,38,912
	Interest income during the period	0	0	20,42,955
	Finance received (including Loans and Equity contribution in cash or in kind)	14,10,00,000	0	276,23,32,606
	Finance received for expenses & on account payments	10,24,612	4,36,02,113	6,24,75,563
	Amount liquidated towards the above finance	7,26,712	6,16,30,683	246,39,50,232
	Interest paid during the period	9,92,465	0	2,38,58,733
	Deposit towards purchase of beneficial Interest of equity shares	1,06,64,100	0	32,83,80,000
	Advances paid against Contracts	92,68,10,460	54,59,44,750	0
	Recovery of Advances paid	16,92,49,740	18,24,74,640	0
	Retention money recovered	5,67,33,211	0	0
	Retention money refunded	5,65,55,712	0	0
	Guarantee Commission Paid	0	16,10,578	1,03,09,438
	Underwriting/Subscription Fees paid	0	0	13,31,827
	Refund received of Margin Money Deposit kept	0	94,38,488	0
	Guarantees and Collaterals Outstanding	0	0	41,28,13,141
	Outstanding Balances Receivable	116,23,70,317	46,03,72,397	0
	Outstanding Balances Payable	0	0	5,21,83,584
ATSL	Purchase of Investments	10,04,500	0	0
	Share Application Money Received	20,00,000	0	0
	Share Application Money Refunded	20,00,000	0	0
	Finance provided (including Loans & Equity contribution in cash or in kind)	21,50,00,000	38,25,00,000	3,88,00,000
	Amount liquidated towards the above finance	17,00,00,000	21,25,00,000	3,88,00,000

	Interest income during the period	1,15,52,602	44,76,988	10,31,425
	Finance received for expenses & on account payments	0	1,73,394	0
	Amount liquidated towards the above finance	0	1,73,394	0
	Outstanding Balances Receivable	22,30,45,055	17,00,00,000	0
AIPL	Finance provided (including Loans & Equity contribution in cash or in kind)	2,44,500	0	0
	Finance provided for expenses and on account payment	1,360	0	0
	Outstanding Balances Payable	2,25,940	0	0
MTRL	Finance provided (including Loans & Equity contribution in cash or in kind)	2,44,700	0	0
	Finance provided for expenses and on account payment	18,750	0	0
	Outstanding Balances Payable	2,25,450	0	0
KMP	**- Mr. Abhijit Rajan**			
	Purchase of Beneficial Interest of equity shares	0	10	0
	Share Application Money Received	0	0	10,00,00,000
	Refund of Share Application Money Received	0	0	4,31,11,110
	Finance received (including Loans & Equity contribution in cash or in kind)	0	0	5,68,88,890
	- Mr.Parvez Umrigar Purchase of Beneficial Interest of equity shares	0	20	0
	Gross Value of Stock options issued	11,40,00,000	0	0
	Amortisation of options issued	16,15,000	0	0
	Managerial Remuneration	28,73,559	38,45,659	14,23,315

Notes:

2. The above disclosures are required to be made as per the Accounting Standard (AS) 18-"Related Party Disclosures" issued by the Institute of Chartered Accountants of India. AS 18 was applicable to the Company with effect from April, 2004. Accordingly, the disclosures as prescribed by AS 18 have been made prospectively from the period ended December 31, 2004.
3. The classification and disclosures of information of related parties for each of the years is as per the audited consolidated financial statements of Gammon Infrastructure Projects Limited for the respective years, which have been adjusted for restatements as listed in Annexure V.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441 Place: Mumbai Date: January 30, 2008	per Amit Majmudar Partner Membership No. 36656 Place: Mumbai Date: January 30, 2008	Parvez Umrigar — Managing Director Himanshu Parikh — Director Place: Mumbai Date: January 30, 2008

AUDITORS' REPORT

(as required by Part II of Schedule II to the Companies Act, 1956)

S.R. Batliboi & Associates	**Natvarlal Vepari & Co.**
Chartered Accountants	Chartered Accountants
6th floor, Express Towers	Oricon House
Nariman Point	4th floor, 12 K Dubash Marg
Mumbai 400 021	Mumbai 400 023

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

1. We, S.R. Batliboi & Associates, Chartered Accountants ('SRB') and Natvarlal Vepari & Co, Chartered Accountants ('NVC') (collectively 'the joint auditors') have examined the Restated Standalone Financial Information of Gammon Infrastructure Projects Limited ('the Company') as at September 30, 2007, March 31, 2007, March 31, 2006, December 31, 2004, March 31, 2004 and March 31, 2003, annexed to this report, prepared by the Company and approved by the Board of Directors, in accordance with the requirements of :

    a) Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');

    b) the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('DIP Guidelines') as amended from time to time and related clarifications;

    c) The Guidance Note on reports in Company Prospectuses (Revised) issued by the Institute of the Chartered Accountants of India ('ICAI'); and

    d) terms of our engagement agreed with you in accordance with our letters dated September 3, 2007 and November 15, 2007 in connection with the proposed initial public offer ('IPO') of equity shares of the Company.

    The Company proposes to make an initial public offer of 16,550,000 equity shares having a face value of Rs 10 each, at an issue price to be arrived at by the book building process (referred to as 'the Offer').

Financial Information as per the Audited Financial Statements

2. The Restated Standalone Financial Information of Gammon Infrastructure Projects Limited has been extracted by management from the financial statements of Gammon Infrastructure Projects Limited for the six month period ended September 30, 2007, years/period ended March 31, 2007, March 31, 2006, December 31, 2004, March 31, 2004 and March 31, 2003 and approved by the Board of Directors. Audit for the six month period ended September 30, 2007 and for the year ended March 31, 2007 was conducted jointly by us. Audit for the period ended March 31, 2006 was conducted solely by Natvarlal Vepari & Co., one of the joint auditors. Audits for the years/periods ended December 31, 2004, March 31, 2004 and March 31, 2003 were conducted by Vinod Modi & Associates ('the predecessor auditors') and accordingly reliance has been placed on the financial statements audited by them for the said years. The financial statements for the six month period ended 30th September, 2007 have been prepared by the management for the purposes of preparation of the Restated Standalone Financial Information of the Company which is being included in the Red Herring Prospectus in connection with the Offer that the company proposes to make.

3. We have been furnished the examination reports of the predecessor auditors, Vinod Modi & Associates, on the Restated Standalone Financial Information included for the years/periods ended

December 31, 2004, March 31, 2004 and March 31, 2003 and our opinion in so far as it relates to the amounts included in the financial information is based solely on the examination reports submitted by the said auditors. The predecessor auditors, have also confirmed that the restated financial information has been made after incorporating:

a) Adjustments, for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

b) Adjustments for the material amounts in the respective financial years to which they relate.

They have further confirmed that there are no extra-ordinary items that need to be disclosed separately in the accounts and any audit qualifications requiring adjustments.

4. In accordance with the requirements of Paragraph B(1) of Part II of schedule II of the Act, the DIP Guidelines and terms of our engagement agreed with you, we report that :

a) The Summary Statements of Assets and Liabilities as Restated, the Summary Statement of Profits and Losses, as Restated and Statement of Cash Flow, as Restated (collectively 'the Summary Statements') of the Company, including as at and for each of the years/periods ended December 31, 2004, March 31, 2004 and March 31, 2003 examined and reported by the predecessor auditors, Vinod Modi & Associates, who have submitted their examination reports on which we have placed reliance and as at and for the period ended September 30, 2007, year ended March 31, 2007 and period ended March 31, 2006 examined jointly by us, as set out in Annexures I,II and III to this report are after making adjustments and regrouping as in our opinion were appropriate and as more fully described in the Notes to the Restated Financial Information and break up of adjustments/restatements made in Restated Financial Information as set out in Annexure IV and V to this report.

b) Based on the above and also as per the reliance placed on the examination reports submitted by the predecessor auditors, Vinod Modi & Associates, for the years/periods ended December 31, 2004, March 31, 2004 and March 31, 2003, we are of the opinion that the Restated Financial Information has been made after incorporating:

i. adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
ii. adjustments for the material amounts in the respective financial years to which they relate.

And that

- there are no extraordinary items which need to be disclosed separately in the Summary Statements
- there are no qualifications in the auditors' reports, which require any adjustments to the Summary Statements.

Other Financial Information

5. At the Company's request, we have also examined the following other financial information of the Company proposed to be included in the RHP, prepared by the management and approved by the Board of Directors of the Company, annexed to this report relating to the Company for the years/periods ended September 30, 2007, March 31, 2007, March 31, 2006, December 31, 2004, March 31, 2004 and March 31, 2003. In respect of the years/periods ended December 31, 2004, March 31, 2004 and March 31, 2003, this information has been included based on the examination reports submitted by the predecessor auditors Vinod Modi & Associates and relied upon by us.

a) Annexure VI - Statement of Secured Loans;
b) Annexure VII - Statement of Unsecured Loans;
c) Annexure VIII - Statement of Loans and Advances;

d) Annexure IX - Statement of Sundry Debtors;
e) Annexure X - Statement of Investments;
f) Annexure XI - Statement of Current Liabilities and Provisions;
g) Annexure XII - Statement of Other Income;
h) Annexure XIII - Statement of Contingent Liabilities and Capital commitments;
i) Annexure XIV - Statement of Dividend declared/paid/proposed;
j) Annexure XV - Statement of Accounting Ratios;
k) Annexure XVI - Statement of Capitalization as at September 30, 2007;
l) Annexure XVII - Related Party Disclosures for the six month period ended September 30, 2007, year ended March 31, 2007 and periods ended March 31, 2006 and December 31, 2004.
m) Annexure XVIII - Statement of Tax Shelter;

6. In our opinion the other financial information contained in Annexure VI to XVIII of this report read along with the Significant Accounting Policies, Notes and Changes in Significant Accounting Policies as referred to in Annexure IV and prepared after making adjustments and regrouping as considered appropriate and disclosed in Annexure V, have been prepared in accordance with Part IIB of Schedule II of the Act and the DIP Guidelines.

7. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by the predecessor auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

8. This report is intended solely for the use of management and for inclusion in the RHP in connection with the proposed IPO of equity shares of the Company. Our report should not be used for any other purpose without our prior consent in writing.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008

ANNEXURE: I

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(All figures in Rupees)

		As At					
		September 30, 2007	**March 31, 2007**	**March 31, 2006**	**December 31, 2004**	**March 31, 2004**	**March 31, 2003**
A.	**ASSETS :**						
	Fixed assets - Gross block	26,05,51,582	26,01,48,131	18,64,239	2,06,281	2,00,781	1,51,181
	Less: Depreciation	2,84,48,725	1,88,75,018	59,399	23,878	15,714	6,896
	Net block	23,21,02,857	24,12,73,113	18,04,840	1,82,403	1,85,067	1,44,285
	Add : Capital WIP		0	11,49,197	0	0	0
	Total (A)	**23,21,02,857**	**24,12,73,113**	**29,54,037**	**1,82,403**	**1,85,067**	**1,44,285**
B.	**INVESTMENTS (B)**	**2,35,15,60,884**	**1,71,98,17,661**	**1,65,00,04,553**	**42,88,83,261**	**39,91,25,017**	**27,91,23,100**
C.	**CURRENT ASSETS, LOANS & ADVANCES :**						
	Inventories	16,23,182	27,50,225	0	0	0	0
	Sundry debtors	4,58,75,214	4,72,22,641	3,48,33,099	1,20,77,303	15,93,900	0
	Cash & bank balances	1,27,38,718	29,11,44,373	68,27,49,288	26,49,005	3,31,792	3,62,303
	Loans and advances	13,89,01,987	25,28,22,042	5,02,17,878	20,03,319	12,53,421	11,71,75,291
	Total (C)	19,91,39,101	59,39,39,281	76,78,00,265	1,67,29,627	31,79,113	11,75,37,594
	TOTAL ASSETS (A + B +C)	**2,78,28,02,842**	**2,55,50,30,055**	**2,42,07,58,855**	**44,57,95,291**	**40,24,89,197**	**39,68,04,979**
D.	**LIABILITIES AND PROVISIONS**						
	Unsecured loans	14,10,00,000	0	0	2,53,84,750	0	0
	Deferred tax liability	1,96,60,804	1,50,56,479	66,399	24,945	16,705	9,621
	Current liabilities & provisions :						
	Current liabilities	8,90,19,411	5,13,48,477	5,91,91,416	31,03,203	5,80,936	25,10,655
	Provisions - Staff benefits	30,13,394	7,82,679	4,74,315	0	0	0
	Provisions for taxation	9,94,03,368	7,86,90,496	4,28,26,391	98,38,881	28,92,664	8,00,616
	Total (D)	**35,20,96,977**	**14,58,78,131**	**10,25,58,521**	**3,83,51,779**	**34,90,305**	**33,20,892**
	NET WORTH [(A)+(B)+(C)-(D)]	**2,43,07,05,865**	**2,40,91,51,924**	**2,31,82,00,334**	**40,74,43,512**	**39,89,98,892**	**39,34,84,087**
E.	Represented by:						
	Share capital	1,28,00,00,000	1,28,00,00,000	1,28,00,00,000	40,42,29,000	40,42,29,000	39,50,00,000
	Employee Stock Options Outstanding	38,35,922	0	0	0	0	0
	Security premium (Net of share issue	96,48,18,046	98,69,65,014	99,08,15,658	0	0	0

expenses)						
Profit and loss account	18,20,51,897	14,21,86,910	4,73,84,676	64,22,022	(20,22,598)	(13,75,653)
Less: Preliminary / share issue expenses not written off	-	0	0	32,07,510	32,07,510	1,40,260
Total (E)	**2,43,07,05,865**	**2,40,91,51,924**	**2,31,82,00,334**	**40,74,43,512**	**39,89,98,892**	**39,34,84,087**

Notes: The above statement should be read with the Notes to Restated Financial Information appearing in Annexure IV and Break up of Adjustments / Restatement made in Restated Financial Information appearing in Annexure V.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar Himanshu Parikh Managing Director Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008

ANNEXURE: II

GAMMON INFRASTRUCTURE PROJECTS LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(All figures in Rupees)

	Year / Period Ended					
	September 30, 2007 (6 months)	**March 31, 2007 (12 months)**	**March 31, 2006 (15 months)**	**December 31, 2004 (9 months)**	**March 31, 2004 (12 months)**	**March 31, 2003 (12 months)**
INCOME :						
Turnover						
- Developer Fees	5,74,78,342	4,97,43,408	0	0	0	0
- Advisory Fees	0	0	1,14,59,884	1,26,00,000	72,68,982	81,49,261
- Operation and Maintenance income	7,05,81,399	14,34,16,064	12,46,93,194	1,03,36,640	0	0
Total Turnover	12,80,59,741	19,31,59,472	13,61,53,078	2,29,36,640	72,68,982	81,49,261
Other Income	40,28,521	4,39,35,467	2,66,99,280	2,85,179	39,50,810	5,523
TOTAL INCOME	13,20,88,262	23,70,94,939	16,28,52,358	2,32,21,819	1,12,19,792	81,54,784
EXPENDITURE :						
Operating and Maintenance Expenses	1,89,51,543	2,55,69,900	4,69,41,242	0	0	0
Administrative Expenses	3,72,52,618	4,67,74,758	3,52,60,603	65,30,327	65,07,195	62,14,557
Finance Costs	10,87,449	2,78,243	56,33,984	8,93,644	16,34,334	2,37,212
Share Issue Expenses		0	0	0	13,87,250	28,00,000
Depreciation	4,52,005	5,32,710	35,521	8,164	8,818	6,610
Amortisation	91,66,500	1,82,82,909	0	0	0	0
TOTAL EXPENDITURE	6,69,10,115	9,14,38,520	8,78,71,350	74,32,135	95,37,597	92,58,379
Net Profit / (Loss) before tax	6,51,78,147	14,56,56,419	7,49,81,008	1,57,89,684	16,82,195	(1,103,595)
Provision for taxation :						
Current Tax	2,05,00,000	3,55,00,000	3,38,57,678	73,36,824	23,22,056	5,70,608
Deferred Tax	46,04,325	1,49,90,080	41,454	8,240	7,084	8,317
Fringe Benefit Tax	2,08,835	3,64,105	1,19,222	0	0	0
Net Profit / (Loss) after tax	3,98,64,987	9,48,02,234	4,09,62,654	84,44,620	(646,945)	(1,682,520)
Profit Brought Forward from Previous years	14,21,86,910	4,73,84,676	64,22,022	(2,022,598)	(1,375,653)	3,06,867
Balance carried to Balance sheet	18,20,51,897	14,21,86,910	4,73,84,676	64,22,022	(2,022,598)	(1,375,653)

Notes: The above statement should be read with the Notes to Restated Financial Information appearing in Annexure IV and Break up of Adjustments / Restatement made in Restated Financial Information appearing in Annexure V.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran	per Amit Majmudar	Parvez Umrigar / Himanshu Parikh
Partner	Partner	Managing Director / Director
Membership No. 40441	Membership No. 36656	
Place: Mumbai	Place: Mumbai	Place: Mumbai
Date: January 30, 2008	Date: January 30, 2008	Date: January 30, 2008

ANNEXURE: III

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CASH FLOW, AS RESTATED

(All figures in Rupees)

	Year / Period ended					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**December 31, 2004**	**March 31, 2004**	**March 31, 2003**
A. CASH FLOW FROM OPERATING ACTIVITIES :						
Net Profit / (loss) before Tax	6,51,78,147	14,56,56,419	7,49,81,008	1,57,89,684	16,82,195	(11,03,595)
Adjustments for :						
Depreciation / Amortisation	96,18,505	1,88,15,619	35,521	8,164	8,818	6,610
Profit on Sale of Investments	(70,154)	0	0	0	(33,36,810)	0
Dividend Income	(6,32,534)	(11,33,082)	(4,56,345)	(1,98,540)	(6,14,000)	0
Interest (Net)	(23,22,561)	(3,95,37,000)	(2,00,83,951)	8,07,005	16,34,334	2,31,689
Employee Stock Options	38,35,922	0	0	0	0	0
Asset Scrapped	1,08,483	0	0	0	0	0
Provison for dues from joint venture	0	9,38,441	0	0	0	0
Share Issue Expenses written off	0	0	0	0	13,87,250	28,00,000
Operating Profit before Working Capital Changes	7,57,15,808	12,47,40,397	5,44,76,233	1,64,06,313	7,61,787	19,34,704
Adjustments for :						
Inventories	11,27,043	(27,50,225)	0	0	0	0
Trade and Other Receivables	25,81,731	(2,17,34,178)	(2,73,05,796)	(1,08,51,490)	(15,96,850)	2,06,763
Trade Payables & Working Capital Finance	2,88,20,463	35,22,023	3,53,19,638	18,75,645	(19,03,187)	24,61,579
Cash Generated / (used) from the Operations	10,82,45,045	10,37,78,017	6,24,90,075	74,30,468	(27,38,250)	46,03,046
Direct Taxes paid	(4,44,57,531)	(2,67,67,391)	(1,72,73,916)	(7,09,584)	(4,13,683)	(7,71,184)
Cash flow before extraordinary items	6,37,87,514	7,70,10,626	4,52,16,159	67,20,884	(31,51,933)	38,31,862
Net Cash from/(used in) Operating Activities	**6,37,87,514**	**7,70,10,626**	**4,52,16,159**	**67,20,884**	**(31,51,933)**	**38,31,862**
B. CASH FLOW FROM INVESTING ACTIVITIES :						
Purchase of Fixed Assets	(5,56,732)	(25,71,34,695)	(28,07,155)	(5,500)	(49,600)	(72,395)
Investments :						
- Purchase of Investments :						
Subsidiary Companies	(2,88,50,400)	(41,56,00,700)	(23,19,47,900)	(3,00,00,000)	(12,74,00,000)	0
Trade Investments	0	(5,25,69,560)	(25,83,63,410)	(2,00,00,000)	(6,75,000)	(27,48,60,100)
Market Investments	0	(5,05,14,348)	(26,32,276)	(4,93,000)	(76,800)	(42,63,000)
Acquisition of controlling interest from Gammon India Limited in special purpose vehicle ('SPV')	(1,06,64,100)	0	(32,83,80,000)	0	0	0
Advance for purchase of equity shares	0	0	0	0	11,61,00,000	(11,61,00,000)
Share Application Money Pending Allotment	(60,01,35,591)	40,88,71,500	(46,59,47,706)	(2,65,15,244)	(6,86,31,750)	0
- Sale of Investments :						
Subsidiary Companies	0	0	1,50,000	0	0	0
Trade Investments	0	0	6,60,00,000	4,72,50,000	7,50,00,000	0
Market Investments- Mutual Fund Units	1,05,84,502	4,00,00,000	0	0	51,18,443	0

Interest received	64,19,904	4,50,54,093	1,50,90,282	18,353	0	5,523
Dividend received	6,32,534	11,33,082	4,56,345	1,98,540	6,14,000	0
Dues (from)/ to Subsidiaries/Joint Ventures	15,40,42,441	(17,26,69,428)	(1,67,30,223)	0	0	0
Net Cash (used in) Investing Activities	**(468,527,442)**	**(45,34,30,056)**	**(1,22,51,12,043)**	**(2,95,46,851)**	**(707)**	**(39,52,89,972)**
C. CASH FLOW FROM FINANCING ACTIVITIES :						
Increase in Share Capital	0	0	192,98,51,000	0	92,29,000	39,45,00,000
Proceeds from borrowings (Repayment)	14,10,00,000	0	(2,53,84,750)	2,53,84,750	0	0
Interest Paid	(2,24,893)	(2,78,243)	(62,86,058)	(2,41,570)	(16,52,371)	(2,37,212)
Preliminary and Share Issue Expenses	(1,44,40,834)	(1,49,07,242)	(3,81,84,025)	0	(44,54,500)	(28,00,000)
Net Cash from/(used in) Financing activities	**12,63,34,273**	**(1,51,85,485)**	**185,99,96,167**	**2,51,43,180**	**31,22,129**	**39,14,62,788**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(27,84,05,655)**	**(39,16,04,915)**	**68,01,00,283**	**23,17,213**	**(30,511)**	**4,678**
Cash & cash equivalents, end of year/period	1,27,38,718	29,11,44,373	68,27,49,288	26,49,005	3,31,792	3,62,303
Cash & cash equivalents, beginning of year/period	29,11,44,373	68,27,49,288	26,49,005	3,31,792	3,62,303	3,57,625
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(27,84,05,655)**	**(39,16,04,915)**	**68,01,00,283**	**23,17,213**	**(30,511)**	**4,678**
COMPONENTS OF CASH AND CASH EQUIVALENTS						
Cash and Cheques on hand	2,49,597	15,577	66,248	1,500	1,500	1,500
Balances with Banks:						
-On Current Account	1,24,89,221	2,08,24,812	8,26,82,943	26,47,505	3,30,292	3,60,803
-On Deposit Account	0	27,03,03,984	60,00,00,097	0	0	0
Total	**1,27,38,818**	**29,11,44,373**	**68,27,49,288**	**26,49,005**	**3,31,792**	**3,62,303**

Notes:

The above statement should be read with the Notes to Restated Financial Information appearing in Annexure IV and Break up of Adjustments / Restatement made in Restated Financial Information appearing in Annexure V.

As per our report of even date.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008

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

Parvez Umrigar — Managing Director
Himanshu Parikh — Director

Place: Mumbai
Date: January 30, 2008

ANNEXURE: IV

GAMMON INFRASTRUCTURE PROJECTS LIMITED

NOTES TO RESTATED FINANCIAL STATEMENTS

(All figures in Indian Rupees)

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 and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention, on an accrual basis of accounting, to comply in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and Section 211(3C) of the Companies Act, 1956 ('the Act'). The accounting policies discussed more fully below, are consistent with those used in the previous year.

Use of estimates

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

a) Revenue Recognition

Revenue on Operation and Maintenance contracts are recognized proportionately over the period of the contract.

Revenue on Developer Fees is recognized on the accrual basis.

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

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

b) Fixed Assets and depreciation

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

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

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

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

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

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

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) Earnings per share

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

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

i) Provisions, Contingent Liabilities and Contingent Assets

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

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

j) Share Issue Expenses

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

k) Employee Benefits

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

Gratuity liability and leave encashment are defined benefit obligations and are provided on the basis of an actuarial valuation made at the end of each year/period.

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 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).

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/period, or reported in previous financial statements, are recognised as income or as expenses in the year/period in which they arise except those arising from investments in non-integral operations. Exchange differences arising in respect of fixed assets acquired from outside India are capitalized as a part of fixed asset. Exchange differences on liability relating to fixed assets acquired within India arising out of transactions entered on or before March 31, 2004 are added to the cost of such assets in line with Old AS 11 (1994).

n) **Cash and cash equivalents**

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

C. OTHER NOTES

1. Investments

a. The Company had during the period January 2005 to March 2006 entered into an agreement with Gammon India Limited (‘GIL’) by which it had acquired the beneficial, controlling interest and voting rights in respect of 1,29,05,000 equity shares each (representing 44.5% of the beneficial, controlling interest and voting rights each) of Rajahmundry Expressway Limited (‘REL’) and Andhra Expressway Limited (‘AEL’) in consideration of payment of deposit of Rs 16,36,18,800 and Rs 16,47,61,200 respectively. Of these shares GIL had acquired the beneficial, controlling interest and voting rights in 18,12,500 shares each of AEL and REL from Punj Lloyd Limited ('PLL'). By virtue of this agreement and the equity share holding in these companies, AEL and REL have become subsidiaries of the Company. The amount of Rs. 32,83,80,000 paid to GIL has been shown under Investments. In respect of these shares where the beneficial, controlling interest and voting rights have transferred to the company, the shares continue to be the held in the name of GIL and PLL as per the records of the respective companies.

b. Similarly the Company has during the current period (April 1, 2007 to September 30, 2007) entered into another agreement with Gammon India Limited (‘GIL’) by which it had acquired the beneficial, controlling interest and voting rights in respect of 5,33,205 equity shares each of Gorakhpur Infrastructure Company Limited (‘GICL’) and Kosi Bridge Infrastructure Company Limited(‘KBICL’) (representing 26.01% of the beneficial, controlling interest and voting rights in GICL and KBICL, each) in consideration of payment of deposit for acquisition of these shares of Rs. 53,32,050 each for GICL and KBICL respectively. By virtue of this agreement and the equity share holding in these companies, GICL and KBICL have become subsidiaries of the Company. The amount of Rs.1,12,50,400 paid to GIL has been shown under Investments. In respect of these shares where the beneficial, controlling interest and voting rights have transferred to the company, the shares continue to be held in the name of GIL as per the records of the respective companies.

c. The company has during the current period entered into a further agreement with GIL for acquisition of beneficial, controlling interest and voting rights in respect of the equity shares of Indira Container Terminal Private Ltd (‘ICTPL’). Under this agreement when ICTPL shares are allotted to GIL, the Company would make a deposit to GIL, equivalent to GIL's subscription amount for the respective shares to acquire the abovementioned beneficial, controlling interest and voting rights.

As a consequence of this agreement the Company’s beneficial, controlling interest and voting rights in ICTPL aggregate 50% of ICTPL.

d. During the year ended March 31, 2007, the Company has revised its terms of sub-contract for operations and maintenance of two stretches of National Highways in the state of Andhra Pradesh with the holding company and foreclosed its earlier sub-contract. Pursuant to revision and as per the terms of revised sub-contract the Company has paid an upfront consideration of Rs 25 crores for award of the sub-contract effective from April1, 2006. This amount has been considered as an intangible asset in the books of account and is being amortized over the life of the sub-contract.

2. Deferred Tax Liability, Net

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

	30.09.2007	31.03.2007	31.03.2006	31.12.2004	31.03.2004	31.03.2003
Deferred Tax Liability on account of :						
- Depreciation	2,03,83,893	1,53,19,929	66,399	24,945	16,705	9,621
Deferred Tax Asset on account of :						
- Gratuity / Leave Encashment	7,23,089	2,63,450	-	-	-	-
Net Difference (Deferred Tax Liability)	1,96,60,804	1,50,56,479	66,399	24,945	16,705	9,621

Segment Reporting

The Company's operations constitute a single business and geographical segment of "Infrastructure Development "as per AS 17.

3. 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:

Company name	Rate (Rupees)	30.09.2007	31.03.2007	31.03.2006	31.12.2004	31.03.2004	31.03.2003
Andhra Expressway Ltd	10/-	36,97,560	36,97,560	82,62,000	-	-	-
Rajahmundry Expressway Ltd	10/-	36,97,560	36,97,560	80,58,000	-	-	-
Mumbai Nasik Expressway Ltd	10/-	1,61,20,000	1,61,20,000	-	-	-	-

4. Employees Stock Option Scheme ('ESOP')

The Company has instituted an ESOP Scheme during the period which was approved by the shareholders vide their resolution dated May 4, 2007. The Board of Directors of the Company has granted 16,15,000 stock options to its employees pursuant to the ESOP Scheme on 1st July,2007 .Each options entitles an employee to subscribe to 1 equity share of the Company at an exercise price of Rs 80 per share.

The options vest in a graded manner over a period of 4 years and are exercisable for a period of 2 years from vesting as described below.

Vesting Date	No of Options that will vest	Exercise Period	Intrinsic Value (Rs)	Fair Value (Rs)
(1)	(2)	(3)	(5)	(4)
July 1, 2008	3,52,250	01.07.08 to 30.06.10	19.00	41.54
July 1, 2009	4,21,750	01.07.09 to 30.06.11	19.00	48.68
July 1, 2010	4,10,250	01.07.10 to 30.06.12	19.00	54.59
July 1, 2011	4,30,750	01.07.11 to 30.06.13	19.00	59.62
	16,15,000			

The company being an unlisted company, the intrinsic value is determined on the basis of an independent valuer by following the price to Net Asset Value (NAV) method. The intrinsic value and the fair value as determined by the independent valuer are given in the above table.

Under this method, compensation expense equals the intrinsic value of the option which is recorded over the vesting period of the option. The intrinsic value is the excess of the value of the underlying stock determined by the Independent Valuer over the exercise price at the measurement date, which typically is the grant date.

The fair value of options was determined using the Black-Scholes Option Pricing Model with the following assumptions:

a.	Risk free interest rate………………………………………	7.49%
b.	Expected Dividend yield ……………………………………	-
c.	Expected life of the option …………………………………	2 to 5 years
d.	Expected Volatility of Share price…………………………	51%

The Company's stock option activity for the period ended September 30, 2007 is presented below:

	Shares arising from options	Weighted average exercise price
Outstanding at the beginning of the period	-	-
Exercised	-	-
Granted	16,15,000	80
Outstanding at the end of the period	16,15,000	80

There were no options which were forfeited or expired during the period. Further, none of the 16,15,000 options granted are exercisable at September 30, 2007.

The stock options outstanding at September, 30 2007 are in respect of 16,15,000 shares all of which have an exercise price of Rs 80 per share and have a weighted average remaining contractual life of 3.57 years.

Had compensation cost been determined in accordance with the fair value approach described in the Guidance Note, the Company's net profit for the period ended September 30, 2007 as reported would have changed to amounts indicated below:

Particulars	Rs
Net Income as reported	3,98,64,987
Add: Stock based compensation expense included in the reported income	38,35,922
Less: Stock based compensation expenses determined using fair value of options	96,95,843
Net profit (adjusted)	3,40,05,066
Basic earnings per share as reported	0.31
Basic earnings per share (adjusted)	0.26
Diluted earnings per share as reported	0.31
Diluted earnings per share(adjusted)	0.26
Weighted average number of shares considered for diluted earnings per share (adjusted)	12,83,16,395

5. Employee benefits

From the April 1, 2007, the revised Accounting Standard (AS) -15 (Employee Benefits) is applicable to the Company. The Company had been making provisions under the earlier AS 15 and hence there are no disclosures required for prior years/periods on account of implementation of revised AS 15. There is no effect on account of change to revised AS -15.

Gratuity

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	Period ended September 30, 2007
Net employee benefit expense (recognised in personnel costs)	
Current Service Cost	1,03,122
Interest Cost	20,664
Actuarial loss	3,74,727
Total	4,98,513

The provision for gratuity at September 30, 2007 and March 31, 2007 aggregates Rs. 9,46,422 and Rs 4,47,909.

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

Particulars	Rs
Defined benefit obligation, at March 31, 2007	4,47,909
Current service Cost	1,03,122
Interest Cost	20,664
Actuarial loss	3,74,727
Defined benefit obligation, at September 30,2007	9,46,422

The company's gratuity obligation is fully unfunded. Hence currently, the Company does not expect to contribute any amounts to its gratuity plan in the next annual period. The principal assumptions used in determining the gratuity obligations are as follows:

Discount rate	8.00%
Expected rate of return on plan assets	Not applicable
Expected rate of salary increase	5%
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.

Leave encashment

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

Particulars	Period ended September 30, 2007
Net employee benefit expense (recognised in personnel costs)	
Current Service Cost	1,34,652
Interest Cost	17,601
Actuarial loss	14,20,547
Total	15,72,800

The provision for leave encashment at September 30, 2007 and March 31, 2007 aggregates Rs. 19,07,500 and Rs 3,34,700.

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

Particulars	Rs
Defined benefit obligation, at March 31, 2007	3,34,700
Current service Cost	1,34,652
Interest Cost	17,601
Actuarial loss	14,20,547
Defined benefit obligation, at September 30,2007	19,07,500

The company's leave encashment obligation is fully unfunded. The principal assumptions used in determining the leave encashment obligation are as follows :

Discount rate	7.5%
Expected rate of return on plan assets	Not applicable
Expected rate of salary increase	5.0%
Retirement age	60 years

ANNEXURE V

GAMMON INFRASTRUCTURE PROJECTS LIMITED

BREAK UP OF ADJUSTMENTS / RESTATMENTS MADE IN RESTATED FINANCIAL INFORMATION

The adjustments / restatements made while preparing the Restated Financial Information are summarized below:

(All figures in Rupees)

	Period Ended					
	September 30, 2007 (6 months)	**March 31, 2007 (12 months)**	**March 31, 2006 (15 months)**	**December 31, 2004 (9 months)**	**March 31, 2004 (12 months)**	**March 31, 2003 (12 months)**
Net Profit After Tax and after Extraordinary items as per Audited Financial Statements	**3,98,40,987**	**6,88,82,292**	**6,79,44,268**	**28,19,683**	**14,79,541**	**6,85,694**
Restatements / Adjustments on account of :						
- Operations & Maintenance Income	0	0	(1,03,36,640)	1,03,36,640	0	0
(refer Note 2 (d) below)						
- Preliminary & Share Issue Expenses recognized in the respective years	0	0	11,07,300	11,07,301	89,151	(2,214,499)
(refer Note 1 (a) below)						
- Adjustment of Excess / (Short) provision of taxes for prior years (refer Note 2 (f) & (g) below)	24,000	2,59,19,942	(1,77,55,062)	(58,16,216)	(22,17,048)	(1,50,608)
- Adjustments of deferred tax for prior years	0	0	2,788	(2,788)	1,411	(3,107)
Net Profit After Tax and after Extraordinary items as per Restated Summary statement of profits and losses	**3,98,64,987**	**9,48,02,234**	**4,09,62,654**	**84,44,620**	**(6,46,945)**	**(16,82,520)**

Notes On Adjustments Made In The Restated Financial Information

1. Change In Accounting Policies:

Miscellaneous Expenditure:

Until March, 2004, the Company had amortised Share Issue expenses and Preliminary expenses over a period of ten and five years respectively. After this the company changed its policy to write off such expenses to the "Security Premium Account", if available, or to the Profit and Loss Account in the year in which it incurred such expenditure. Accordingly the amounts amortized to the profit and loss account has been restated during the period ended 31st December 2004, year ended March 31, 2004, year ended March 31, 2003 by charging such expenditure to the profit and loss account in the year in which it was incurred in line with the new policy adopted of charging such expenditure. The unamortized balance amounting to Rs.30,67,250 in respect of share issue expenses and Rs.1,40,260 in respect of preliminary expenses being the balance after amortization done for the interim period ended 30th September 2005 was adjusted to the security premium account while preparing the accounts for the period ended 31st March 2006.

2. **Prior Period Adjustments And Material Regroupings :**

a) Upto the period ended December 31, 2004, share application money was classified under the head Loans and Advances. From the period ended March 31, 2006 the same has been shown as Share Application Money pending allotment and grouped under the head Investments. Accordingly share application money pending allotment of Rs 6,86,31,750 at March 31, 2004 and Rs 9,51,46,994 at December 31, 2004 has been reclassified as investments.

b) Interest accrued (receivable) of Rs 1,6,95,939 disclosed as separate line item in balance sheet as at March 31, 2006 has been reclassified under loans and advances.

c) Interest income for the year ended March 31, 2003 of Rs 5,523 and period ended December 31, 2004 of Rs 86,639 have been reclassified from Finance Costs to Other Income.

d) Operations and Maintenance Income of Rs 1,03,36,640/- relating to the period from September 20, 2004 to December 31, 2004, on account of finalisation of terms of Operating & Maintenance agreement after the audit for the nine months period ended December 31, 2004 was not recorded in this period. In the restated summary of profits and losses this amount has been restated as income for the period ended December 31, 2004.Similarly sundry debtors of Rs 1,02,31,206 (Rs 1,03,36,640 net of TDS thereon) at December 31,2004 have also been restated.

e) Share issue expenses of Rs 1,08,16,209 paid during the period ended 30 September, 2007 relating to Initial Public Offering expenses incurred during the years ended March 31, 2006 and March 31, 2007 amounting to Rs 94,28,549 and Rs 13,87,660 are adjusted against the balance in the security premium account of the respective years

f) Pursuant to the retrospective amendment to section 80IA by the Finance Act, 2007, the Company has during the year ended March 31, 2007, made short provision for tax of earlier years of Rs 2,46,92,502. This short provision has been restated and charged to the respective years to which they relate.

g) Other short provision of taxes has been restated and the corresponding amounts have been charged in the respective years in which the related provision was required to be made.

h) Auditor's Qualification: CARO qualifications which do not require any corrective adjustment in the financial information are as follows:
Companies (Auditors' Report) Order, 2003 (as amended) related matters for the years ended March 31, 2007 and period ended March 31,2006 relating to separate internal audit system in clause 4 (vii) of the order.
In the absence of an internal audit system as indicated above, the auditors have indicated their inability to comment whether it is commensurate with the size of the Company and the nature of its business.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited	
N. Jayendran	per Amit Majmudar	Parvez Umrigar	Himanshu Parikh
Partner	Partner	Managing Director	Director
Membership No. 40441	Membership No. 36656		
Place: Mumbai	Place: Mumbai	Place: Mumbai	
Date: January 30, 2008	Date: January 30, 2008	Date: January 30, 2008	

ANNEXURE: VI

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF SECURED LOANS, AS RESTATED

(All figures in Rupees)

Particulars	As At					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**December 31, 2004**	**March 31, 2004**	**March 31, 2003**
Secured Loan		Nil	Nil	Nil	Nil	Nil

Note: The figures disclosed above are based on the restated financial information of Gammon Infrastructure Projects Limited.

As per our report of even date.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008

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

Parvez Umrigar — Managing Director
Himanshu Parikh — Director

Place: Mumbai
Date: January 30, 2008

ANNEXURE: VII

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF UNSECURED LOANS, AS RESTATED

(All figures in Rupees)

Particulars	As At					
	September 30, 2007	March 31, 2007	March 31, 2006	December 31, 2004	March 31, 2004	March 31, 2003
Loan from Gammon India Limited ('GIL')	14,10,00,000	0	0	2,53,84,750	0	0
TOTAL	14,10,00,000	0	0	2,53,84,750	0	0

Notes:

1. The interest rate on loan taken from GIL (Holding Company) was @ 9% p.a.
2. The figures disclosed above are based on the restated financial information of Gammon Infrastructure Projects Limited

As per our report of even date.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008

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

Parvez Umrigar, Managing Director
Himanshu Parikh, Director

Place: Mumbai
Date: January 30, 2008

ANNEXURE: VIII

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF LOANS & ADVANCES, AS RESTATED

(All figures in Rupees)

Particulars	September 30, 2007	March 31, 2007	March 31, 2006	December 31, 2004	March 31, 2004	March 31, 2003
Advances recoverable in cash or in kind	33,69,978	21,41,666	21,01,740	2,68,000	0	0
Dues from / Deposits with Subsidiaries / Joint ventures						
Andhra Expressway Ltd	2,000	23,000	69,81,774	0	0	0
Cochin Bridge Infrastructure Company Ltd	150					
Gammon L & T Infrastructure MRTS	9,41,841	9,38,441	5,99,701	0	0	0
Gammon Project Developers Ltd	5,700	10,00,34,600	29,800	0	0	0
Gorakhpur Infrastructure Projects Ltd *	9,36,674*	31,98,767	0	0	0	0
Kosi Bridge Infrastructure Company Ltd *	5,36,563*	26,90,772	0	0	0	0
Haryana Biomass Power Ltd	57,53,650	62,00,000	0	0	0	0
Indira Container Terminal Pvt Ltd	23,10,392	9,23,248	0	0	0	0
Mumbai Nasik Expressway Ltd	2,00,13,786	3,96,827	43,03,373	0	0	0
Punjab Biomass Power Ltd	0	1,40,542	1,330	0	0	0
Rajahmundry Expressway Ltd	1,000	2,000	42,48,195	0	0	0
SEZ Adityapur Ltd	1,500	0	0	0	0	0
Sikkim Hydro Power Ventures Ltd	9,61,954	9,59,454	5,66,050	0	0	0
Deposits with Joint Stock Companies :						
Associated Transrail Structures Limited	0	7,00,00,000	0	0	0	0
Others	38,92,000	38,92,000	0	0	0	0
Advance for purchase of equity shares of AEL& REL to Gammon India Limited ('GIL') - holding company	0	0	0	0	0	11,61,00,000
Interest Accrued Receivable [refer Note 2 (b) in Annexure V]	23,52,211	54,57,089	1,06,95,939	68,286	0	0
Prepaid Expenses	86,01,399	59,06,752	32,71,839	1,711	7,057	4,107
Service Tax Credit Receivable	15,17,434	66,63,297				
Advance taxes paid	8,83,03,696	4,38,42,128	1,70,74,737	13,65,322	9,46,364	7,71,184
Other Deposits	3,38,500	3,49,900	3,43,400	3,00,000	3,00,000	3,00,000
Less : Provision made for dues receivable from joint ventures	9,38,441	9,38,441	0	0	0	0
TOTAL	**13,89,01,987**	**25,28,22,042**	**5,02,17,878**	**20,03,319**	**12,53,421**	**11,71,75,291**

Notes:
The figures disclosed above are based on the restated financial information of Gammon Infrastructure Projects Limited ('GIPL')

* During the year ended March 31, 2007 these Companies were associates of GIPL.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar Himanshu Parikh Managing Director Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008

ANNEXURE: IX

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF SUNDRY DEBTORS, AS RESTATED

(All figures in Rupees)

Particulars	**As At**					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**December 31, 2004**	**March 31, 2004**	**March 31, 2003**
Debts outstanding for more than six months						
- Rajahmundry Expressway Limited	0	0	0	13,31,400	15,93,900	0
- Gammon India Limited ('GIL') - Holding Company	1,96,300	1,96,300	1,96,300	0	0	0
Other Debts						
-Gammon India Limited [Refer note 2(d) in Annexure V]		4,70,26,341	3,46,36,799	1,07,45,903		
-Mumbai Nasik Expressway Limited	1,31,66,581	0	0	0	0	0
-Dues from Gorakhpur Infrastructure Co.Ltd	1,77,34,000	0	0	0	0	0
-Dues from Kosi Bridge Infrastructure Co.Ltd	1,47,78,333	0	0	0	0	0
TOTAL	**4,58,75,214**	**4,72,22,641**	**3,48,33,099**	**1,20,77,303**	**15,93,900**	**0**

Notes:

1. The figures disclosed above are based on the restated financial information of Gammon Infrastructure Projects Limited.

As per our report of even date.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008

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

Parvez Umrigar, Managing Director
Himanshu Parikh, Director

Place: Mumbai
Date: January 30, 2008

ANNEXURE: X

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF INVESTMENTS, AS RESTATED

(All figures in Rupees)

Particulars	**September 30, 2007**	**March 31, 2007**	**March 31, 2006**	**December 31, 2004**	**March 31, 2004**	**March 31, 2003**
Long term Investment unless otherwise stated						
Trade Investments – Unquoted						
Ordinary Shares of Rs 10/- each unless otherwise stated						
(Fully paid up unless otherwise stated)						
Subsidiaries :						
Cochin Bridge Infrastructure Company Limited	6,25,00,700	6,25,00,700	6,25,00,700*	2,98,60,100*	2,98,60,100*	2,98,60,100
Andhra Expressway Limited	17,70,32,800	17,70,32,800	17,70,32,800*	7,97,20,000*	6,27,20,000	0
Rajahmundry Expressway Limited	17,81,75,200	17,81,75,200	17,81,75,200*	7,76,80,000*	6,46,80,000	0
Sikkim Hydro Power Ventures Limited	5,00,000	5,00,000	5,00,000	0	0	0
Gammon Projects Developers Limited	5,00,000	5,00,000	4,99,300	0	0	0
Mumbai Nasik Expressway Ltd	41,59,50,000	41,59,50,000	3,50,000	0	0	0
Gorakhpur Infrastructure Company Limited	1,41,22,450*	1,95,000	0	0	0	
Kosi Bridge Infrastructure Company Limited	1,51,67,950*	2,45,000	0	0	0	0
Gammon Road Developers Limited	4,99,400	0	0	0	0	0
Marine Project Services Limited	4,99,400	0	0	0	0	0
Tidong Hydro Power Limited	4,99,940	0	0	0	0	0
Haryana Biomass Power Limited	4,99,940	0	0	0	0	0
Acquisition of Controlling Interest in Equity Shares with Gammon India Limited [Ref.Note C-1 in Annexure IV]						
Andhra Expressway Limited	16,47,61,200	16,47,61,200	16,47,61,200	0	0	0
Rajahmundry Expressway Limited	16,36,18,800	16,36,18,800	16,36,18,800	0	0	0
Gorakhpur Infrastructure Company Limited	53,32,050	0	0	0	0	0
Kosi Bridge Infrastructure Company Limited	53,32,050	0	0	0	0	0
Jointly Controlled Entities and Associates :						
Vizag Seaport Private Limited	33,48,31,837	33,48,31,837	33,48,31,837	14,32,18,367**	17,04,68,367**	24,50,00,000
Punjab Biomass Power Limited of Re 1/- each	3,07,50,000	3,07,50,000	2,49,940	0	0	0
Eversun Sparkle Maritime Services Pvt Limited	2,14,39,500	2,14,39,500	0	0	0	0
SEZ Adityapur Limited	1,90,000	1,90,000	0	0	0	0

Gammon L & T Infrastructure MRTS Limited of Rs 100/- each	5,00,000	5,00,000	5,00,000	0	0	0
Indira Container Terminal Private Limited	1,19,600	0	0	0	0	0
Modern Tollroads Limited	2,44,700	0	0	0	0	0
ATSL Infrastructure Projects Limited	2,44,500	0	0	0	0	0
<u>Non Trade Investments - Quoted and Current</u>						
Equity Shares of Rs 10/- each unless otherwise stated (Fully paid up unless otherwise stated)						
Canara Bank Limited	26,88,000	26,88,000	26,88,000	26,88,000	26,88,000	42,63,000
Vijaya Bank Limited	76,800	76,800	76,800	76,800	76,800	0
Tata Consultancy Services Limited of Re1/- each	4,93,000	4,93,000	4,93,000	4,93,000	0	0
Allahabad Bank Limited	8,63,460	8,63,460	8,63,460	0	0	0
Infrastructure Development Finance Co. Limited	17,68,816	17,68,816	17,68,816	0	0	0
Share application money pending allotment (Current Investments) [refer Note 2 (a) in Annexure V]	75,23,58,791	15,22,23,200	56,10,94,700	9,51,46,994	6,86,31,750	0
Investment in Mutual Funds (Current Investments)	0	1,05,14,348	0	0	0	0
TOTAL	**235,15,60,884**	**171,98,17,661**	**165,00,04,553**	**42,88,83,261**	**39,91,25,017**	**27,91,23,100**
Aggregate Book Value of Unquoted Investments	125,42,67,917	123,33,24,385	75,46,39,777	33,04,78,467	32,77,28,467	27,48,60,100
Aggregate Book Value of Quoted Investments	58,90,076	58,90,076	58,90,076	32,57,800	27,64,800	42,63,000
Aggregate Book Value of Other Investments	109,14,02,891	48,06,03,200	88,94,74,700	9,51,46,994	6,86,31,750	0
Aggregate Market Value of Quoted Investments	3,12,80,039	2,76,40,917	2,61,08,185	1,73,36,001	1,13,21,120	86,96,520

* During these years the said companies were not subsidiaries but are included for comparisons.
**During these years the said company was a subsidiary as per the Companies Act, 1956, but was not consolidated since it was for a temporary period on account of timing differences in infusion of capital by the Joint Venture Partner.

As per our report of even date.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008

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

Parvez Umrigar, Managing Director
Himanshu Parikh, Director

Place: Mumbai
Date: January 30, 2008

ANNEXURE: XI

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CURRENT LIABILITIES AND PROVISIONS, AS RESTATED

(All figures in Rupees)

Particulars	As At					
	September 30, 2007	March 31, 2007	March 31, 2006	December 31, 2004	March 31, 2004	March 31, 2003
Dues to Gammon India Limited	5,14,32,302	2,39,11,762	2,36,95,177	8,10,464	7,096	0
Dues to Subsidiaries /Joint Ventures :						
- Cochin Bridge Infrastructure Company Limited	0	4,640	10,140	0	0	0
- Vizag Seaport Private Limited	3,09,775	1,96,300	0	0	0	0
- Gammon Road Developers Limited	4,80,965	0	0	0	0	0
- Marine Project Services Limited	4,79,650	(17,200)	0	0	0	0
- Modern Toll Roads Limited	2,25,450	(500)	0	0	0	0
- Tidong Hydro Power Limited	4,56,296	0	0	0	0	0
- ATSL Infrastructure Projects Limited	2,25,940	(17,200)	0	0	0	0
Advances from customers :						
- Gammon India Limited	0	0	0	0	0	18,65,625
- Rajahmundry Expressway Limited	0	0	0	2,62,500	0	0
Interest payable :						
- Gammon India Limited	7,67,572	0	0	6,52,074	0	0
- Others	0	0	0	0	0	18,037
Sundry Creditors for expenses	2,46,36,670	1,97,56,957	3,35,12,228	8,05,960	0	0
Other Liabilities	1,00,04,791	75,13,718	19,73,871	5,72,205	5,73,840	6,26,993
	8,90,19,411	5,13,48,477	5,91,91,416	31,03,203	5,80,936	25,10,655
Provisions :						
Provision for taxes						
Current Tax	9,87,07,169	7,82,07,169	4,27,07,169	98,38,881	28,92,664	8,00,616
Fringe Benefit Tax	6,96,199	4,83,327	1,19,222	0	0	0
Provisions for staff benefits	30,13,394	7,82,679	4,74,315	0	0	0
	10,24,16,762	7,94,73,175	4,33,00,706	98,38,881	28,92,664	8,00,616
TOTAL	**19,14,36,173**	**13,08,21,652**	**10,24,92,122**	**1,29,42,084**	**34,73,600**	**33,11,271**

Notes:

1. The figures disclosed above are based on the restated financial information of Gammon Infrastructure Projects Limited.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar Himanshu Parikh Managing Director Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008

ANNEXURE: XII

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF OTHER INCOME, AS RESTATED

(All figures in Rupees)

	Recurring (R) Non recurring (NR)	Year / Period Ended					
		September 30, 2007 (6 months)	March 31, 2007 (12 months)	March 31, 2006 (15 months)	December 31, 2004 (9 months)	March 31, 2004 (12 months)	March 31, 2003 (12 months)
Interest Income(Gross):	NR						
- Intercorporate Deposits		23,09,684	79,51,465	2,05,29,568	86,339	0	5,523
- Fixed Deposits with Banks		10,03,676	3,18,63,778	51,88,367	0	0	0
- Others		1,666	0	0	300	0	0
[refer Note 2 (c) in Annexure V]							
Dividend Income	R	6,32,534	11,33,082	4,56,345	1,98,540	6,14,000	0
Profit on Sale of Investments	NR	70,154	0	0	0	33,36,810	0
Other Income	NR	10,807	29,87,142	5,25,000	0	0	0
TOTAL		**40,28,521**	**4,39,35,467**	**2,66,99,280**	**2,85,179**	**39,50,810**	**5,523**

Notes:

1. The figures disclosed above are based on the restated financial information of Gammon Infrastructure Projects Limited.
2. The classification of other income as recurring / non recurring and related / not related to business activity is based on the current operations and business activity of the company as determined by the management

As per our report of even date.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008

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

Parvez Umrigar — Managing Director
Himanshu Parikh — Director

Place: Mumbai
Date: January 30, 2008

ANNEXURE: XIII

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(All figures in Rupees)

CONTINGENT LIABILITIES

Particulars	As At					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**December 31, 2004**	**March 31, 2004**	**March 31, 2003**

----------NIL----------

CAPITAL COMMITMENTS

Particulars	As At					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**December 31, 2004**	**March 31, 2004**	**March 31, 2003**
Capital Commitment	**276,44,00,000**	139,45,19,960	23,75,803	0	0	0

Notes:

1. The figures disclosed above are based on the restated financial information of Gammon Infrastructure Projects Limited.
2. The capital commitment towards equity to be invested in special purpose vehicles, which is based on management estimates, is considered only in respect of projects where concession agreements are signed and does not include projects where the Company only holds a Letter of Intent.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited	
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar Managing Director	Himanshu Parikh Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	

ANNEXURE: XIV

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF DIVIDENDS DECLARED / PAID / PROPOSED

(All figures in Rupees)

Particulars	Year/Period Ended					
	September 30, 2007	March 31, 2007 (12 months)	March 31, 2006 (15 months)	December 31, 2004 (9 months)	March 31, 2004 (12 months)	March 31, 2003 (12 months)
Class of shares :						
Equity Share Capital	1,28,00,00,000	1,28,00,00,000	1,28,00,00,000	40,42,29,000	40,42,29,000	39,50,00,000
Face Value	10	10	10	10	10	10
Rate of dividend (%)	0	0	0	0	0	0
Amount of dividend	0	0	0	0	0	0

Notes:

The figures disclosed above are based on the restated financial information of Gammon Infrastructure Projects Limited

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441 Place: Mumbai Date: January 30, 2008	per Amit Majmudar Partner Membership No. 36656 Place: Mumbai Date: January 30, 2008	Parvez Umrigar Himanshu Parikh Managing Director Director Place: Mumbai Date: January 30, 2008

ANNEXURE: XV

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

(All figures in Rupees)

		September 30, 2007	March 31, 2007	March 31, 2006	December 31, 2004	March 31, 2004	March 31, 2003
Networth (Rs.)	(A)	2,43,07,05,865	2,40,91,51,924	2,31,82,00,334	40,74,43,512	39,89,98,892	39,34,84,087
Profit/(loss) after Tax (Rs.)	(B)	3,98,64,987	9,48,02,234	4,09,62,654	84,44,620	(6,46,945)	(16,82,520)
No. of Shares outstanding at the end	(C)	12,80,00,000	12,80,00,000	12,80,00,000	4,04,22,900	4,04,22,900	3,95,00,000
Weighted average number of shares outstanding used for calculating basic earning per share	(D)	12,80,00,000	12,80,00,000	6,81,92,110	4,04,22,900	3,95,41,914	21,05,753
Weighted average number of shares outstanding used for calculating diluted earning per share	(E)	12,81,54,975	12,80,00,000	6,81,92,110	4,04,22,900	3,95,41,914	21,05,753
Earnings per Share (EPS) (Rs.) - Basic	(B/D)	0.31	0.74	0.60	0.21	(0.02)	(0.80)
Earnings per Share (EPS) (Rs.) - Diluted	(B/E)	0.31	0.74	0.60	0.21	(0.02)	(0.80)
Return on Net worth (%)	(B/A)	1.64	3.94	1.77	2.07	(0.16)	(0.43)
Net Asset Value per Share (Rs.)	(A/C)	18.99	18.82	18.11	10.08	9.87	9.96

Notes:

1. The above ratios are calculated as under

$$\text{EPS} = \frac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$$

$$\text{Return on Networth} = \frac{\text{Net profit after tax, as restated}}{\text{Net worth, as restated, at the end of the period}}$$

$$\text{Net Asset Value per Share} = \frac{\text{Net worth, as restated, at the end of the period}}{\text{Number of equity shares outstanding at the end of the period}}$$

2. The figures disclosed above are based on the restated financial information of Gammon Infrastructure Projects Limited.
3. Earnings per Share (EPS) calculations are done in accordance with the Accounting Standard 20 'Earnings per Share' issued by Institute of Chartered Accountants of India.
4. Weighted average number of shares outstanding used for calculating diluted earning per share for period ended September 30, 2007 includes the ehsraes to be issued against options granted computed in accordance with accounting standard 20.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar Himanshu Parikh Managing Director Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008

ANNEXURE: XVI

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF CAPITALISATION AS AT SEPTEMBER 30, 2007

(All figures in Rupees)

Particulars	**Pre Issue As At September 30, 2007**	**Post Issue***
- Secured Loans	0	
- Unsecured Loans (Short term)	14,10,00,000	
Share holders' funds :		
Share Capital	1,28,00,00,000	
Securities Premium	96,48,18,046	
Employee Stock Options Outstanding	38,35,922	
Profit and Loss Account	18,20,51,897	
Less :		
Miscellaneous expenditure (to the extent not written off)	0	
Total Share holders' funds	2,43,07,05,865	
Long Term Debt to Equity	**N.A.**	

* Share capital and Reserves & surplus post issue can be calculated only on the conclusion of the book building process.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar — Managing Director Himanshu Parikh — Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008

ANNEXURE: XVII

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF RELATED PARTY TRANSACTIONS

LIST OF RELATED PARTIES

Relationships :

Entities where control exists :

Gammon India Limited - Holding Company ('GIL')

Subsidiaries :

Cochin Bridge Infrastructure Company Limited ('CBICL')
Sikkim Hydro Power Ventures Limited ('SHVPL')
Andhra Expressway Limited ('AEL')
Rajahmundry Expressway Limited ('REL')
Gammon Projects Developers Limited ('GPDL')
Mumbai Nasik Expressway Limited ('MNEL')
Gorakhpur Infrastructure Company Limited ('GICL')
Kosi Bridge Infrastructure Company Limited ('KBICL')
Tidong Hydro Power Limited ('THPL')
Haryana Biomass Power Limited('HBPL')
Marine Projects Services Limited('MPSL')
Gammon Road Developers Limited('GRDL')

Associates and Joint Ventures :

Vizag Seaport Private Limited ('VSPL')
Gammon L & T Infra MRTS Limited ('GLIML')
Punjab Biomass Power Limited ('PBPL')
Associated Transrail Structures Limited ('ATSL')
Eversun Sparkle Maritime Services Pvt. Limited ('ESMSPL')
SEZ Adityapur Limited ('SEZAL')
Indira ContainerTerminal Private Limited ('ICTPL')
Modern Tollroads Limited ('MTL')
ATSL Infrastructure Projects Limited('AIPL')

Key Management Personnel :

Mr.Abhijit Rajan
Mr.Parvez Umrigar

Name of Related Party	Nature of Transaction	September 30, 2007	March 31, 2007	March 31, 2006	December 31, 2004
GIL	Subcontracting Income	7,05,81,399	14,34,16,064	12,46,93,195	1,03,36,640
	Advisory Income	0	0	66,10,000	14,00,000
	Purchase of Intangible Asset	0	25,00,00,000	0	-
	Purchase of Investments	1,02,45,900	0	17,53,90,600	-
	Sale of Investments	0	0	6,60,00,000	4,72,50,000
	Share Application money received	0	0	79,22,89,100	0
	Share Application Money refunded	0	0	14,05,18,100	0
	Rent Paid	6,00,000	12,00,000	15,00,000	9,00,000
	Insurance Claims received	0	29,87,142	0	0
	Finance provided (including Loans & Equity contribution in cash or in kind)	0	0	0	1,00,00,000
	Finance provided for expenses & on account payments	1,50,000	0	2,26,49,795	-
	Advance received against Operating & Maintenance Contract	7,11,36,304	0	0	0
	Adjustment of advances received against Operating & Maintenance Contract	4,72,70,733	0	0	0
	Amount liquidated towards finance provided	0	37,69,628	44,13,733	1,00,00,000
	Interest Income during the year	0	0	0	86,339
	Finance received (including Loans & Equity contribution in cash or in kind)	14,10,00,000	0	90,33,48,133	7,90,06,700
	Finance received for expenses & on account payments	10,00,000	1,12,66,554	4,54,20,195	-
	Amount liquidated towards finance received	7,02,100	3,02,16,751	31,88,02,763	5,34,22,000
	Interest paid during the year	9,92,465	0	56,33,782	8,24,471
	Deposit towards purchase of beneficial interest of equity shares	1,06,64,100	0	32,83,80,000	-
	Outstanding balances receivable	14,60,40,526	35,16,90,879	1,11,37,922	0
	Outstanding balances payable		0	0	1,64,42,362
CBICL	Finance provided (including Loans & Equity contribution in cash or in kind)		0	26,22,00,000	0
	Finance provided for expenses & on account payments	3,63,322	5,500	0	0
	Amount liquidated towards above finance	0	0	26,22,00,000	0
	Interest Income during the period	0	0	58,45,623	0
	Finance received (including Loans & Equity contribution in cash or in kind)	0	0	0	15,00,000
	Finance received for expenses & on account payments	0	0	10,140	0
	Amount liquidated towards finance received	3,58,532	0	0	15,00,000
	Interest paid during the year	0	0	0	66,575
	Outstanding balances payable	0	4,640	10,140	0
	Outstanding balances receivable	150	0	0	
SHPVL	Advance for purchase of equity shares	0	1,05,78,000	10,00,000	0
	Finance provided (including Loans & Equity contribution in cash or in kind)	0	1,05,73,000	5,04,940	-
	Finance provided for expenses & on account payments	2,500	3,98,404	5,61,050	-
	Share application money paid	46,01,000	0	0	0
	Refund received against share application money paid	10,00,000	0	0	0

	Amount liquidated towards above finance	0	1,05,78,000	0	0
	Outstanding balances receivable	9,61,954	9,59,454	5,66,050	-
MNEL	Advisory Income	2,48,45,140	4,97,43,408	0	0
	Advance for purchase of equity shares	0	5,29,40,000	38,91,30,000	0
	Advances refunded / adjusted against issue of shares	0	44,20,70,000	0	0
	Finance provided (including Loans & Equity contribution in cash or in kind)	0	85,00,000	5,05,000	-
	Finance provided for expenses & on account payments	2,00,13,786	2,81,45,777	43,03,373	-
	Amount liquidated towards above finance	3,96,827	4,05,52,323	5,700	0
	Interest Income during the period	0	44,138	302	0
	Outstanding Balances Receivable	3,31,80,367	3,96,827	43,03,373	-
REL	Advance for purchase of equity shares	0	0	5,40,000	3,28,05,600
	Advances refunded / adjusted against issue of shares	0	0	5,76,78,600	1,30,00,000
	Sundry Balances written back	0	0	2,62,500	0
	Finance provided (including Loans & Equity contribution in cash or in kind)	0	0	39,60,63,525	1,30,00,000
	Finance provided for expenses & on account payments	1,000	74,65,000	68,32,834	0
	Amount liquidated towards above finance	2,000	1,17,11,195	40,02,42,064	-
	Interest Income during the period	0	0	67,07,140	0
	Finance received (including Loans & Equity contribution in cash or in kind)	0	0	0	2,62,500
	Outstanding Balances Receivable	1,000	2,000	94,50,253	13,31,400
	Outstanding Balances Payable		0	0	0
AEL	Advance for purchase of equity shares	0	0	5,06,08,006	2,37,09,644
	Advances refunded / adjusted against issue of shares	0	0	8,86,16,400	1,70,00,000
	Sundry Balances written back	0	0	2,62,500	
	Finance provided (including Loans & Equity contribution in cash or in kind)	0	0	42,99,11,300	1,70,00,000
	Finance provided for expenses & on account payments	2,000	68,24,500	95,79,988	0
	Amount liquidated towards above finance	23,000	1,37,83,274	43,25,09,514	0
	Interest Income during the period	0	0	69,45,078	0
	Finance received for expenses & on account payments	0	0	0	2,62,500
	Outstanding Balances Receivable	2,000	23,000	1,23,68,376	0
	Outstanding Balances Payable	0	0	0	2,62,500
GICL	Advance for purchase of equity shares	0	4,00,000	0	0
	Share Application money paid	35,55,00,000	0	0	
	Developer Income	1,77,99,929	0	0	0
	Conversion of share application money into equity shares at par	78,00,000	0	0	
	Finance provided (including Loans & Equity contribution in cash or in kind)	-	1,94,950	0	0
	Finance provided for expenses & on account payments	73,95,413	31,98,767	0	0
	Amount liquidated towards above finance	96,57,506	0	0	
	Outstanding Balances Receivable	1,86,70,674	31,98,767	0	0

KBICL	Finance provided (including Loans & Equity contribution in cash or in kind)	-	2,44,940	0	0
	Share Application money paid	23,06,34,591	0	0	
	Developer Income	1,48,33,273	0	0	0
	Conversion of share application money into equity shares at par	98,00,000	0	0	
	Finance provided for expenses & on account payments	49,28,514	26,90,772	0	0
	Amount liquidated towards above finance	70,82,723	0	0	
	Outstanding Balances Receivable	1,53,14,896	26,90,772	0	0
VSPL	Advisory Income/ Developer's Fee	0	0	30,35,000	88,15,000
	Advance for purchase of equity shares	0	0	14,02,45,200	2,00,00,000
	Finance provided (including Loans & Equity contribution in cash or in kind)	0	0	4,88,63,470	2,00,00,000
	Finance provided for expenses & on account payments	0	10,500	0	0
	Finance received for expenses & on account payments	1,13,475	2,06,800	0	-
	Amount liquidated towards finance received	0	0	7,500	-
	Advances received	0	0	0	73,15,000
	Advances refunded	0	0	0	73,15,000
	Outstanding Balances Receivable	0	0	0	0
	Outstanding Balances Payable	3,09,775	1,96,300	0	0
GLIML	Finance provided (including Loans & Equity contribution in cash or in kind)	0	0	0	-
	Finance provided for expenses & on account payments	3,400	3,38,740	5,99,701	-
	Outstanding Balances Receivable	9,41,841	9,38,441	5,99,701	-
GPDL	Finance provided (including Loans & Equity contribution in cash or in kind)	7,00,00,000	10,00,00,000	5,04,300	0
	Finance refunded /liquidated (including Loans & Equity contribution in cash or in kind)	17,00,00,000	0	0	0
	Amount liquidated towards finance provided for expenses	29,600	0	0	0
	Finance provided for expenses & on account payments	700	4,800	24,800	0
	Interest Income during the period	16,40,852	10,84,932	0	0
	Outstanding Balances Receivable	21,16,208	10,08,76,073	29,800	0
PBPL	Advance for purchase of equity shares		0	2,00,00,000	0
	Share Application money paid	2,80,00,000	0	0	
	Advances refunded / adjusted against issue of shares	0	2,00,00,000	0	0
	Finance provided (including Loans & Equity contribution in cash or in kind)	0	1,05,00,000	4,99,940	0
	Finance provided for expenses & on account payments	0	3,00,723	27,750	0
	Amount liquidated towards above finance	1,40,542	1,61,511	26,420	0
	Outstanding Balances Receivable	0	1,40,542	1,330	0
SEZAL	Advance for purchase of equity shares	0	1,89,990	0	0
	Finance provided for expenses & on account payments	1,500	0	0	
	Outstanding Balances Receivable	1,500	0	0	

ATSL	Finance provided (including Loans & Equity contribution in cash or in kind)	0	8,00,00,000	3,88,00,000	0
	Purchase of Investments	10,04,500			
	Amount liquidated towards above finance	7,00,00,000	1,00,00,000	3,88,00,000	0
	Interest Income during the period	4,73,699	30,97,808	10,31,425	0
	Outstanding Balances Receivable	0	7,00,00,000	0	0
AIPL	Finance provided (including Loans & Equity contribution in cash or in kind)	2,44,500	0	0	0
	Finance provided for expenses & on account payments	1,360	0	0	0
	Outstanding Balances Payable	2,25,940	0	0	0
THPL	Finance provided (including loans and equity contributions in cash or in kind)	4,99,940	0	0	0
	Finance provided for expenses & on account payments	43,644	0	0	0
	Outstanding Balances Payable	4,56,296	0	0	0
HBPL	Finance provided (including loans and equity contributions in cash or in kind)	4,99,940	0	0	0
	Finance provided for expenses & on account payments	53,590	0	0	0
	Outstanding Balances Receivable	57,53,650	0	0	0
MPSL	Finance provided (including loans and equity contributions in cash or in kind)	4,99,400	0	0	0
	Finance provided for expenses & on account payments	2,550	0	0	0
	Outstanding Balances Payable	4,79,650	0	0	0
GRDL	Finance provided (including loans and equity contributions in cash or in kind)	4,99,400	0	0	0
	Finance provided for expenses & on account payments	18,435	0	0	0
	Outstanding Balances Payable	4,80,965	0	0	0
ICTPL	Finance provided (including loans and equity contributions in cash or in kind)	1,19,600	0	0	0
	Finance provided for expenses & on account payments	15,06,744	0	0	0
	Outstanding Balances Receivable	23,10,392	0	0	0
MTL	Finance provided (including loans and equity contributions in cash or in kind)	2,44,700	0	0	0
	Finance provided for expenses & on account payments	18,750	0	0	0
	Outstanding Balances Payable	2,25,450	0	0	0
KMP					
Mr. Abhijit Rajan					
	Share Application money received	0	0	10,00,00,000	0
	Share Application Money refunded	0	0	4,31,11,110	0
	Finance received (including Loans & Equity contribution in cash or in kind)	0	0	5,68,88,890	
Mr. Parvez Umrigar					
	Gross Value of Stock option issued	1,14,00,000			
	Amortisation of options issued	16,15,000			
	Managerial Remuneration	28,73,559	38,45,659	14,23,315	0

Notes:

1. The above disclosures are required to be made as per the Accounting Standard (AS) 18 – "Related Party Disclosures" issued by the Institute of Chartered Accountants of India. AS 18 was applicable to the Company with effect from April 1, 2004. Accordingly, the disclosures as prescribed by AS 18 have been made prospectively from the period ended December 31, 2004.
2. The classification and disclosure of information of related parties for each of the years is as per the audited stand alone financial statements of Gammon Infrastructures Projects Limited for the respective years, which have been adjusted for restatements.

As per our report of even date.

For Natvarlal Vepari & Co. Chartered Accountants	For S.R. Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors of Gammon Infrastructure Projects Limited
N. Jayendran Partner Membership No. 40441	per Amit Majmudar Partner Membership No. 36656	Parvez Umrigar, Managing Director Himanshu Parikh, Director
Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008	Place: Mumbai Date: January 30, 2008

ANNEXURE: XVIII

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STATEMENT OF TAX SHELTERS

SR NO.	PARTICULARS	September 30, 2007 (6 months)	March 31, 2007 (12 months)	March 31, 2006 (15 months)	December 31, 2004 (9 months)	March 31, 2004 (12 months)	March 31, 2003 (12 months)
A	**Profit/(Loss) Before Tax**	6,51,78,147	14,56,56,419	7,49,81,008	1,57,89,684	16,82,195	(11,03,595)
B	**Tax Rate**	33.99%	33.66%	34.52%	36.59%	35.88%	36.75%
C	**Tax thereon at above rate**	**2,21,54,052**	**4,90,27,951**	**2,58,80,385**	**57,77,840**	**6,03,487**	**(4,05,571)**
D	**Permanent Differences**						
	Income Exempt from Tax	(6,32,534)	(11,33,082)	(4,56,345)	(1,98,540)	(6,14,000)	0
	Other Adjustments (LTCG/STCG)	(70,154)		0	0	(25,93,618)	0
	Amount inadmissible u/s 14A	12,89,912	2,23,538	51,87,132	6,02,543	18,44,400	
	Deffered Revenue Expenses Written off	0	0	0	0	13,87,250	28,00,000
	Compensation Expense (ESOP)	38,35,922					
	Provision Made for Dues receivable from Subsidiary	0	9,38,441	0	0	0	
		44,23,146	**28,897**	**47,30,787**	**4,04,003**	**24,032**	**28,00,000**
E	**Timing Differences**						
	Depreciation	(1,51,49,961)	(4,52,60,177)	(1,82,692)	(27,706)	(20,385)	(22,526)
	Preliminary Expenses	0	0	(6,250)	(3,750)	(5,000)	(5,000)
	Amounts inadmissible u/s 43B (b)	20,71,242	3,17,239	2,62,835	0	0	0
	Amounts inadmissible u/s 40(a)	0	17,74,363	6,13,685	0	0	0
F	**Total Timing Differences**	**(1,30,78,719)**	**(4,31,68,575)**	**6,87,578**	**(31,456)**	**(25,385)**	**(27,526)**
G	**Net Adjustments (D+F)**	**(86,55,573)**	**(4,31,39,678)**	**54,18,365**	**3,72,546**	**(1,353)**	**27,72,474**
H	Tax (Saving) /Burden thereon	(29,42,029)	(1,45,20,816)	18,23,584	1,36,324	(485)	10,18,884
	Penalty		0	0	0	11,98,692	
	Tax on Income at other than notional rates	7,948	0	0	0	2,59,362	
	Interest on Tax Liability		7,90,413	41,18,793	13,98,652	1,09,516	
I	**Tax on net adjustments**	**(29,34,081)**	**(1,37,30,403)**	**59,42,377**	**15,34,976**	**15,67,085**	**10,18,884**
J	**NET TAX LIABILITY(C + I)**	**1,92,19,971**	**3,52,97,548**	**3,18,22,761**	**73,12,816**	**21,70,572**	**6,13,313**

As per our report of even date.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
Partner
Membership No. 40441
Place: Mumbai
Date: January 30, 2008

For S.R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: January 30, 2008

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

Parvez Umrigar, Managing Director
Himanshu Parikh, Director

Place: Mumbai
Date: January 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our restated consolidated and unconsolidated financial statements beginning on page 163 of this Red Herring Prospectus. You should also read the sections titled "Risk Factors" and "Forward-Looking Statements" beginning on page xiii and page xii, respectively, which discuss a number of factors and contingencies that could impact our financial condition and results of operations.

Overview

We are an infrastructure project development company incorporated in 2001 by Gammon India Limited to participate in the development of infrastructure projects in India. We are among the first companies in India to be modelled as an infrastructure development company undertaking projects on a public-private partnership basis. In India, PPPs refer to long-term, contractual partnerships between the central or state government or their agencies and private sector companies, specifically targeted towards financing, designing, implementing, and operating infrastructure facilities and services that were traditionally provided by the government or its agencies. These collaborative ventures are developed and operated on the expertise and capabilities of the project partners and are based on a contractual agreement, which ensures appropriate and mutually agreed allocation of resources, risks and returns.

We currently undertake and develop projects such as roads, bridges, ports, hydroelectric power and biomass power projects on a PPP basis. In addition, we have also identified urban infrastructure, airports, mass rapid transit systems, power transmission lines and SEZs as areas of focus for project development. We also offer services in other areas of project development, such as project advisory services, project funding and operations and maintenance activities.

We currently derive our revenue from our four operational projects in addition to revenue from our O&M business. For the six months ended September 30, 2007 we, on a consolidated basis, had total income of Rs. 8,366.9 lakhs and net profit of Rs. 1,095.7 lakhs (net of transfer to minority interest) and for the Fiscal 2007, we, on a consolidated basis, had total income of Rs. 15,888.0 lakhs and net profit of Rs. 2,985.3 lakhs (net of transfer to minority interest).

REL's Rajahmundry-Dharmavaram annuity road project became operational in September 2004 and generates its revenues from semi-annual annuities. REL received its first annuity payment in May, 2005 and became our subsidiary during the period ended March, 2006, prior to which it was a subsidiary of GIL. For the six months ended September 30, 2007, REL had total income of Rs. 3,304.32 lakhs and net profit of Rs. 825.36 lakhs and for the Fiscal 2007, REL had total income of Rs. 6,395.8 lakhs and net profit of Rs. 1,644.1 lakhs.

AEL's Dharmavaram–Tuni annuity road project became operational in October 2004 and generates its revenues from semi-annual annuities. AEL received its first annuity payment in May, 2005 and became our subsidiary during the period ended March, 2006, prior to which it was a subsidiary of GIL. For the six months ended September 30, 2007, AEL had total income of Rs. 3,105.68 lakhs and net profit of Rs. 790.54 lakhs and for the Fiscal 2007, AEL had total income of Rs. 5,951.5 lakhs and net profit of Rs. 1,514.0 lakhs.

CBICL's New Mattancherry bridge project in Cochin, Kerala, generates its revenue on a toll and annuity basis and became operational in September 2001. It became a subsidiary during the period ended March 2006. We hold a 97.65% equity stake in CBICL. For the six months ended September 30, 2007, CBICL had total income of Rs. 268.49 lakhs and net profit of Rs. 62.76 lakhs and for the Fiscal 2007, CBICL had total income of Rs. 544.04 lakhs and net profit of Rs. 147.3 lakhs.

VSPL's cargo facilities consist of two multipurpose berths at Visakhapatnam port, which became operational in October 2004 and September 2005, respectively. We hold a 42.22% equity stake in VSPL. For the six months ended September 30, 2007, VSPL had total income of Rs. 2,473.43 lakhs and loss of Rs. 583.86 lakhs and for the Fiscal 2007, VSPL had total income of Rs. 3,045.86 lakhs and a loss of Rs. 1,117.80 lakhs.

A substantial portion of our income on a consolidated basis has been derived from the operations of REL, AEL, CBICL and VSPL. Additional revenue streams are expected from future projects once they become operational, including the MNEL road project, the SHPVL hydropower project, the Mumbai offshore container terminal project, the two PBPL biomass power projects, the KBICL bridge project and the GICL bypass road project, which have not yet commenced operations and, therefore, have not contributed to our revenues.

The Company, on a stand alone basis derives a substantial portion of its revenues from rendering advisory services provided during pre-bidding, bidding and financial closure to its group companies and through operations and maintenance of infrastructure projects. Income from operations and maintenance is on account of fees received by the Company for operating and maintaining the projects.

Basis of Preparation

The following discussion is based on (a) our restated consolidated financial statements, which are based on our audited consolidated financial statements restated in accordance with paragraph B(1) of Part II of Schedule II of the Companies Act and the SEBI Guidelines for the six months ended September 30, 2007, for the Fiscal year March 31, 2007 and the 15 month period ended March 31, 2006; and (b) the Company's restated unconsolidated financial statements, which are based on its audited unconsolidated financial statements restated in accordance with paragraph B(1) of Part II of Schedule II of the Companies Act and the SEBI Guidelines for the six months ended September 30, 2007, Fiscal year March 31, 2007, 15 month period ended March 31, 2006 and the nine month period ended December 31, 2004. The audited consolidated and unconsolidated financial statements are prepared in accordance with Indian GAAP. There was no requirement to prepare consolidated financial statements for the periods prior to January 1, 2005 as the Company did not have any subsidiaries and accordingly the Company did not prepare consolidated financial statements for any periods prior to January 1, 2005.

Factors Affecting our Results of Operations

As an infrastructure project development company, our financial condition and results of operations are affected by numerous factors and the following are of particular importance:

- *General economic and business conditions*. As a company operating in India, we are affected by the general economic conditions in the country and in particular the factors affecting the infrastructure industry in general and the projects we develop in particular. The Indian economy has grown steadily over the past several years. GDP growth was 7.5% in Fiscal 2004, 8.1% in Fiscal 2005, 8.4% in Fiscal 2006 and 9.2% in the Fiscal 2007. This improved performance was propelled by the growth in industrial activity and robust services sector. Quality infrastructure, covering the services of transportation, energy, urban infrastructure and industrial and commercial infrastructure is one of the important necessities for promoting and sustaining this economic growth. Growth in the industrial and manufacturing activity and services sector leads to growth in demand for infrastructure facilities which translates into new proposals for construction, up-gradation and maintenance of infrastructure facilities. Also, improvements in infrastructure facilities in turn have a strong impact upon GDP growth. The overall economic growth will therefore impact the results of our operations. The growth prospects of our business and our ability to implement our strategies will be influenced by macro-economic growth.

- *Dependence on government policy and regulation towards infrastructure*. The growth of the infrastructure industry in India and our business is dependent on the establishment of stable government policies and prudent regulation. Infrastructure development in India has historically been the preserve of the central and state governments, and has been constrained by various factors such as shortages of public funding, political considerations and issues of transparency and accountability. Changes in government policies, which began in the 1990s, facilitated the entry of private capital into infrastructure and have led to rapid growth in certain sectors. More recently, policy changes in the transportation, energy, urban infrastructure and industrial and commercial infrastructure sectors have begun to attract significant private sector interest. We believe that with the policy and regulatory reforms continuing to move in the right direction, our growth and financial conditions and operations will be positively impacted.

- *Competition*. Despite the fact that we are not affected by competition in the short-term due to our arrangements under our concession and license agreements, our results of operations could be affected by competition in the infrastructure sector in India in the future. We expect competition to intensify due to possible new entrants in the market, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established infrastructure companies. This we believe may impact our financial condition and operations.

- *Our bidding and execution capability*. Infrastructure project development on a public private partnership basis in India involves pre-qualifying interested companies based on their technical and financial strengths. The nature of the Government's process is such that the pre-qualifications obtained in the past play an important role in allowing companies to bid for the new projects. Further, the ability to strategically partner with other players will also determine the success in award of projects for which we bid. The project management capability will also affect our financial condition and operations.

- *Availability of cost effective funding sources*. Our ability to grow in the infrastructure sectors depends largely on cost effective avenues of funding and will be primarily met through funding by increased borrowing from external sources and the issuance of new debt. Our debt service costs as well as our overall cost of funds depends on many external factors, including developments in the Indian credit market and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. With the growth of our operations we have had to increasingly access commercial borrowings and we have benefited from lower interest rates on our borrowings. We believe that going forward the availability of cost effective funding sources could affect our business operations and financial performance.

- *Tax benefits and incentives*. Our project SPVs are eligible for certain tax benefits and incentives that accord favourable treatment to infrastructure-related activities. In addition, we expect to benefit from tax benefits offered to SEZs. Moving forward, we believe that any change in the existing tax benefits and incentives can affect our financial condition.

Our Significant Accounting Policies

Our financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, and the accompanying notes thereto included in this Red Herring Prospectus include information that is relevant to this discussion and analysis of our financial condition and results of operations. The financial statements require our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures, and the related disclosure of cash flows and contingent liabilities, among other items. Certain key accounting policies that are relevant and specific to our business and operations have been described below. The financial accounts have been prepared based on historical cost convention on an accrual basis in accordance with applicable accounting standards.

Adjustments

Our financial information has been restated in compliance with SEBI Guidelines. In accordance with Indian GAAP, the effects of the restatement are shown as restatements of individual line items in our income statement to arrive at the restated profit after tax.

Significant Accounting Policies

1. **Principles of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, associates and joint ventures (the "group") in the form of jointly controlled entities. The consolidated financial statement has been prepared on the following basis:

The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard - 21 "Consolidated Financial Statements" issued by Institute of Chartered Accountants of India ('AS-21').The consolidated financial statements have been prepared using uniform policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements**.** The excess of cost of investments of the Company over its share of equity in the subsidiary is recognised as goodwill and 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 are included in these consolidated financial statements using the proportionate consolidation method as per the Accounting Standard – 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India ('AS-27')**.** The group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, on a line by line basis.

Investment in associates

Investments in associates are accounted under the equity method as per the Accounting Standard – 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India ('**AS -23**'). Under the equity method, the investment in associates is carried on 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 the acquisition of the investment is accounted for as goodwill. The excess of the Company's share of net assets in the associate over the cost of its investment is accounted for as capital reserve.

Goodwill / capital reserve is included/adjusted in the carrying amount investment**.**

2. Revenue Recognition

*Infrastructure Development Business***:**

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

The annuity receivable from Government of Kerala 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 the Company.

The Company earns an annuity income from some of its BOT projects which 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 and other charges 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 income is recognised on an accrual basis when the same is due.

Developer Fees:

Revenues on professional services rendered are recognised on an accrual basis.

Operations and Maintenance Revenues:

Revenues on O&M contracts are recognised proportionately over the period of the contract.

Interest Revenue:

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

Dividend Revenue:

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.

3. Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation thereon. Expenditure incurred up to the date of commencement of commercial operations are capitalized as part of fixed assets.

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 other fixed assets is provided on straight line method at the rates and in the manner laid down in Schedule XIV to the Companies Act or the rates based on the estimated useful lives of the fixed assets, whichever is higher**.** Depreciation on assets purchased or installed during the year is calculated on a pro-rata basis from the date of such purchase or installation.

Intangible assets being rights of O&M which results in an O&M income stream for a period of 14 years. The rights are therefore amortised over a period of 14 years.

4. Impairment

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

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

5. 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 the investments.

6. Inventories

Stores and materials are valued at lower of cost or net realizable value. The first-in-first-out method of inventory valuation is used to determine the cost.

7. 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.

8. Provision for Taxation

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

Deferred income taxes reflects the impact of current year/period timing differences between taxable income and accounting income for the year/period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where we have 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 we assess unrecognised deferred tax assets. We recognise the 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.

9. Preliminary and Share Issue Expenses

The preliminary and share issue expenses incurred up to March 31, 2004 are amortised equally over a period of ten and five years, respectively. Share issue expenses after April 1, 2004 are charged off to the security premium account, if available, or to the profit and loss account.

10. Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on the basis of straight line method over the lease term.

11. Earnings Per Share

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

12. Employee Benefits

Retirement benefit in the form of provident fund is a defined contribution scheme and contributions are charged to the profit and loss account for the year/period when the contributions are made. Gratuity liability and leave encashment are defined benefit obligations and are provided on the basis of an actuarial valuation made at the end of each year/period.

13. Employee Share – Based Payments (ESOP)

We use the intrinsic value method of accounting prescribed by the guidance note on "Accounting for employee share-based payments" issued by the Institute of Chartered Accountants of India to account for our Employee Stock Option Scheme (the 'ESOP' Scheme) together with SEBI (Employees stock option scheme or Employees Stock Purchase Guidelines), 1999.

14. Amortisation of Goodwill

Excess of Goodwill over Capital Reserve on consolidation is amortised over five years.

15. 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 the notes to accounts. Contingent assets are neither recognised nor recorded in financial statements.

Our Results of Operations (Consolidated)

Unless otherwise stated, "Fiscal" refers to the twelve month period ending March 31 of that year. Our year ended March 31, 2006 reflects a 15 month fiscal year and the year ended December 31, 2004 reflects a nine month fiscal year, as a result of change of fiscal year ends. As a result, our results of operations for the periods presented below are not comparable. Our historical financial performance may not be considered as indicative of future financial performance.

The table below summarizes our results of operations (consolidated), including as a percentage of total income, for the periods indicated:

(Rupees in Lakhs)

	Period Ended					
	September 30, 2007		March 31, 2007		March 31, 2006	
	(Six months)	% of Total Income	(12 months)	% of Total Income	(15 months)	% of Total Income
INCOME:						
Turnover……………………………………………….	7771.7	92.89	14,770.0	92.96	7678.2	97.81
Other Income.………………………………………...	595.2	7.11	1118.0	7.04	171.7	2.19
TOTAL INCOME…………………………………..	8366.9	100.00	15,888.0	100.00	7849.9	100.00
EXPENDITURE:						
Operating Expenses …………………………………	1523.6	18.20	2237.6	14.09	1315.8	16.76
Administrative Expenses…………………………….	372.7	4.45	702.8	4.42	542.9	6.92
Finance Costs……………………………………...	2554.2	30.53	4495.5	28.30	2312.7	29.46
Depreciation……………………………………….	1988.5	23.77	3843.2	24.19	1931.5	24.60
Amortisation…………………………………………	106.3	1.27	205.5	1.29	-	-
Miscellaneous Expenditure Written Off……………..	3.0	0.04	7.6	0.04	3.4	0.04
TOTAL EXPENDITURE……………………….	6548.3	78.26	11,492.2	72.33	6106.3	77.78
Net Profit Before Tax and Share of Profits/(Loss) in Associates………...…………………………………	1818.6	21.74	4395.8	27.67	1743.6	22.22
Add/ (Less): Share of Profits/(Loss) in Associates…………..	(37.5)	(0.45)	(65.8)	(0.41)	1016.9	12.95
Less: Taxation……………………………………...	578.9	6.92	1136	7.15	702.7	8.95
Less: Minority Interest……………………………..	(106.5)	(1.27)	(208.7)	(1.31)	(231.3)	(2.95)
NET PROFIT……………………………………….	1095.7	13.10	2985.3	18.79	1826.5	23.27

Income. We derive our income primarily from our four currently operational projects as well as from advisory services and operations and maintenance income. Income from our operational projects currently includes annuity income from REL's and AEL's road projects and CBCIL's bridge project, toll income from CBCIL's bridge project as well and income from VSPL's port operations. The income from advisory services is for the advice provided by us during pre-bidding, bidding and financial closure to our group companies. Income from operations and maintenance is on account of fees received for operating and maintaining the road projects.

Expenditure. Our expenditure consists of operating expenses, administrative expenses, finance costs, depreciation, amortisation and miscellaneous expenditure written off.

Operating Expenses. We are required to maintain the roads and bridge for which we are the O&M contractor to the standards prescribed by the NHAI. These would typically entail expenses relating to re-surfacing the roads and bridge and ensuring lane availability during the period of the contract. We also incur expenses to operate and maintain the berths at the port at Visakhapatnam.

Administrative Expenses. Administrative expenses are generally on account of employee costs, fees paid to professionals, insurance premiums, communication expenses and other administrative costs and expenses.

Finance Costs. Finance costs consists of interest paid on term loans and working capital loans, and also includes finance charges related to such borrowings.

Depreciation. Depreciation rates for certain categories of our assets are provided below. See also "– Significant Accounting Policies – Fixed Assets and Depreciation".

Asset Block……………………………	Rate of Deprecation as per Companies Act
Project Berth…………………………..	Amortised over the balance of concession period
Project Building……………………….	Amortised over the balance of concession period
Project Road…………………………...	Amortised over the balance of concession period
Purchase of O&M Rights……………...	Amortised over the period of agreement
Plant and Machinery…………………..	4.75%

Miscellaneous Expenditure Written Off. Miscellaneous expenditure written off consists of preliminary expenses incurred at the time of incorporation of the company and share issue expenses.

Share of Profits in Associates. Share of profits in associates reflects the share of profits being accounted in relation to profits earned from associate companies in accordance with equity method of accounting prescribed by AS-23 issued by Institute of Chartered Accountants of India.

Minority Interest. Minority Interest indicates profits / losses transferred to minority shareholders in accordance with their equity shareholding in the associate companies.

Taxation. We provide for both current taxes, comprising of income tax, wealth tax and fringe benefit tax, and deferred taxes. Tax on income for the current period is determined on the basis of estimated taxable income and tax credit, if any, and computed in accordance with the provisions of applicable law. Deferred tax arises mainly due to the timing differences between accounting income and the estimated taxable income for the period and is quantified using the tax rates and laws enacted or substantially enacted as on the relevant balance sheet date. Our deferred tax liability is recognized net of deferred tax assets, if any.

Six Months Ended September 30, 2007

Income. Our total income for the six months ended September 30, 2007 was Rs. 8,366.9 lakhs and comprised of turnover of Rs. 7,771.7 lakhs and other income of Rs. 595.2 lakhs.

Turnover. Our turnover was Rs. 7,771.7 lakhs for the six months ended September 30, 2007. Annuity income, income from port operations and toll income comprised 69.69%, 12.64% and 2.13%, respectively, of our total income for the six months ended September 30, 2007. In addition, O&M income comprised 8.43% of our total income for the six months ended September 30, 2007.

Other Income. Our other income was Rs. 595.2 lakhs for the six months ended September 30, 2007 and comprised 7.11% of our total income for such period. A majority of our other income for the six months ended September 30, 2007 was attributable to interest income.

Expenditure. Our total expenditure for the six months ended September 30, 2007 was Rs. 6,548.3 lakhs and comprised primarily of operational expenses, administrative expenses, finance costs, depreciation and amortisation.

Operating Expenses. Our operating expenses were Rs. 1,523.6 lakhs, or 18.20% of our total income for the six months ended September 30, 2007. Expenses on road operation and maintenance, bridge operations, port operations constituted 11.02%, 0.45% and 6.74%, respectively of our total income for the six months ended September 30, 2007.

Administrative Expenses. Our administrative expenses were Rs. 372.7 lakhs, or 4.45% of our total income for the six months ended September 30, 2007. Our expenses on salaries, professional/legal expenses and insurance constituted 2.74%, 0.46% and 0.45% of out total income for the six months ended September 30, 2007.

Finance Costs. Our Net finance costs were Rs. 2,554.2 lakhs, or 30.53% of our total income for the six months ended September 30, 2007. Our interest paid on fixed period loans constituted 30.53% of our total income for the six months ended September 30, 2007.

Depreciation. Our depreciation costs for the six months ended September 30, 2007 were Rs. 1,988.5 lakhs.

Amortisation. Our amortisation costs for the six months ended September 30, 2007 were Rs. 106.3 lakhs.

Miscellaneous Expenditure Written Off. Our miscellaneous expenditure written off was Rs. 3.0 lakhs, or 0.04% of our total income, for the six months ended September 30, 2007.

Share of Profits/(Loss) in Associates. Our share of loss in associates was Rs. 37.5 lakhs, or 0.45% of our total income for the six months ended September 30, 2007 and was due to a loss of Rs. 37.5 lakhs in one of our associates, Eversun Sparkle Maritime Services Private Limited

Taxation. Our taxes for the six months ended September 30, 2007 were Rs. 578.9 lakhs.

Net Profit After Tax. Our net profit (net of minority interest) for the six months ended September 30, 2007 was Rs. 1,095.7 lakhs.

Fiscal 2007 Compared to 15 Months Ended March 31, 2006

Income. Our total income was Rs. 15,888.0 lakhs for the Fiscal 2007 and Rs. 7,849.9 lakhs for the 15 months ended March 31, 2006.

Turnover. Our turnover was Rs. 14,770.0 lakhs for the Fiscal 2007 and Rs. 7,678.2 lakhs for the 15 months ended March 31, 2006. Annuity income, income from port operations and toll income comprised 73.38%, 8.09% and 2.30%, respectively, of our total income for the Fiscal 2007. In addition, O&M income comprised 9.03% of our total income for the Fiscal 2007. We did not have any income from advisory services in the Fiscal 2007. Annuity income, income from port operations and toll income comprised 70.64%, 7.16% and 2.60%, respectively, of our total income for the 15 months ended March 31, 2006. O&M income and income from advisory services comprised 17.25% of our total income for the 15 months ended March 31, 2006.

Other Income. Our other income was Rs. 1,118.0 lakhs for the Fiscal 2007 and Rs. 171.7 lakhs for the 15 months ended March 31, 2006, and comprised 7.04% and 2.19% of our total income, respectively, for such periods. A majority of our other income in each of such periods was attributable to interest income.

Expenditure. Our total expenditure was Rs. 11,492.2 lakhs, or 72.33% of our total income, for the Fiscal 2007 and Rs. 6,106.3 lakhs, or 77.78% of our total income, for the 15 months ended March 31, 2006.

Operating Expenses. Our operating expenses were Rs. 2,237.6 lakhs, or 14.09% of our total income, for the Fiscal 2007 and Rs. 1,315.8 lakhs, or 16.76% of our total income, for the 15 months ended March 31, 2006. The decrease in operational expenses, as a percentage of total income, for the Fiscal 2007 as compared to for the 15 months ended March 31, 2006, was generally attributable to an increase in total income for the Fiscal 2007 and due to better efficiencies.

Administrative Expenses. Our administrative expenses were Rs**.** 702.8 lakhs, or 4.42% of our total income, for the Fiscal 2007 and Rs. 542.9 lakhs, or 6.92% of our total income, for the 15 months ended March 31, 2006. The decrease in operational expenses, as a percentage of total income, for the Fiscal 2007 as compared to for the 15 months ended March 31, 2006, was generally attributable to an increase in total income for the Fiscal 2007.

Finance Costs. Our finance costs were Rs. 4,495.5 lakhs, or 28.30% of our total income, for the Fiscal 2007 and Rs. 2,312.7 lakhs, or 29.46% of our total income, for the 15 months ended March 31, 2006. Although our finance costs as a percentage of total income reduced for the Fiscal 2007 compared to the 15 months ended March 31, 2006, finance costs increased for the Fiscal 2007 as compared to for the 15 months ended March 31, 2006, primarily due to an increase in interest paid on term loans in the Fiscal 2007.

Depreciation. Our depreciation costs were Rs. 3,843.2 lakhs, or 24.19% of our total income, for the Fiscal 2007 and Rs. 1,931.5 lakhs, or 24.60% of our total income, for the 15 months ended March 31, 2006. The increase in depreciation costs for the Fiscal 2007 as compared to for the 15 months ended March 31, 2006, was primarily due to the change in status of AEL and REL from associate to subsidiary company.

Amortisation. Our amortisation costs were Rs. 205.5 lakhs, or 1.29% of our total income, for the Fiscal 2007 and nil for the 15 months ended March 31, 2006. The amortisation costs for the Fiscal 2007 were as a result of the purchase of O&M contracts for REL and AEL.

Miscellaneous Expenditure Written Off. Our miscellaneous expenditure written off was Rs. 7.6 lakhs, or 0.04% of our total income, for the Fiscal 2007 and Rs. 3.4 lakhs, or 0.04% of our total income, for the 15 months ended March 31, 2006.

Share of Profits/(Loss) in Associates. Our share of loss in associates was Rs. 65.8 lakhs, or 0.41% of our total income, for the Fiscal 2007 and was due to a loss of Rs. 65.8 lakhs for Fiscal 2007 incurred by Eversun Sparkle Maritime Services Private Limited, our associate company. Our share of profit in associates was Rs. 1,016.9 lakhs, or 12.95% of our total income, for the 15 months ended March 31, 2006.

Taxation. Our provision for taxation was Rs. 1,136.0 lakhs, or 7.15% of our total income, for the Fiscal 2007 and Rs. 702.7 lakhs, or 8.95% of our total income, for the 15 months ended March 31, 2006. Our effective tax rate, calculated as provision for taxation divided by profit before taxation and before share of profit/(loss) of associates, for the Fiscal 2007 was 25.84% as compared to 40.30% for the 15 months ended March 31, 2006. This change was primarily due to the change in status of AEL and REL from associate to subsidiary company and the larger composition of revenues from companies such as AEL and REL which are eligible for concessional tax rates under section 80-IA of the Income Tax Act.

Net Profit After Tax. Our net profit after tax was Rs. 2,985.3 lakhs, or 18.79% of our total income for the Fiscal 2007 and Rs. 1,826.5 lakhs, or 23.27% of our total income, for the 15 months ended March 31, 2006.

Results of Operations for the Company (Unconsolidated)

The Company's year ended March 31, 2006 reflects a 15 month fiscal year and the year ended December 31, 2004 reflects a nine month fiscal year, as a result of change of fiscal year ends. As a result, the Company's results of operations for the periods presented below are not comparable. The Company's historical financial performance may not be considered as indicative of future financial performance.

The table below summarizes the results of operations for the Company, including as a percentage of total income, for the periods indicated:

(Rupees in Lakhs)

	Period Ended							
	September 30, 2007		March 31, 2007		March 31, 2006		December 31, 2004	
	(Six months)	% of Total Income	(12 months)	% of Total Income	(15 months)	% of Total Income	(9 months)	% of Total Income
INCOME:								
Turnover…………………………..	1280.6	96.96	1931.6	81.47	1361.5	83.60	229.3	98.75
Other Income……………………..	40.2	3.04	439.3	18.53	267.0	16.40	02.9	1.25
TOTAL INCOME……………….	1320.8	100.00	2370.9	100.00	1628.5	100.00	232.2	100.00

	Period Ended							
	September 30, 2007		March 31, 2007		March 31, 2006		December 31, 2004	
	(Six months)	% of Total Income	(12 months)	% of Total Income	(15 months)	% of Total Income	(9 months)	% of Total Income
EXPENDITURE:								
Operating & Maintenance Expenses	189.5	14.35	255.7	10.79	469.4	28.82	-	-
Administrative Expenses………....	372.5	28.20	467.7	19.73	352.6	21.65	65.3	28.12
Finance Costs (Net) ……………….	10.9	0.83	2.8	0.12	56.3	3.46	8.9	3.83
Depreciation………………………	4.5	0.34	5.4	0.22	0.4	0.03	0.1	0.04
Amortisation…………………… ...	91.7	6.94	182.8	7.71	-	-	-	-
TOTAL EXPENDITURE………	669.1	50.66	914.4	38.57	878.7	53.96	74.3	31.99
Net Profit Before Tax …………….	651.7	49.34	1456.5	61.43	749.8	46.04	157.9	68.01
Provision for taxation……………..	253.1	19.16	508.5	21.44	340.2	20.89	73.4	31.61
NET PROFIT……………………	398.6	30.18	948.0	39.99	409.6	25.15	84.5	36.40

Income. The Company derives its income primarily from advisory services, operations and maintenance income and other income. The income from advisory services is for the advice provided by the Company during pre-bidding, bidding and financial closure to its group companies and includes developers fees, consultancy fees, financial closure fees, pre-bid advisory income and retainer fees. Income from operations and maintenance is on account of fees received by the Company for operating and maintaining the projects. Other income received by the Company includes dividend income, profit from sale of investments and interest income (inter-corporate deposits give, fixed deposits with banks) and other income, which consists of insurance claims only.

Expenditure. The Company's expenditure consists of operating and maintenance expenses, administrative expenses, finance costs, depreciation and amortisation.

Operating and Maintenance Expenses: The Company is required to maintain infrastructure projects for which it is the O&M contractor. The Company's operating and maintenance expenses to maintain and operate these projects include administration expenses, electricity charges, fuel charges, hire of equipment, professional fees, cleaning and sweeping of road, maintenance charges, motor car and conveyance expenses, office rent, payment of value added tax, and security charges.

Administrative Expenses: The Company's administrative expenses are generally on account of staff salaries and bonus, staff welfare expenses, conveyance expenses, advertisement expenses, bank charges, books and periodicals, membership and subscription, insurance charges, repairs and maintenance, motor car expenses, printing and stationery, professional charges, rent, registrar fees, telephone expenses, tender document expenses, travelling expenses, director's fees, auditors remuneration, provision made for dues from subsidiaries and miscellaneous expenses.

Finance costs: The Company's finance costs consists of interest paid on inter-corporate loans and guarantee commissions.

Depreciation: Depreciation is provided at the rates calculated using the straight line method and in accordance with the rates specified under Schedule XIV of the Companies Act. The following table provides the depreciation rates for the Company's tangible assets as of March 31, 2007:

Particulars	Rate of Depreciation
Office Equipments…………………….	4.75%
Furniture & Fixtures…………………..	6.33%
Computers……………………………..	16.21%
Motor Cars…………………………….	9.50%

Taxation. The Company provides for both current taxes, comprising of income tax, wealth tax and fringe benefit tax, and deferred taxes. Tax on income for the current period is determined on the basis of estimated taxable income and tax credit, if any, and computed in accordance with the provisions of applicable law. Deferred tax arises mainly due to the timing differences between accounting income and the estimated taxable income for the period and is quantified using the tax rates and laws enacted or substantially enacted as on the relevant balance sheet date. The Company's deferred tax liability is recognized net of deferred tax assets, if any.

Profit & Loss Account. The Company's profit and loss account balance increased to Rs. 1421.9 lakhs as of March 31, 2007 from Rs. 473.8 lakhs as of March 31, 2006 due to an increase in the profits of the Company as of March 31, 2007.

Six Months Ended September 30, 2007

Income. The Company's total income for the six months ended September 30, 2007 was Rs. 1,320.8 lakhs and comprised of turnover of Rs. 1,280.6 lakhs and other income of Rs. 40.2 lakhs.

Turnover. The Company's turnover was Rs. 1,280.6 lakhs for the six months ended September 30, 2007. Developer's fees and operating and maintenance income comprised 43.52% and 53.44%, respectively, of the Company's total income for the six months ended September 30, 2007.

Other Income. The Company's other income was Rs. 40.2 lakhs for the six months ended September 30, 2007 and comprised 3.04% of the Company's total income for such period. A majority of the Company's other income for the six months ended September 30, 2007 was attributable to interest income.

Expenditure. The Company's total expenditure for the six months ended September 30, 2007 was Rs. 669.1 lakhs and comprised primarily of administrative expenses and operating and maintenance expenses.

Operating & Maintenance Expenses. The Company's operating and maintenance expenses were Rs. 189.5 lakhs, or 14.35% of its total income for the six months ended September 30, 2007.

Administrative Expenses. The Company's administrative expenses were Rs. 372.5 lakhs, or 28.20% of its total income for the six months ended September 30, 2007.

Finance Costs. The Company's finance costs were Rs. 10.9 lakhs, or 0.83% of its total income for the six months ended September 30, 2007.

Depreciation. The Company's depreciation costs for the six months ended September 30, 2007 were Rs. 4.5 lakhs.

Amortisation. The Company's amortisation costs for the six months ended September 30, 2007 were Rs. 91.7 lakhs.

Taxation. The Company's taxes for the six months ended September 30, 2007 were Rs. 253.1 lakhs.

Net Profit After Tax. The Company's net profit for the six months ended September 30, 2007 was Rs. 398.6 lakhs.

Fiscal 2007 Compared to 15 Months Ended March 31, 2006

Income. The Company's total income was Rs. 2,370.9 lakhs for the Fiscal 2007 and Rs. 1,628.5 lakhs for the 15 months ended March 31, 2006.

Turnover. The Company's turnover was Rs. 1,931.6 lakhs for the Fiscal 2007 and Rs. 1,361.5 lakhs for the 15 months ended March 31, 2006. O&M income comprised 60.49% of its total income for the Fiscal 2007. The Company's income from advisory services comprised nil% of its total income in the Fiscal 2007. O&M income and income from advisory services comprised 76.57% and 7.04%, respectively, of the Company's total income for the 15 months ended March 31, 2006.

Other Income. The Company's other income was Rs. 439.3 lakhs for the Fiscal 2007 and Rs. 267.0 lakhs for the 15 months ended March 31, 2006, and comprised 18.53% and 16.40% of its total income, respectively, for such periods. A majority of the Company's other income in each of such periods was attributable to interest income.

Expenditure. The Company's total expenditure was Rs. 914.4 lakhs, or 38.57% of its total income, for the Fiscal 2007 and Rs. 878.7 lakhs, or 53.96% of its total income, for the 15 months ended March 31, 2006.

Operating & Maintenance Expenses. The Company's operating and maintenance expenses were Rs. 255.7 lakhs, or 10.79% of its total income, for the Fiscal 2007 and Rs. 469.4 lakhs, or 28.82% of its total income, for the 15 months ended March 31, 2006.

Administrative Expenses. The Company's administrative expenses were Rs. 467.7 lakhs, or 19.73% of its total income, for the Fiscal 2007 and Rs. 352.6 lakhs, or 21.65% of its total income, for the 15 months ended March 31, 2006. The decrease in operational expenses, as a percentage of total income, for the Fiscal 2007 as compared to for the 15 months ended March 31, 2006, was generally attributable to an increase in total income for the Fiscal 2007.

Finance Costs. The Company's finance costs were Rs. 2.8 lakhs, or 0.12% of its total income, for the Fiscal 2007 and Rs. 56.3 lakhs, or 3.46% of its total income, for the 15 months ended March 31, 2006. The decrease in finance costs for the Fiscal 2007 as compared to for the 15 months ended March 31, 2006 was primarily due to repayment of inter-corporate loans from joint stock companies in the Fiscal 2007 and as a result decrease in the interests paid.

Depreciation. The Company's depreciation costs were Rs. 5.4 lakhs, or 0.22% of its total income, for the Fiscal 2007 and Rs. 0.4 lakhs, or 0.03% of its total income, for the 15 months ended March 31, 2006. The increase in depreciation costs for the Fiscal 2007 as compared to for the 15 months ended March 31, 2006, was generally attributable to an increase in fixed assets in the Fiscal 2007.

Amortisation. The Company's amortisation costs were Rs. 182.8 lakhs, or 7.71% of its total income, for the Fiscal 2007 and nil for the 15 months ended March 31, 2006. The amortisation costs for the Fiscal 2007 were as a result of purchase of O&M contracts for REL and AEL. The increase in amortisation and depreciation for the Fiscal 2007 as compared to 15 months ended March 31, 2006 was due to an increase in the value of our intangible assets with effect from March 31, 2006 and the related amortisation being charged over the life of the concession starting from Fiscal 2007.

Taxation. The Company's provision for taxation was Rs. 508.5 lakhs, or 21.44% of its total income, for the Fiscal 2007 and Rs. 340.2 lakhs, or 20.89% of its total income, for the 15 months ended March 31, 2006. The Company's deferred tax liability increased from Rs. 0.6 lakhs as of March 31, 2006 to Rs. 150.5 lakhs as of March 31, 2007 primarily due to an increase in deferred tax liability on depreciation, which was Rs. 153.1 lakhs as of March 31, 2007 as compared to Rs. 0.6 lakhs as of March 31, 2006. The Company's effective tax rate, calculated as provision for taxation divided by profit before taxation, for the Fiscal 2007 was 34.90% as compared to 45.37% for the 15 months ended March 31, 2006.

Net Profit After Tax. The Company's net profit after tax was Rs. 948.0 lakhs, or 39.99% of its total income for the Fiscal 2007 and Rs. 409.6 lakhs, or 25.15% of its total income, for the 15 months ended March 31, 2006.

15 Months Ended March 31, 2006 compared to Nine months ended December 31, 2004

Income. The Company's total income was Rs. 1,628.5 lakhs for the 15 months ended March 31, 2006 and Rs. 232.2 lakhs for the nine months ended December 31, 2004.

Turnover. The Company's turnover was Rs. 1,361.5 lakhs for the 15 months ended March 31, 2006 and Rs. 229.3 lakhs for the nine months ended December 31, 2004. O&M income comprised 76.57% of the Company's total income for the 15 months ended March 31, 2006. Income from advisory services comprised 7.04% of the Company's total income for the 15 months ended March 31, 2006. O&M income and income from advisory services comprised 44.51% and 54.26% respectively, of the Company's total income for the nine months ended December 31, 2004.

Other Income. The Company's other income was Rs. 267.0 lakhs for the 15 months ended March 31, 2006 and Rs. 2.9 lakhs for the nine months ended December 31, 2004, and comprised 16.40% and 1.25% of its total income, respectively, for such periods. A majority of the Company's other income for the 15 months ended

March 31, 2006 was attributable to interest income and for the nine months ended December 31, 2004 was attributable to dividend income.

Expenditure. The Company's total expenditure was Rs. 878.7 lakhs, or 53.96% of its total income, for the 15 months ended March 31, 2006 and Rs. 74.3 lakhs, or 31.99% of its total income, for the nine months ended December 31, 2004.

Operating & Maintenance Expenses. The Company's operating and maintenance expenses were Rs. 469.4 lakhs, or 28.82% of its total income, for the 15 months ended March 31, 2006 and nil for the nine months ended December 31, 2004. This was primarily due to the Company providing greater advisory services and O&M services during the 15 months ended March 31, 2006.

Administrative Expenses. The Company's administrative expenses were Rs. 352.6 lakhs, or 21.65% of its total income, for the 15 months ended March 31, 2006 and Rs. 65.3 lakhs, or 28.12% of its total income, for the nine months ended December 31, 2004. The decrease in operational expenses, as a percentage of total income, for the 15 months ended March 31, 2006 as compared to for the nine months ended December 31, 2004, was generally attributable to an increase in total income for the 15 months ended March 31, 2006 partially offset by a substantial increase in the professional charges paid by the Company.

Finance Costs. The Company's finance costs were Rs. 56.3 lakhs, or 3.46% of its total income, for the 15 months ended March 31, 2006 and Rs. 8.9 lakhs, or 3.83% of its total income, for the nine months ended December 31 2004. The increase in finance costs for the 15 months ended March 31, 2006 as compared to for the nine months ended December 31, 2004 was primarily attributable to an increase in interest paid on inter-corporate loans from joint stock companies in the 15 months ended March 31, 2006.

Depreciation. The Company's depreciation costs were Rs. 0.4 lakhs, or 0.02% of its total income, for the 15 months ended March 31, 2006 and Rs. 0.1 lakhs or 0.04% of its total income for the nine months ended December 31, 2004.

Amortisation. The Company's amortisation costs were nil for the 15 months ended March 31, 2006 and for the nine months ended December 31, 2004.

Taxation. The Company's provision for taxation was Rs. 340.2 lakhs, or 20.89% of its total income, for the 15 months ended March 31, 2006 and Rs. 73.4 lakhs, or 31.61% of its total income, for the nine months ended December 31, 2004. The Company's effective tax rate, calculated as provision for taxation divided by profit before taxation, for the 15 months ended March 31, 2006 was 45.37% as compared to 46.49% for the nine months ended December 31, 2004.

Net Profit After Tax. The Company's net profit after tax was Rs. 409.6 lakhs, or 25.15% of its total income for the 15 months ended March 31, 2006 and Rs. 84.5 lakhs, or 36.40% of its total income, for the nine months ended December 31, 2004.

Financial Condition, Liquidity and Capital Resources

Cash Flows

The table below summarizes our cash flows on a consolidated basis for the period indicated:

(Rupees in Lakhs)

	Six Months ended September 30, 2007	For the Fiscal 2007
Net Cash-Flow From/(Used In) Operating Activities....................................	6404.7	9096.5
Net Cash-Flow From/(Used In) Investing Activities.....................................	(23,146.8)	(22,527.6)
Net Cash-Flow From/(Used In) Financing Activities......................................	5280.7	11135.0
Net Increase/(Decrease) In Cash And Cash Equivalents........................	(11,461.4)	(2296.1)

Cash in form of bank deposits, current account balances and cash on hand represents our cash and cash equivalents.

Operating Activities. Net cash from operating activities was Rs. 6,404.7 lakhs for the six months ended September 30, 2007, and consisted of net profit before taxation of Rs. 1,781.1 lakhs, as adjusted for a number of non-cash items, primarily depreciation and amortisation of Rs. 2,094.8 lakhs, and other items, primarily net interest of Rs. 2,044.6 lakhs, loss on sale of investments of Rs. 78.5 lakhs and changes in working capital, such as increases/(decreases) in inventory, trade and other receivables and trade payables and working capital finances of Rs. 41.3 lakhs, Rs. (1,257.4) lakhs and Rs. 107.5 lakhs, respectively, and income tax payment of Rs. 796.0 lakhs.

Net cash from operating activities was Rs. 9,096.5 lakhs for Fiscal 2007, and consisted of net profit before taxation of Rs. 4,330.0 lakhs, as adjusted for a number of non-cash items, primarily depreciation and amortisation of Rs. 4,048.7 lakhs, and other items, primarily net interest of Rs. 3,648.5 lakhs, loss on sale of investments of Rs. 176.1 lakhs and changes in working capital, such as increases/(decreases) in inventory, trade and other receivables, trade payables and working capital finances of Rs. 32.1 lakhs, Rs. 1,357.5 lakhs and Rs. (373.6) lakhs, respectively, and income tax payment of Rs. 984.30 lakhs.

Investing Activities. Net cash used in investing activities was Rs. 23,146.8 lakhs for the six months ended September 30, 2007, primarily as a result of purchases of fixed assets of Rs. 8,651.8 lakhs.

Net cash used in investing activities was Rs. 22,527.6 lakhs for Fiscal 2007, primarily as a result of purchases of fixed assets of Rs. 21,342.5 lakhs**.**

Financing Activities. Net cash generated from financing activities was Rs. 5,280.7 lakhs for the six months ended September 30, 2007, primarily as a result of increase in borrowings of Rs. 9812.1 lakhs.

Net cash generated from financing activities was Rs. 11,135.0 lakhs for Fiscal 2007, primarily as a result of increase in securities premium of Rs. 150.0 lakhs and proceeds from borrowings of Rs. 19,017.6 lakhs.

Capital Expenditures

During the Fiscal 2007, we spent Rs. 21,342.5 lakhs on capital expenditure, primarily on our road and port projects and acquisition of plant and machinery. During Fiscal 2008, we expect to spend approximately Rs. 44,000.0 lakhs on capital expenditures, primarily on our road and port projects and acquisition of plant and machinery. To the extent that we develop and operate new projects, we expect to fund capital expenditure from a combination of debt and equity.

We believe that we will have sufficient capital resources from our operations, net proceeds of this offering of equity shares and other financings from banks, financial institutions and other lenders to meet our capital requirements for at least the next 12 months.

Our Investments

We have investments in project SPVs which are jointly controlled entities or associates and also have mutual fund investments. Our total investments as per the restated consolidated financial information comprising primarily, of investment in mutual funds and our share of the investment in associates were 8,691.4 lakhs, Rs. 539.1 lakhs and Rs. 484.3 lakhs as of September 30, 2007, as of March 31, 2007 and as of March 31, 2006, respectively.

Fixed Assets and Sundry Debtors- standalone

The Company's fixed assets increased from Rs. 18.6 lakhs as of March 31, 2006 to Rs. 2,601.4 lakhs as of March 31, 2007. This increase in fixed assets was primarily due to the consideration paid to GIL for an increase in value of the O&-M sub-contract for the AEL and REL projects and the purchase of other fixed assets.

The Company's sundry debtors increased from Rs. 348.3 lakhs as of March 31, 2006 to Rs. 472.2 lakhs as of March 31, 2007. This increase was primarily due to an increase in the O&M fees charged to GIL.

Recent Developments

Since the last audited financial statements, the license agreement for the Mumbai offshore container terminal project has been executed between KTPL and MbPT.

Transactions with Related Parties

We have certain transactions with our Promoter Group Companies. For details, please refer to the section titled "Related Party Transactions" beginning on page 159 of this Red Herring Prospectus.

Off-Balance Sheet Arrangements

All of our obligations are reflected on our balance sheet.

Auditors Qualification

Our auditors, S.R. Batliboi & Associates (SRB) and Natvarlal Vepari & Co. (NVC) (collectively "Joint Auditors") in their report dated June 29, 2007 and NVC's report dated June 29, 2007, have qualified their report to indicate that in the absence of a separate internal audit system, the Joint Auditors were unable to comment whether the same is commensurate with the size and nature of the business. In addition, in the Joint Auditors report dated June 29, 2007 on the consolidated financial statements as of and for the year ended March 31, 2007, without qualifying their report, the auditors have drawn attention to the early completion bonus accrued by two of our subsidiaries, AEL and REL in earlier years and included them in sundry debtors as at March 31, 2007, which has been disputed.

Quantitative and Qualitative Disclosure about Market Risk

Interest Rate Risk

We are exposed to changes in the fair value of our interest rate sensitive financial instruments and borrowings, which arise from changes in market interest rates.

Inflation

In recent years, India has not experienced significant inflation and accordingly inflation has not had any material impact on our business and results of operations. According to CRIS INFAC, inflation in India was approximately 5.5%, 6.5%, 4.4% and 5.5% in Fiscal 2004, 2005, 2006 and 2007 (estimated), respectively. Although GOI has initiated several economic measures to curb the rise in inflation rates, it is unclear at this stage whether these measures will have the desired effect. This rise in inflation rates in recent years may adversely affect growth in the Indian economy and our results of operations.

Unusual or Infrequent Events or Transactions

Except as described in this Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as "unusual" or infrequent".

Known Trends or Uncertainties

Other than as described in the sections titled "Risk Factors", and this section and elsewhere in this Red Herring Prospectus, to the best of our knowledge there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on our revenues or income from continuing operations.

Total Turnover of Each Major Industry Segment

We report industry segments under consolidated financial statements prepared in accordance with Indian GAAP.

New Product or Business Segment

Other than as described in section titled "Business" on page 75 of this Red Herring Prospectus, to our knowledge, there are no new products or business segments.

Seasonality of business

Seasonal variations do not materially impact our results of operations.

Dependence on a Single or Few Suppliers/Customers

As described in the sections titled “Risk Factors” and “Business” beginning on pages xiii and page 75 of this Red Herring Prospectus, we depend on the NHAI, and will depend on GCDA and SAIL, for a substantial portion of our revenues.

Competitive Conditions

In view of the long-term concession or license agreements, subject to capacity augmentation requirements set forth in the concession agreements, we do not foresee any competition in our business during the term of these agreements. For further details, please refer to the discussions of our competition in the sections titled “Risk Factors” and “Business” beginning on pages xiii and page 75 of this Red Herring Prospectus, respectively.

Significant Developments after September 30, 2007

Except as stated in this Red Herring Prospectus, to our knowledge, no circumstances have arisen since September 30, 2007, the date of the last financial statements included in the Red Herring Prospectus, which materially and adversely affect, or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

Except as stated above and elsewhere in this Red Herring Prospectus, there are no subsequent developments after the date of the Auditor’s report which we believe are expected to have a material and adverse impact on our reserves, profits, earnings per share or book value.

New Accounting Standards

Our management believes that there would not be any material impact on our financial statements on account of changes in accounting policies under Indian Accounting Standards as announced by Institute of Chartered Accountants of India.

Other Confirmations

In the opinion of the Board of Directors, no circumstances have arisen since the date of the last audited financial statements as disclosed in this Red Herring Prospectus, which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

There have been no changes in the activities of the Company which may have had a material effect on the statement of profit/ loss for the five years, including discontinuance of lines of business, loss of agencies or markets and similar factors.

INDEBTEDNESS

Details of Secured Borrowings

The Company does not have any outstanding secured borrowings as of date.

Details of Secured Borrowings of AEL

The secured borrowings of AEL, as of December 31, 2007, are as follows:

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
1.	Agreement of Loan for overall limit dated March 25, 2006 with a consortium of banks IDBI Bank, Canara Bank & Federal Bank	23,300.0	19,963.8	Interest shall be paid for each interest period on the amount of the debt facility outstanding from time to time, and on other monies which shall accrue under the provisions of the agreement on the last business day of each calendar month at the applicable interest rate for each lender. Repayment will be made through 28 unequal half yearly installments. The total principal amount to be repaid is as under : IDBI Bank – Rs. 14,500 lakhs. Canara Bank – Rs. 5,000 lakhs Federal Bank – Rs. 3,800 lakhs	A first mortgage and charge for the benefit of the lenders on all AEL's immoveable and moveable properties (including all receivables) both present and future; An assignment in favour of the security trustee of all the rights, titles and interests of AEL in, to and in respect of all assets of the Project and the Project Documents; By first charge over / assignment of all bank accounts of the company including the trust and retention accounts. An assignment in favour of the security trustee of contractor guarantees, performance bonds, letters of credit and liquidated damages; An assignment in favour of the security trustee of all insurance policies noting the security interest created thereon; A pledge of 51% of the equity share capital in AEL for the entire tenure of the facility with the security trustee; An unconditional and irrevocable undertaking credit support by GIL for furnishing a bank guarantee in respect of the amount to be retained by NHAI during the last period of the concession.

1. It is provided that AEL shall ensure that it shall not create or permit to subsist any encumbrance over all or any of its properties, assets or revenues except the exclusions without the prior written consent of the lenders. Further no merger, reorganization, amalgamation or consolidation with any other entity can take place without the approval of the lenders. Further, AEL cannot purchase or redeem any of its issued equity and preference share capital or make a distribution of assets or other capital distribution to its shareholders. It shall not create, incur or assure any further indebtedness for borrowed money or deferred purchases except any indebtedness arising in ordinary course of business or to the extent of exclusions. AEL cannot declare or pay any dividend in respect of any financial year on equity and /or preference share capital or make any other income distribution to the shareholders or repay any shareholder loans only on commencement of the repayment of the debt facility and only if (i) there is no Event of Default or potential Event of Default which has not been waived in writing or remedied to the satisfaction of the Lenders; (ii) the Debt Service Cover Ratio (to be monitored semi-annually) exceeds 1.05 times for each of the two preceding six-monthly periods. It cannot sell, transfer or otherwise dispose of any of its properties or assets except exclusions or assume guarantee, endorse or in any manner become directly or contingently liable for or in connection with the obligation of any person. It shall also not grant any loan or credit except in the ordinary course of business and out of exclusions. There are no outstanding debentures or bonds issued by AEL as of the date of this Red Herring Prospectus.

Details of Secured Borrowings of REL

The secured borrowings of REL, as of December 31, 2007, are as follows:

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
1.	Agreement of Loan for overall limit dated March 25, 2006 with a consortium of bankers comprising IDBI Bank, Canara Bank and Federal Bank	26,100	22,358.6	Interest shall be paid for each interest period on the amount of the debt facility outstanding from time to time, and on other monies which shall accrue under the provisions of the agreement on the last business day of each calendar month at the applicable interest rate for each lender. Repayment will be made through 28 half yearly installments. The total principal amount to be repaid is as under : IDBI Bank – Rs. 15,500 lakhs. Canara Bank – Rs. 6,900 lakhs Federal Bank – Rs. 3,700 lakhs	A first mortgage and charge for the benefit of the lenders on all REL's immoveable and moveable properties (including all receivables) both present and future; By first charge over / assignment of all bank accounts of the company including the trust and retention accounts An assignment in favour of the security trustee of all the rights, titles and interests of REL in, to and in respect of all assets of the Project and the Project Documents; An assignment in favour of the security trustee of contractor guarantees, performance bonds, letters of credit and liquidated damages; An assignment in favour of the security trustee of all insurance policies noting the security interest created thereon;

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
					A pledge of 51% of equity share capital in REL for the entire tenure of the facility with the security trustee; An unconditional and irrevocable undertaking credit support by GIL for furnishing a bank guarantee in respect of the amount to be retained by NHAI during the last period of the concession

(1) It is provided that REL shall ensure that it shall not create or permit to subsist any encumbrance over all or any of its properties, assets or revenues except the exclusions without the prior written consent of the lenders. Further no merger, reorganization, amalgamation or consolidation with any other entity can take place without the approval of the lenders. Further, REL cannot purchase or redeem any of its issued equity and preference share capital or make a distribution of assets or other capital distribution to its shareholders. It shall not create, incur or assure any further indebtedness for borrowed money or deferred purchases except any indebtedness arising in ordinary course of business or to the extent of exclusions. REL cannot declare or pay any dividend in respect of any financial year on equity and /or preference share capital or make any other income distribution to the shareholders or repay any shareholder loans only on commencement of the repayment of the debt facility and only if (i) there is no Event of Default or potential Event of Default which has not been waived in writing or remedied to the satisfaction of the Lenders; (ii) the Debt Service Cover Ratio (to be monitored semi-annually) exceeds 1.05 times for each of the two preceding six-monthly periods. It cannot sell, transfer or otherwise dispose of any of its properties or assets except exclusions or assume guarantee, endorse or in any manner become directly or contingently liable for or in connection with the obligation of any person. It shall also not grant any loan or credit except in the ordinary course of business and out of exclusions.

(2) There are no outstanding debentures or bonds issued by REL as of date of this Red Herring Prospectus.

Details of borrowings of CBICL

CBICL has availed inter corporate deposits from AEL and REL. As of December 31, 2007, the total amount outstanding for repayment under the said loans was Rs. 722.0 lakhs from AEL and Rs. 1,820 lakhs from REL. There are no outstanding debentures or bonds issued by CBICL as of the date of this Red Herring Prospectus.

Details of borrowings of VSPL

The secured borrowings of VSPL, as of September 30, 2007, are as follows:

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
1.	Agreement of Loan for overall limit dated March 15, 2006 with a consortium of bankers comprising State Bank of Patiala & Punjab	21,000	20,346	Interest shall be paid on principal amount of the debt facility outstanding at the applicable interest rate for each lender.	A first mortgage and charge for the benefit of the lenders on all moveable properties (including all receivables) both present and future; An assignment in favour of the security trustee of all the

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
	National Bank.			Repayment to be made through 40 equal quarterly installments. Total Repayment of loans during the period is as given under: State Bank of Patiala – Rs. 11,000 lakhs Punjab National Bank – Rs. 10,000 lakhs. Repayment to commence from March 31, 2008. .	rights, titles and interests in, to and in respect of all assets of the Project and the Project Documents; An assignment of all the rights, titles and interests of the borrower in Trust & Retention Account/ Debt Service Reserve Account or Escrow Account. An assignment in favour of the security trustee of contractor guarantees, performance bonds, letters of credit and liquidated damages; An assignment in favour of the security trustee of all insurance policies noting the security interest created thereon; Right, title and interest of the borrower by way of first charge in, to and under all the Government approvals.

Details of Secured Borrowings of MNEL

The secured borrowings of MNEL, as of December 31, 2007, are as follows:

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
1.	Agreement of Loan for overall limit dated June 01, 2006 with a consortium of bankers comprising Canara Bank, Central Bank, Small Industries Development Bank of India, State Bank of Patiala, The Bank of Rajasthan Limited, UCO Bank, Union Bank of India	65,000	23,449	Interest shall be paid on principal amount of the debt facility outstanding at the applicable interest rate for each lender on the interest payment date falling in the next following month. Repayment to be made through 132 unequal monthly installments.	A first mortgage and charge for the benefit of the lenders on all immoveable and moveable properties (including all receivables) both present and future; A first charge on all the Bank Accounts of the borrower. First charge on all the intangibles of the borrower Right, title and interest of the borrower by way of first charge in, to and under all the Government approvals.

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
				Total Amount to be repaid is as follows : Canara Bank – Rs. 12,500 lakhs Central Bank – Rs. 10,000 lakhs UCO Bank – Rs. 10,000 lakhs Union Bank – Rs. 10,000 lakhs State Bank Of Patiala – Rs. 10,000 lakhs The Bank of Rajasthan – Rs. 7,500 lakhs. Small Industries Development Bank of India – Rs. 5,000 lakhs. The repayment commences on May 1, 2010.	An assignment in favour of the security trustee of all the rights, titles and interests of the borrower in, to and in respect of all assets of the Project and the Project Documents; An assignment in favour of the security trustee of contractor guarantees, performance bonds, letters of credit and liquidated damages; An assignment in favour of the security trustee of all insurance policies noting the security interest created thereon; A pledge of shares constituting 51% of paid and voting equity share capital of the borrower for a period of three years after the COD and thereafter upto the final settlement date, 26% of such shares in the equity capital of MNEL An irrevocable conditional corporate guarantee of GIL (linked to the traffic) to the extent of 8,525 lakhs to be reviewed on April 11, 2010.

(1) It is provided that MNEL shall not effect or agree to effect any change in its capital structure which is material in the Lender's opinion and shall not agree to take any action of merger, consolidation, reorganization or amalgamation; or for sale, or lease, transfer or otherwise dispose of any assets except to the extent permitted or approved by the lenders in writing. Further it will not acquire all or part of the assets of any other person, or any class of shares or debentures or partnership interest or similar interest except with prior permission in writing of lenders. No investment shall be made in any person, including the Sponsor by way of deposits, loans, bonds, share capital or any other form except the authorized investments in terms of the Finance Documents, or as may from time to time be permitted by the lenders in writing and normal trade credit or security deposits in normal course of business or advances to employees. Further it is agreed that it shall not make any capital expenditure other than that provided for in the approved budget or make any investments, take assets or lease without prior approval of lenders.

(2) MNEL shall not create any Security Interest on or in any secured property or any of its other property, assets or rights, including escrowing or charging the receivables (other than bonus) in favour of third parties except with written permission from the lenders. No engagement in any other business in India, formation of any subsidiaries, change in its name, or change in the location of its

registered office outside or inside Maharashtra will be allowed without the prior written permission of lenders' agent.

(3) MNEL shall not take any action to cancel or terminate any project document to which it's a party other than scheduled termination thereof; sell, assign (other than pursuant to the security docs) or otherwise dispose of any part of its interest in such project document; waive any default under or breach of any provision material to the Project or Project Documents; waive, fail to enforce, forgive, release any right, interest or entitlement, however arising, under or in respect of any provision material to the project or Project Documents, vary or agree to the variation in any way of a provision material to the Project or Project Document; amend, supplement or modify any provision in any project document, or petition, request or take any other legal or administrative action that seeks or may reasonably be expected to rescind, terminate or suspend any project document except with the prior permission in writing from the lenders.

(4) Further it shall not directly or indirectly create, incur, contract, assume or suffer or otherwise become or be liable for any debt including undertake guarantee obligations on behalf of any other company, and borrowing arrangements, whether secured or unsecured with any other person or bank or financial institution or otherwise, except the "Permitted Debts" in the Agreement. It shall neither abandon/ agree to abandon the project nor use, maintain or operate, or allow the use the project for any purpose that may constitute a public or private nonsense.

(5) Also, it shall not pay any amounts in respect of any subordinated debt except pursuant to terms permitted by lenders and in any event B shall not pay any amount in respect of subordinated debt if a potential event of default or event of default has occurred and is continuing.

(6) It is provided that it will not enter into any partnership, profit-sharing or royalty agreement or other similar arrangement whereby the Company's income or profits are or might be shared with any other person, or enter into any management contract or similar arrangement whereby its business or operations are managed by any other persons.

(7) No material alteration in the scope of the project will be introduced by the Company without the prior written consent of NHAI and every such material alteration proposed shall be informed to the lenders. The Company shall not amend, modify or supplement its MoA and AoA in any material manner without the prior written consent of the senior lenders.

Details of Secured Borrowings of KBICL

The secured borrowings of KBICL, as of December 31, 2007 are as follows:

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
1.	Agreement of Loan for overall limit dated April 28, 2007 with a consortium of bankers comprising Canara Bank and Central Bank	39,130	2,575	Interest shall be paid on principal amount of the debt facility outstanding at the applicable interest rate for each lender on the interest payment date falling in the next following month. Repayment to be made through 29 unequal half yearly instalments. Total	A first mortgage and charge for the benefit of the lenders on all immoveable and moveable properties (including all receivables) both present and future; A first charge on all the Bank Accounts of the borrower. First charge on all the intangibles of the borrower Right, title and interest of the borrower by way of first charge in, to and under all the Government approvals.

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
				Amount to be repaid is as follows : Canara Bank – Rs. 19,565 lakhs Central Bank – Rs. 19,565 lakhs The repayment commences on October 4, 2010	An assignment in favour of the security trustee of all the rights, titles and interests of the borrower in, to and in respect of all assets of the Project and the Project Documents; An assignment in favour of the security trustee of contractor guarantees, performance bonds, letters of credit and liquidated damages; An assignment in favour of the security trustee of all insurance policies noting the security interest created thereon; A pledge of shares constituting 26% of paid and voting equity share capital of the borrower for a period of three years after the COD.

(1) It is provided that KBICL shall not effect or agree to effect any change in its capital structure which is material in the Lender's opinion and shall not agree to take any action of merger, consolidation, reorganization or amalgamation; or for sale, or lease, transfer or otherwise dispose of any assets except to the extent permitted or approved by the lenders in writing.

(2) Further it shall neither acquire all or part of the assets of any other person, or any class of shares or debentures or partnership interest or similar interest nor shall it make any investment in any person, including the Sponsor by way of deposits, loans, bonds, share capital or any other form except the authorized investments in terms of the Finance Documents, or as may from time to time be permitted by the lenders in writing and normal trade credit or security deposits in normal course of business or advances to employees. Also it will require the prior approval of the lenders to make any capital expenditure or make any investments, take assets or lease other than as provided in the approved budget.

(3) No Security interest shall be created on or in any secured property or any of its other property, assets or rights, including escrowing or charging the receivables (other than bonus) in favour of third parties without the prior written permission of the Lenders. KBICL shall not engage in any other business in India, create any subsidiaries, change its name, or change the location of its registered office outside or inside Maharashtra except without prior written permission of Lenders' agent. Further any change in the management would require the prior approval of the Lenders.

(4) Any action to cancel or terminate any project document to which it's a party other than scheduled termination thereof; sell, assign (other than pursuant to the security documents) or otherwise dispose of any part of its interest in such project document; waive any default under or breach of any provision material to the Project or Project Documents; waive, fail to enforce, forgive, release any right, interest or entitlement, however arising, under or in respect of any provision material to the

project or Project Document, vary or agree to the variation in any way of a provision material to the Project or Project Document; amend, supplement or modify any provision in any project document.

(5) No payment of any amounts in respect of any subordinated debt except pursuant to terms permitted by lenders and specifically if a potential event of default or event of default has occurred and is continuing.

(6) It is not allowed to enter into any partnership, profit-sharing or royalty agreement or other similar arrangement whereby its income or profits are or might be shared with any other person, or enter into any management contract or similar arrangement whereby its business or operations are managed by any other persons.

(7) Further it is not permitted to revalue its assets without prior approval of lender.

(8) It shall not, out of the equity contributions, recognize or register any transfer of shares covered by the undertaking it shall by itself and through its associates hold at least 51% of the paid-up and voting Equity share capital of B upto three years of COD and thereafter, upto the final settlement date at least 26% of the paid-up and equity share capital of the borrower.

Details of Secured Borrowings of GICL

The secured borrowings of GICL, as of December 31, 2007, are as follows:

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
1.	Agreement of Loan for overall limit dated May 11, 2007 with a consortium of bankers comprising Canara Bank, Central Bank, Bank of India & Punjab National Bank	57,543	5,125	Interest shall be paid on principal amount of the debt facility outstanding at the applicable interest rate for each lender on the interest payment date falling in the next following month. Repayment to be made through 31 unequal half yearly installments. Total Amount to be repaid is as follows : Canara Bank – Rs. 1,254.3 lakhs Central Bank – Rs. 1,000 lakhs Bank of India – Rs. 1,500 lakhs Punjab National Bank – Rs. 2,000	A first mortgage and charge for the benefit of the lenders on all immoveable and moveable properties (including all receivables) both present and future; A first charge on all the Bank Accounts of the borrower. First charge on all the intangibles of the borrower Right, title and interest of the borrower by way of first charge in, to and under all the Government approvals. An assignment in favour of the security trustee of all the rights, titles and interests of the borrower in, to and in respect of all assets of the Project and the Project Documents; An assignment in favour of the security trustee of contractor guarantees, performance bonds, letters of credit and liquidated damages;

S. No.	Nature of borrowing/debt	Amount (In Rs. lakhs)	Outstanding (in Rs. lakhs)	Repayment and Interest	Security
				lakhs The repayment commences on October 4, 2010.	An assignment in favour of the security trustee of all insurance policies noting the security interest created thereon; A pledge of shares constituting 26% of paid and voting equity share capital of the borrower for a period of three years after the COD.

(1) It is provided that GICL shall not effect or agree to effect any change in its capital structure which is material in the Lender's opinion and shall not agree to take any action of merger, consolidation, reorganization or amalgamation; or for sale, or lease, transfer or otherwise dispose of any assets except to the extent permitted or approved by the lenders in writing.

(2) Further it shall neither acquire all or part of the assets of any other person, or any class of shares or debentures or partnership interest or similar interest nor shall it make any investment in any person, including the Sponsor by way of deposits, loans, bonds, share capital or any other form except the authorized investments in terms of the Finance Documents, or as may from time to time be permitted by the lenders in writing and normal trade credit or security deposits in normal course of business or advances to employees. Also it will require the prior approval of the lenders to make any capital expenditure or make any investments, take assets or lease other than as provided in the approved budget.

(3) No Security interest shall be created on or in any secured property or any of its other property, assets or rights, including escrowing or charging the receivables (other than bonus) in favour of third parties without the prior written permission of the Lenders. GICL shall not engage in any other business in India, create any subsidiaries, change its name, or change the location of its registered office outside or inside Maharashtra except without prior written permission of Lenders' agent. Further any change in the management would require the prior approval of the Lenders.

(4) Any action to cancel or terminate any project document to which it's a party other than scheduled termination thereof; sell, assign (other than pursuant to the security documents) or otherwise dispose of any part of its interest in such project document; waive any default under or breach of any provision material to the Project or Project Documents; waive, fail to enforce, forgive, release any right, interest or entitlement, however arising, under or in respect of any provision material to the project or Project Document, vary or agree to the variation in any way of a provision material to the Project or Project Document; amend, supplement or modify any provision in any project document.

(5) No payment of any amounts in respect of any subordinated debt except pursuant to terms permitted by lenders and specifically if a potential event of default or event of default has occurred and is continuing.

(6) It is not allowed to enter into any partnership, profit-sharing or royalty agreement or other similar arrangement whereby its income or profits are or might be shared with any other person, or enter into any management contract or similar arrangement whereby its business or operations are managed by any other persons. Further it is not permitted to revalue its assets without prior approval of lender.

(7) It shall not, out of the equity contributions, recognize or register any transfer of shares covered by the undertaking it shall by itself and through its associates hold at least 51% of the paid-up and voting Equity share capital of B upto three years of COD and thereafter, upto the final settlement date at least 26% of the paid-up and equity share capital of the borrower.

SECTION VI – LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below and in the notes to the financial statements in this Red Herring Prospectus, there is no outstanding litigation, disputes, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the Company, its Directors, its subsidiaries and its Group companies that would have a material adverse effect on its business, except the following:-

Litigation involving our Directors

1. A criminal complaint against Abhijit Rajan was filed by Prashant Glass Works (P) Limited in the court of the Additional Chief Judicial Magistrate, Varanasi alleging forgery and criminal breach of trust in respect of 1,14,572 equity shares delivered by Prashant Glass Works (P) Limited pursuant to the public offer made by Pacific Energy Private Limited to the shareholders of Gammon India Ltd in 1996. The matter is pending.

2. A criminal complaint has been filed against GIL, Abhijit Rajan and another in the court of the Sub-Divisional Judicial Magistrate, Cuttack by the Union of India represented by the Labour Enforcement Officer (Central) alleging non-maintenance of register under Section 8 of the Equal Remuneration Act, 1976 at a worksite of GIL near Cuttack in Orissa. The matter is pending.

3. A criminal complaint has been filed against GIL, Abhijit Rajan, Himanshu Parikh and another in the court of the Additional Chief Metropolitan Magistrate, 38th Court, Ballard Pier, Mumbai by the Inspector, Security Guards Board for Greater Bombay and Thane District, under the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981 for allegedly employing unregistered security agency at one of the premises belonging to GIL in Mumbai. The matter is pending.

4. A complaint has been filed by Prashant Glass Works Private Limited in the National Consumer Disputes Redressal Commission, New Delhi against Pacific Energy Private Limited and Mr. Abhijit Rajan seeking a direction to deliver 3,95,360 equity shares (face value Rs. 2 each) of GIL and compensation from Pacific Energy Private Limited.

5. SEBI conducted an investigation in respect of certain alleged irregularities made in the rights issue of GIL in the year 2001 and also allegations that funds of GIL were used by Mr. Abhijit Rajan, the promoter of GIL for subscription to the said rights issue. On the basis of its findings, SEBI by way of its order dated December 21, 2006 prohibited GIL, our Promoter, Mr. Abhijit Rajan, our Chairman and Managing Director and two other companies from accessing the capital markets, directly or indirectly for a period of one year from the date of its order. Further, in terms of the said order, GIL, Mr. Abhijit Rajan and the two other companies are also prohibited from divesting, transferring, selling or alienating in any way its shareholding in the Company for a period of three years from the date of allotment in the proposed IPO. The Securities Appellate Tribunal (SAT) has on March 23, 2007 admitted two separate appeals one filed by GIL and another filed by Mr. Abhijit Rajan and the two others against the said SEBI order. The next hearing in the matter is scheduled on March 13, 2008.

Litigation involving the Company

1. SEBI by way of its order dated February 2, 2007 read with its earlier order dated December 21, 2006 prohibited the Company from accessing the capital markets for a period of one year from December 21, 2006. The Securities Appellate Tribunal (SAT) by way of its order dated March 23, 2007 has admitted an appeal filed by the Company against the said SEBI order and also granted an interim relief to us directing SEBI to process the file pertaining to the earlier Draft Red Herring Prospectus dated March 27, 2006.

2. The Company is a co-respondent to Company Petition no.637 of 2006 initiated by one Mr. Inder Chand Jain against Ms. Satyagiri Waterways Limited and others, in which, inter-alia, winding up of Satyagiri Waterways has been claimed. The Company is also a co-respondent to Arbitration Petition no. 263 of 2007 filed by KJMC Financial Services Limited and Arbitration Petition no. 330 of 2007 filed by Videocon Industries Limited. These petitions are in relation to the 'Passenger Water Transport System for the West Coast of Mumbai', in which the Company has agreed to take up a 20% equity stake. The Hon'ble Bombay High Court has by its order dated December 6, 2007 disallowed these arbitration petitions.

Litigation involving Our Associates and Subsidiaries

VSPL

1. A writ petition was filed before the High Court of Andhra Pradesh by VSPL disputing the deployment of Harbour Mobile Crane on General Cargo Berth of Visakhapatnam Port by M/s. Sarat Chatterjee & Company Limited (encouraged by VPT). At the preliminary stage of hearing, *status quo* order was passed by the Honourable Court which was extended till the disposal of the case.

   The matter has been transferred to the Lower Court and is pending.

2. A dispute has arisen between VSPL and the VPT regarding alleged delay in completion of construction of project facilities as per the license agreement. An amount of Rs. 200 lakhs, being the maximum liquidated damages, has been paid by VSPL under protest.

   As per the license agreement, VPT has referred the dispute to an Expert, N. Dhana Raju. The proceedings before the expert has concluded and the opinion is expected. VPT has raised a similar claim for liquidated damages of Rs. 200 lakhs on EQ 9 berth. On VSPL invoking the arbitration clause, the dispute has been referred to a panel of three arbitrators. VSPL has filed its claim statement before the arbitration panel. The matter is pending.

3. A writ petition under Article 226 of the Constitution of India has been filed in the Andhra Pradesh High Court at Hyderabad, on February 10, 2005 by Visakha Harbour and Port Workers Union ("Petitioner") against the Government of India, the Visakhapatnam Port Trust, the Visakhapatnam Dock Labour Board and Vizag Seaport Private Limited (collectively the Respondents). An affidavit was filed by the Petitioner on March 9, 2005

   Under the writ petition, the Petitioner has objected to the engaging of private workers by VSPL for dock work, without engaging the dock workers registered under the Visakhapatnam Dock Workers (Regulation of Employment) Scheme, 1959 (Scheme). It has been 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.

   A similar writ petition has been filed by the Visakha Dock Labour Board and Dock Workers Union against the Respondents on March 27, 2005. Replies to the above writs are have been filed by the concerned respondents but the listing of the petitions is still pending.

REL

1. A demand notice dated November 8, 2004 was issued to REL by the Collector and District Registrar, Rajahmundry wherein it was stated that a deficient stamp duty amounting to Rs. 17,76,99,900 was payable in respect of the Concession Agreement entered into between REL and NHAI, as the Concession Agreement has been executed on a stamp paper of only Rs. 100. In an order dated March 15, 2005, the same amount was determined and confirmed as payable REL.

   A writ petition was filed by REL before the Andhra Pradesh High Court, against the Union of India; the Collector and District Registrar, Rajahmundry, the NHAI (together the Respondents) on April 19, 2005 challenging the demand notice.

   By an order dated April 28, 2005 the Respondents were asked to show cause as to why the writ petition should not be admitted and an interim stay of operation of the order dated March 15, 2005 for a period of six weeks was also directed. A counter-affidavit has been filed by the Collector and District Registrar, Rajahmundry on June 14, 2005.

CBICL

1. A Writ Petition has been filed by Kerala State Private Bus Owners Federation in the Kerala High Court against the State of Kerala, GIL and another challenging the variation in the Concession Agreement of CBICL by extending the concession period and by granting an annuity of Rs.154 lakhs per year.

2. CBICL has issued a notice dated December 14, 2007 to Government of Kerala and Greater Cochin Development Authority for amicable settlement of dispute under clause 35.1 (b) of the Concession agreement dated October 27, 1999 read with Supplementary agreement dated January 6, 2001. The dispute is in relation to the government orders dated January 24, 2005 and March 1, 2005 whereby Government of Kerala agreed to compensate CBICL for the shortfall in the revenues caused due to user fee rates being held constant at reduced/concessionary user fee rates throughout the concession period. However, cash compensation of four annual annuity payments as well as payments in respect of car category compensation remains outstanding.

   CBICL has further by a letter dated December 27, 2007 informed the Government of Kerala and Greater Cochin Development Authority about its right to invoke arbitration upon expiry of the prescribed time period. Not having received any response to the same, CBICL, by its letter dated January 18, 2008 has invoked arbitration under Clause 35.2 of the Agreement. CBICL has appointed an arbitrator, and by this letter also called upon the Government of Kerala and Greater Cochin Development Authority to appoint their arbitrator.

THPL

1. A writ petition has been filed by GIL and TPL against the State of Himachal Pradesh, Department of MRR & Power and Himachal Pradesh State Electricity Board before the High Court of Himachal Pradesh. A letter of allotment dated April 9, 2007 for allotment of Tidong (II) Hydro Electric Power Project was issued to GIL and TPL. Pursuant to the same, a MoU was to be signed among the parties which was scheduled on April 28, 2007 but was rescheduled at two occasions. However the same is still pending and the present petition is filed to direct the Government for execution of the said MOU.

Litigation involving our Promoter

Matters filed against GIL

- For details in relation to the SEBI order arising from GIL's rights issue, please see description under the heading "Litigation involving our Directors" above.

- In the September 2007, a segment of the fly-over at Hyderabad which was being built by GIL collapsed. Pursuant to such collapse an Expert Committee has been constituted and such committee visited the site. GIL has filed a statement with the authorities. The Expert Committee has recommended a penalty on GIL aggregating to 10% of the total project cost and all costs, direct and indirect, concerned with loss to individuals and private and public property.

- There are 34 civil matters filed against GIL, comprising 25 matters in which the total claim is Rs. 7,000 lakhs and nine matters, in which, the claim amount is not ascertainable.

- There are five arbitration references made against GIL wherein a total amount of approximately Rs. 1,470 lakhs has been claimed against GIL. GIL has filed counter claim of approximately Rs. 320 lakhs in these references.

- There are 18 labour matters filed against GIL, comprising two matters in which the total claim is Rs. 12.5 lakhs and 16 matters in which the amount is not ascertainable.

- There are three criminal matters filed against GIL; one alleging non-maintenance of register under Section 8 of the Equal Remuneration Act, 1976, a second one for allegedly employing security guards not registered with the Security Guards Board for Greater Bombay and Thane District, under the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981 and a third one for alleged non-compliance with ESI Act.

Tax related matters where GIL is a party

- There are eight income tax related cases in dispute where GIL is a party, out of which, seven are pending before the Income Tax Appellate Tribunal, Mumbai and one is pending before the Mumbai High Court. While GIL expects no additional liability on these matters, a refund order of Rs. 126 lakhs is being challenged by the Department in the High Court.

- There are 42 sales tax related cases where GIL is a party pending before different adjudicating authorities in eight different states. The total amount which is the subject matter of these litigations is Rs. 940 lakhs.

- There are thirteen service tax notices/disputes comprising two matters in which the cumulative liability against GIL is expected to be Rs. 366 lakhs and eleven matters in which the amount involved is not ascertainable.

- There are three excise/customs related cases in which total amount of claims of over Rs. 213 lakhs may arise.

Matters filed by GIL

- There are 29 civil matters filed by GIL, comprising 12 matters in which the total claim made by GIL is approximately Rs. 3,700 lakhs and seventeen matters in which the amount is not ascertainable.

- There are five labour matters filed by GIL in four of which the amount is not ascertainable, while in the fifth one GIL has challenged a claim of Rs. 7 lakhs made by the ESI Corporation.

- There are twenty two arbitration references made by GIL in which GIL has claimed approx. Rs. 29,600 lakhs. Counter claims of approx. Rs. 5,050 lakhs have been made against GIL in these references.

Litigation involving our Promoter Group Companies

<u>Pacific Energy Private Limited (PEPL)</u>

1. A civil suit relating to recovery of an amount of Rs. 389.5 lakhs is pending against Pacific Energy Private Limited before the High Court, Bombay.

2. A consumer complaint has been filed by Prashant Glass Works Private Limited in the National Consumer Disputes Redressal Commission, New Delhi seeking direction to deliver 3,95,360 equity shares (face value Rs. 2) of GIL and compensate for alleged loss suffered.

<u>Associated Transrail Structures Limited (ATSL)</u>

1. There are eight labour cases pending against ATSL. The nature of claims in these cases is such that no financial value can be ascertained in relation to the same.

2. There are four income tax matter pending against ATSL before the Income Tax Appellate Tribunal, Ahmedabad wherein the amount involved in Rs. 45.5 lakhs.

3. There are seven civil cases pending by/against ATSL in which a total amount of Rs. 4.6 lakhs has been claimed by ATSL and a total claim of Rs. 9.5 lakhs has been raised by ATSL.

STFA Piling (India) Limited (STFAPL)

1. Case filed by Raj Construction against STFA Piling (India) Limited before the Delhi High Court for recovery of outstanding amount of Rs. 5,53,446. This amount has been decreed against STFA Piling (India) Limited.

LICENSES AND APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any Government authority is required to continue these activities.

Company

1. Certificate of Incorporation dated April 23, 2001 issued by the Assistant Registrar of Companies, Maharashtra.

2. Certificate or Commencement of Business dated June 15, 2001 issued by the Deputy Registrar of Companies, certifying that the Company is entitled to commence business.

3. Approval No. Fc.II: 233(2005)/240(2005) dated October 5, 2005, from the Foreign Investment Promotion Board, Ministry of Finance, Government of India approving the foreign equity participation of upto 15.74% of the equity share capital in the Company by OCH-ZIFF Management LLC, USA either by itself of through its affiliates by way of subscription and/or purchase of upto 2,01,47,200 Equity Shares of the Company. The approval is subject to the condition that at any time the FDI in the Company does not exceed 49% of the paid up capital and also that the management of the Company should be with Indian owners.

4. Certificate of Registration of Establishment granting registration no. as GS-aa/011672 issued under Bombay Shops and Establishments Act, 1948 dated June 22, 2005 by Office of Inspector under the Bombay Shops and Establishments Act, 1948.

5. Approval dated July 3, 2007 issued by the FIPB, for allotment of upto 3,12,24,225 equity shares to non-residents under the IPO.

A. CBICL

1. Certificate of Incorporation dated October 21, 1999 issued in the name of Cochin Bridge Infrastructure Company Limited by the Deputy Registrar of Companies, Mumbai.

2. Certificate for Commencement of Business dated November 1, 1999 issued by the Deputy Registrar of Companies, Mumbai.

3. Provisional Certificate of Completion dated August 18, 2001 issued by the Cochin Port Trust certifying that the construction of the Mattancherry Bridge connecting Willingdon Island and Thoppumpady on BOT basis was completed on August 17, 2001 by CBICL as per the approved drawings and MOST specifications.

4. Certificate of Completion dated February 14, 2002 issued by the Cochin Port Trust certifying that the construction of the Mattancherry Bridge connecting Willingdon Island and Thoppumpady on BOT basis was completed in all respects on February 8, 2002 by CBICL, Mumbai conforming to the approved drawings and MOST specifications.

5. Letter dated April 21, 2003 from the office of Employees' State Insurance Corporation, Regional Office (Kerala), Thrissur to CBICL informing that the establishment falls within the purview of the Employees State Insurance Act, 1948 and application of the said law thereof.

6. Letter issued from the office of Employees' Provident Fund Organization, Sub-Regional Office, Kochi, dated November 11, 2002 to CBICL stating that the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and the schemes framed thereunder are applicable to the establishment of CBICL with effect from October 1, 2002.

7. Letter No. PD-26018/4/99-PDZ(CRZ) dated May 12, 2000 from the Ministry of Surface Transport, Department of Shipping (Ports Wing) to the Chairman, Cochin Port Trust granting environment clearance under Ministry of Environment and Forests Notification No. H-11011/6/97-IA.III dated July 9, 1997 for construction of a new two lane Mattencherry Bridge in Cochin Port Trust.

8. Registration Certificate dated December 12, 2007 issued under Shop and Establishment Act and the same is valid till December 12, 2008.

B. VSPL

1. Certificate of Incorporation dated April 24, 2001 issued by the Assistant Registrar of Companies, Maharashtra.

2. A fresh Certificate of Incorporation dated March 24, 2004 given by the Registrar of Companies of Andhra Pradesh, Hyderabad confirming the change of name from Vizag Seaport Limited to Vizag Seaport Private Limited.

3. Certificate for Commencement of Business dated June 15, 2001 granted to VSPL by the Deputy Registrar of Companies, Maharashtra.

4. License (License No. 0330008276) dated March 29, 2005 granted by the Joint Director General of Foreign Trade, Ministry of Commerce and Industry under the 5% Export Promotion of Capital Goods Scheme.

5. License (Licence No. 0330006479/3/11/00) dated August 24, 2004 issued by the Office of Joint Director, General of Foreign Trade, Ministry of Commerce and Industry, Government of India under EPCG 5% FOB Basis .

6. Notification dated July 8, 2004 issued by the Tariff Authority for Major Ports ("TAMP") approving the interim tariff arrangement for operations of VSPL in the Visakhapatnam Port at EQ-8 and EQ-9 Berths.

7. Letter from National Securities Depositories Limited dated May 7, 2005 allotting Tax Deduction Account Number as VPNV00943F. This number shall supercede all Tax Deduction/ Collection Account Numbers allotted earlier.

8. Certificate dated April 2, 2004 issued by the Commissioner of Central Excise and Customs, Visakhapatnam certifying VSL to have been registered with the Central Excise Department for payment of tax on Port Service.

9. Notification Nos. 01/2004 (Customs) (NT) (VSP) and 03/2004 (Customs) (NT) (VSP) dated April 5, 2004 and dated September 14, 2004 respectively in relation to EQ-8 berth and EQ-9 berth respectively, issued by the Commissioner of Customs, Visakhapatnam granting approval for use of place for loading and unloading of goods including containers and containerized goods and specifying the boundaries and limits of the Customs Area.

10. Order dated August 18, 2004 from the Commissioner of Customs, Custom House, Visakhapatnam appointing VSPL as Custodian under S.45 (1) of the Customs Act 1962 and granting permission to allow entry and exit of goods to be exported or imported by various exporters and importers and storage of cargo under certain conditions.

11. Certificate IEC No.: 2604000423 dated June 10, 2004 issued by the Joint. Director General of Foreign Trade, Visakhapatnam.

12. Certificate of Registration No. 23/2004 dated August 31, 2004 granted under Section 7(2) of Contract Labour (Regulation and Abolition Act) 1970 by the Assistant Labour Commissioner (Central) and Registering Officer, Visakhapatnam.

Pending Approvals:

1. Application dated December 22, 2007 made to Tariff Authority for Major Ports for revision of its scale of rates for vessel handling at EQ-8 & EQ – 9.

2. Application dated November 2, 2007 for renewal of consent (under Water and Air Acts) & Hazardous Waste Authorisation (under HWM rules) to the Andhra Pradesh Pollution Control Board.

C. AEL

1. Certificate of Incorporation dated September 21, 2001 for AEL issued by the Assistant Registrar of Companies, N.C.T of Delhi and Haryana certifying that the Company is incorporated under the Companies Act, 1956 and is a limited Company.

2. Certificate of Commencement of Business issued on October 3, 2001, by the Deputy Registrar of Companies, N.C.T. of Delhi and Haryana, certifying that AEL is entitled to commence business.

3. Provisional Certificate of Completion dated October 30, 2004 granted for the project of widening and strengthening of existing 2 lane carriage-way from 253 kilometers to 300 kilometers of NH-5 Package AP-16 (Dharmavaram to Tuni section) and its operation and maintenance on BOT Annuity basis, through the concessionaire, Andhra Expressway Limited.

4. Certificate of Registration under Central Sales Tax dated July 23, 2007 issued by Commercial Tax Officer, Commercial tax department certifying GIPL as dealer under Section 7(1) and 7(2) of the Central Sales Tax Act. This Certificate shall be effective from July 1, 2007 and be valid until cancelled.

D. REL

1. Certificate of Incorporation dated September 21, 2001 issued by the Assistant Registrar of Companies, National Capital Territory of Delhi and Haryana for REL certifying that the Company is incorporated under the Companies Act, 1956 and is a limited liability Company.

2. Certificate of Commencement of Business issued on October 3, 2001 by the Deputy Registrar of Companies, NCT of Delhi and Haryana, certifying that REL is entitled to commence business.

3. Provisional Certificate of Completion dated September 20, 2004 granted for the project of widening and strengthening of existing 2 lane carriage-way from kilometers 200 to kilometers. 253 of NH-5 Package AP-15 and its operation and maintenance on BOT Annuity basis, through the concessionaire, Rajahmundry Expressway Limited.

4. Certificate of Registration dated July 23, 2007 issued under Andhra Pradesh VAT Act, 2005 to the Company whose principal place of business is at Rajamundhary certifying registration under VAT as 28608463974. The same shall come into effect from July 1, 2007.

5. Final Completion Certificate dated April 25, 2007 issued by Zaiden Leeng Sdn Bhd and Artifact Project acting as Independent Engineer on Project in terms of Clause 5.4(a)(vii) of the Concession Agreement. The Project stands completed on December 12, 2005.

E. MNEL

1. Certificate of Incorporation dated July 22, 2005 issued by Assistant Registrar of Companies, Maharashtra.

2. Certificate for Commencement of Business dated August 8, 2005 granted by the Assistant Registrar of Companies, Maharashtra.

3. License No. B.ALC.II/43(9)/2007 dated April 17, 2007 granted to MNEL c/o GIL under Section 7(3) of the Building and Other Construction Work (Regulation & Employment& Conditions of Services) Act, 1996 and rules thereunder by the Office of the Assistant Labour Commissioner, Ministry of Labour. The said license is granted for doing the work of improvement, operation and maintenance of rehabilitation and strengthening of existing two lane road and widening to four lane divided carriageway from kilometre 539.500 to 440.000.

4. Permission granted by the Gram Panchayat, Khambale to Sadbhav Engineering Limited to carry out construction on land for uses such as laboratory staff quarters dated November 7, 2005.

5. No objection certificate dated November 7, 2005 granted by Gram Panchayat Mokhavade, Kasara for renting of 26 acres of land, for batching plant, crusher and hot mix plant set up at Shahapur, Thane to Sadbhav Engineering Limited for three years.

6. Permission dated November 7, 2005 granted by Gram Panchayat, Mokhavade, Kasara for use of land for batching plant, crusher plant and other uses.

7. In-principle approval letter issued by the Office of the Deputy Conservator of Forests, Shahapur to National Highways Authority of India for acquisition of forest land dated October 3, 2006.

8. Technical Sanction for establishment of electrical connection provided by The Executive Engineer, MSEB, Nashik to GIL.

9. Application made by Sadbhav to the Executive Engineer, Irrigation Department dated March 17, 2006.

10. Permission dated March 21, 2006 received by Sadbhav Engineering Limited from Executive Engineer, Nashik Irrigation Division, to draw water from Darna Dam for road construction activities.

11. Approval dated July 17, 2006 provided to Sadbhav Engineering Limited by Petroleum and Explosive Safety Organisation (PESO), Ministry of Commerce & Industry, for storage of Furnance Oil/ L.D.O. and for setting up of Petroleum Class B consumer pump at factory premises.

12. Permission dated July 9, 2006 granted by NHAI for cutting and disposal of trees falling within Padgha forest for an amount of Rs. 221,151.

13. Permission dated September 19, 2006 granted by Electrical Engineer, Industry, Energy & Labour Dept., Government of Maharashtra, to Sadbhav Engineering Limited for commissioning of 2 X 500 KVA DG Set at Ghoti.

Pending Approvals:

1. Application for consent/authorisation dated February 1, 2006 from Sadbhav Engineering Limited to Maharashtra Pollution Control Board, Nashik, for setting up stone quarry and a crusher.

2. Application for consent/authorization dated December 13, 2007 by Sadbhav Engineering Limited to Maharashtra Pollution Control Board, Nashik, for renewal of the consent in relation to operation of crushed stone plant for further period of two years with effect from January 1, 2008.

3. Application for consent/authorization dated December 13, 2007 by Sadbhav Engineering Limited to Maharashtra Pollution Control Board, Nashik, for renewal of the consent in relation to operation of hot mix plant for further period of two years with effect from January 1, 2008.

4. Application for consent/authorization dated December 13, 2007 by Sadbhav Engineering Limited to Maharashtra Pollution Control Board, Nashik, for renewal of the consent in relation to operation of concrete mixing plant for further period of two years with effect from January 1, 2008.

5. Application to Tehsildar, Igatpuri for giving land at Ghoti (28,000 square meters) for a period of 11 months for commercial usage under non agricultural category.

6. Application dated October 24, 2007 to Tehsildar, Igatpuri for giving land at Ghoti (72,143 square meters) for a period of 11 months for commercial usage under non agricultural category.

7. Application to Tehsildar, Igatpuri for giving land at Ghoti (26,408 square meters) for a period of 11 months for commercial usage under non agricultural category.

F. SHPVL

1. Certificate of Incorporation dated September 5, 2005 issued by the Assistant Registrar of Companies, Maharashtra.

2. Certificate for Commencement of Business dated September 21, 2005 issued by the Assistant Registrar of Companies, Maharashtra.

G. SEZAL

1. Certificate of Incorporation dated October 30, 2006 given by the Assistant Registrar of Companies, Patna.

2. Letter from Government of India to Developer, M/s. Adityapur Industrial Area development Authority dated June 14, 2006 No. F.2/12/2005- EPZ granting approval for development of sector specific SEZ at Adityapur, Jharkhand for automobile/auto components at Adityapur. The same is valid for three years.

H. PBPL

1. Certificate of Incorporation dated December 8, 2005 issued by the Assistant Registrar of Companies, Maharashtra.

2. Certificate of Commencement of Business dated February 1, 2006 granted by the Assistant Registrar of Companies, Maharashtra.

3. Acknowledgement to PBPL dated June 1, 2006 issued by the Secretariat for Industrial Assistance, Ministry of Commerce, Government of India acknowledging manufacture of generation of electricity to PBPL.

First Project

1. Application filed before the Ministry of Commerce to grant permission for generation of electricity.

Pending Approvals

1. Application filed for clearance from Forest Department for cutting of trees.

2. Application filed for clearance from Pollution Control Board (Local)

3. Application filed for clearance from BBMB for allocation of Water.

I. GLIML

1. Certificate of Incorporation dated October 28, 2004 issued by the Assistant Registrar of Companies, Maharashtra.

2. Certificate for Commencement of Business dated November 8, 2004 granted by the Assistant Registrar of Companies, Maharashtra.

3. Fresh Certificate of Incorporation Consequent on Change of Name dated April 13, 2005 given by the Assistant Registrar of Companies, Maharashtra certifying change of name from V. S. Securities Broking Limited to Gammon-L&T Infra MRTS Limited.

J. GPDL

1. Certificate of Incorporation dated January 20, 2006 given by the Assistant Registrar of Companies, Maharashtra.

2. Certificate for Commencement of Business dated March 24, 2006 granted by the Assistant Registrar of Companies, Maharashtra.

K. ESMSPL

1. Certificate of Incorporation dated October 11, 2004 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad.

2. Letter from Income Tax PAN Services Unit (Managed by Unit Trust of India Investor Services Limited,) allotting Income Tax PAN No. AABCE3773C under the jurisdiction of ITO, Ward – 1(2), Hyderabad.

3. Letter from the National Security Depository Limited, Mumbai dated June 23, 2005 allotting Tax Deduction Account Number as HYDE00962D.

4. Certificate issued by the Deputy Commissioner of Service Tax, Office of Commercial of Central Excise & Customs Service Tax Cell: Hyderabad - II Commissionerate dated September 12, 2005 certifying ESMPL to have been registered with the Central Excise Department for payment of tax on Cargo Handling Service vide Registration No. AABCE3773CST001.

5. Certificate of Importer-Exporter Code (IEC) issued by Government of India, Office of Joint. Director General of Foreign Trade, Hyderabad vide IEC No. 0904012042.

6. Certificate of Registry of Dumb Barge Sparkle 1 issued under the Coasting Vessels Act (Act XIX of 1838) Vide Registered No. M-7622 dated December 9, 2004.

7. Renewal of Licence No. GEN-73/07 under section 406 of the Merchant Shipping Act, 1956 issued by Asst. Director General of Shipping, Government of India, Ministry of Shipping for the period February 19, 2007 to February 18, 2008 vide ref. no. SD-161/LIC/IF(1)/05 dated February 24, 2007.

L. KBICL

1. Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, dated July 18, 2006

2. Certificate of Commencement of Business dated August 2, 2006 issued by the Assistant Registrar of Companies, Maharashtra.

3. Consent from Bihar State Pollution Control Board issued in the name of GIL under section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 and section 21 of the Air (Prevention and Control of Pollution) Act, 1991 for establishment of batching plant, hot mix plant dated June 21, 2007.

4. License dated May 22, 2007 from Office of the Regional Labour Commissioner, Ministry of Labour issued under section 12(1) of the Contract Labour (Regulation and Abolition) Central Rules, 1971 to R. Prakash Project Manager, GIL. The same is valid upto May 21, 2008.

5. Certificate of Registration dated May 22, 2007 under sub-section (3) of section 7 of the Building and Other Construction Works Act, 1996 issued to GIL by Registering Officer, Building and Other Construction Workers (RE&CS) Act, 1996.

6. Employee Provident Fund registration under section 2-A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 issued to GIL dated June 14, 2007 by Assistant Provident Fund Commissioner, Bhagalpur.

7. NHAI's certificate dated May 21, 2007 in its capacity of Principal Employer for the project.

8. No objection certificate from village panchayat Mahua-Mazari village for setting up of Batching Plant, Hotmix Plant, Casting Yard and Residences.

9. Permission from BSEB for setting up of 1,000 KVA Power Generator dated May 10, 2007 to GIL.

10. Letter from NHAI dated July 6, 2007 stating that the clearance from the Ministry of Environment and Forests is not required.

11. License no. P/EC/BI/14/1686 (P199250) dated December 31, 2007 granted by Petroleum and Explosives Safety Organization in Form XIV under the Petroleum Rules, 2002 to GIL with respect to KBICL for storage of 20 KL of petroleum class B and the same is valid till December 31, 2009.

12. Consent letter dated October 2, 2007 by District Magistrate for H.S.D. installation at Aashnpur Kupha in Supaul district of Bihar.

13. Certificate of registration dated March 3, 2008 (taxpayer identification no. 10050446063) under section 19 of the Bihar Value Added Tax Act, 2005.

M. GICL

1. Certificate of Incorporation dated July 17, 2006 issued by ROC.
2. Certificate of Commencement of Business dated August 3, 2006 issued by ROC.
3. Fresh Certificate of Incorporation dated February 12, 2007 consequent on change of name issued by the Assistant RoC, Maharashtra certifying change of name from Gorakhpur Insfrastructure Company Limited to Gorakhpur Infrastructure Company Limited.

4. Approval dated April 3, 2007 from the Petroleum and Explosives Safety Organization for establishing proposed petroleum class A&B retail outlet/service station/ consumer pump at Gorakhpur by pass.

5. Consent dated April 26, 2007 obtained from the District Magistrate Gorakhpur for Diesel outlet in favour of GIL.

6. Licence bearing no. A-46 (4)/ 07 dated January 22, 2007 from the Ministry of Labour and Employment as required under the provisions of section 12(1) of the Contract Labour (Regulation & Abolition) Act, 1970 for employment of contract labour.

7. Registration from the Ministry of Labour and Employment for employment of contract labour vide Certificate of Registration no. A-41 1(2) 2007 dated January 22, 2007 under sub-section (3) of Section 7 of the Building and Other Construction Works (Regulation of Employment of Conditions of Services) Act, 1996.

8. Consent dated February 16, 2005 for the Project from State Pollution Control Board under section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974, and section 21 of the Air (Prevention and Control of Pollution) Act 1991.

9. Environmental clearance from Ministry of Environment and Forests vide letter no. 18-6/2004-IA-111 dated April 29, 2005 for National Highway Development Project- construction of 4/6 lane Gorakhpur by pass including Rapti Bridge in the state of Uttar Pradesh.

10. No Objection certificate/ consent dated January 4, 2007 issued by the village pradhan of Baghagara village for setting up of base camp including WMA Plant and batching plant.

11. No Objection certificate/consent dated August 24, 2007 issued to GIL by the Regional Office, State Pollution Control Board, Gorakhpur for setting up of base camp including Hot Mix Plant, WMM Plant, Stone Crushing and batching plant.

12. Consent letter dated September 6, 2007 obtained from Gorakhpur District Court for conversion of Agricultural land into Industrial plot.

Pending Approvals:

1. Application dated April 13, 2007 addressed to District Forest Officer for cutting of private trees falling within ROW of Gorakhpur by pass NH-28 from Koni to Madapar.

2. Application dated April 21, 2007 to Additional District Magistrate, Collector Office, Sonbhadra for issuing permission for temporary installation of crusher plant at Sinduraya, Robertganj.

N. MPSL

1. Certificate of Incorporation dated March 14, 2007 issued by the Registrar of Companies.

2. Certificate of Commencement of Business dated June 15, 2007 granted by the Registrar of Companies.

O. AIPL

1. Certificate of Incorporation dated April 16, 2007 issued in the name of ATSL Infrastructure Projects Limited from the Registrar of Companies.

2. Certificate of Commencement of Business dated June 20, 2007 granted by the Registrar of Companies certifying AIPL to carry on its business.

P. GRDL, now GLL

1. Certificate of Incorporation dated June 12, 2007 issued in favour of Gammon Road Developers Limited by the Registrar of Companies.

2. Certificate of Commencement of business dated November 27, 2007 granted by the Assistant Registrar of Companies.

3. Fresh Certificate of Incorporation dated January 11, 2008 consequent on the change of name from Gammon Road Developers Limited to Gammon Logistics Limited issued by the Registrar of Companies.

4. Certificate of Registration of the Special Resolution dated January 11, 2008 confirming alteration of objects clause issued by the Registrar of Companies.

Q. HBPL

1. Certificate of Incorporation dated August 23, 2007 issued by the Registrar of Companies.

2. Certificate of Commencement of Business dated November 15, 2007 granted by the Registrar of Companies.

R. ICTPL

1. Certificate of Incorporation dated September 13, 2007 issued by the Registrar of Companies.

2. Letter dated June 15, 2006 from the Ministry of Environment and Forests granting environment clearance (subject to fulfillment of conditions prescribed) under Environment Impact Assessment Notification, 1994 and Coastal Regulation Zone Notification, 1991.

3. Letter dated October 10, 2007 from the Mumbai Port Trust intimating about the corrigendum dated October 4, 2007 whereby the Ministry of Environment and Forests have allowed the construction of two offshore container berths with a width of 65 m per container berth instead of 55 m per container berth as allowed by the clearance dated June 15, 2006.

4. Consent dated January 17, 2006 from Maharashtra Pollution Control Board for construction offshore container berth and development of container terminal in Mumbai Harbour 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 / Renewal of Authorization under Rule 5 of the Hazardous Wastes (Management & Handling) Rules, 1989 and Amendment Rules, 2003.

S. THPL

1. Certificate of Incorporation dated August 21, 2007 issued by the Registrar of Companies.

T. MTL

1. Certificate of Incorporation dated August 27, 2007 issued by the Registrar of Companies.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The issue of Equity Shares in the Issue by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on June 29, 2007, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Issue at the AGM of the Company held on August 27, 2007 at Mumbai.

The FIPB by way of its approval dated July 3, 2007 has granted its approval for allotment of upto 3,12,24,225 equity shares to non-residents.

Prohibition by SEBI

Neither we, nor our Directors or the Promoter or the Promoter Group Companies, or the directors of our Promoter or companies with which our Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI except those disclosed in the DRHP. For details refer chapter titled 'Outstanding litigation and Material Developments' at page 271 this Red Herring Prospectus.

Eligibility for the Issue

Our Company is not eligible for undertaking the Issue in accordance with Clause 2.2.1 of the SEBI Guidelines as it does not meet the following criteria:

- *"The Company has net tangible assets of at least Rs.3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;"*

Therefore, our Company is eligible for the Issue in accordance with Clause 2.2.2 of the SEBI Guidelines as explained under:

- The Issue is being made through the book building process with at least 50% of the Issue Size being allotted to QIBs failing which the subscription monies will be refunded; and

- The minimum post issue face value capital of the Company shall be Rs. 100 million.

Further, the Issue is subject to the fulfillment of the following conditions as required by rule 19(2)(b) of the SCRR:

- A minimum 20,00,000 Equity Shares (excluding reservations, firm Allotments and promoters contribution) are offered to the public;

- The Net Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 10,000 lakhs; and

- The Issue is made through the Book Building method with allocation of 60% of the Net Issue size to QIBs as specified by SEBI.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS 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 RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, SSKI AND MACQUARIE HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE

GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS, SSKI AND MACQUARIE ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, SSKI AND MACQUARIE HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 27, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, 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 MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

   (A) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

   (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;

   (C) THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A <u>WELL-INFORMED DECISION</u> AS TO THE INVESTMENT IN THE PROPOSED ISSUE;

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**

4. **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.**

   ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE DESIGNATED STOCK EXCHANGE IN ACCORDANCE WITH APPLICABLE LAW, AS ALSO ANY GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, GOI AND ANY

OTHER COMPETENT AUTHORITY. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE DESIGNATED STOCK EXCHANGE IN ACCORDANCE WITH APPLICABLE LAW, AS ALSO ANY GUIDELINES, INSTRUCTIONS, ETC., ISSUED BY SEBI, GOI AND ANY OTHER COMPETENT AUTHORITY.

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES IN THE NATURE OF LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES 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 BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

Note:

Our Company, our Directors, the BRLMs and the CBRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in any advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.gammoninfra.com, would be doing so at his or her own risk.

The BRLMs and the CBRLM accept no responsibility, save to the limited extent as provided in the memorandum of understanding entered into among the BRLMs, and the Company dated September 26, 2007 as amended on January 30, 2008 and entered among the BRLMs, the CBRLM and the Company and the Underwriting Agreement to be entered into among the Underwriters and the Company.

All information shall be made available by the Company, the BRLMs and the CBRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at Bidding centres.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to Persons resident in India (including Indian nationals resident in India), who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non-residents including FIIs, NRIs and other eligible foreign investors. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to or purchase Equity Shares offered hereby in any other jurisdiction to any Person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any Person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Accordingly, the Equity Shares are only being offered or sold in the United States to "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act of 1933 (the "Securities Act"), in reliance on Rule 144A of the Securities Act and outside the United States to certain Persons in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

DISCLAIMER CLAUSE OF THE NSE

As required, a copy of this Red Herring Prospectus has been submitted to NSE. NSE has given in its letter dated December 4, 2007 permission to us to use NSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e., the paid up capital shall not be less than Rs. 1,000 lakhs and the market capitalization shall not be less than Rs. 2,500 lakhs at the time of listing). The NSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every Person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF THE BSE

As required, a copy of this Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated December 13, 2007, permission to the Company to use BSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. BSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or

2. Warrant that this Company's securities will be listed or will continue to be listed on BSE; or

3. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Division of Issues and Listing, SEBI, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

Listing

Applications have been made to the NSE and BSE for permission to deal in and for an official quotation of our Equity Shares. NSE will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight (8) days after our Company becomes liable to repay it, i.e., from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of eight (8) days, be liable to repay the money, with interest at the rate of 15.0% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of allocation for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) ***makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***

(b) ***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."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, the Banker to the Issue and Escrow Collection Bank(s); and (b) Book Running Lead Managers, the Co Book Running Lead Manager, Syndicate Members, Registrar to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the RoC and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

Natvarlal Vepari & Co., Chartered Accountants and S.R. Batliboi & Associates, our Auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for filing with the RoC.

CARE, the IPO grading agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Registrar of Companies.

Expert Opinion

Except the report of CARE in respect of the IPO grading of this Issue annexed herewith and except as stated elsewhere in this Red Herring Prospectus, the Company has not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expense (in Rs. lakhs)
Lead management fees and underwriting commissions*	[•]
Advertising and Marketing expenses..	[•]
Printing and stationery...	[•]
Others (Registrars fee, legal fee, etc.).......................................	[•]
Total estimated Issue expenses...	[•]

* Will be incorporated after finalisation of Issue Price

In addition to the above, listing fees will be paid by the Company.

Fees Payable to the BRLMs, the CBRLM, Brokerage and Selling Commission

The total fees payable to the BRLMs including brokerage and selling commission for the Issue will be as per the memorandum of understanding executed between the Company and the BRLMs dated September 26, 2007 as amended on January 30, 2008 and executed between the Company, the BRLMs and the CBRLM a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Registrar's memorandum of understanding dated March 28, 2006 copy of which are available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post or speed post or under certificate of posting.

Companies Under The Same Management

Except as stated in "Our Promoters" on page 147 of the Red Herring Prospectus, there are no companies under the same management.

Particulars Regarding Public Issues during the last five Years

We have has not made any public issue during the last five years.

Promise versus Performance

This is the first public Issue of the Company.

Outstanding Debentures or Bond Issues or Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Red Herring Prospectus.

Issues otherwise than for cash

We have not issued any Equity Shares for consideration otherwise than for cash.

Purchase of Property

Except as stated in the section titled "Objects of the Issue" on page 35 of this Red Herring Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- the amount of the purchase money is not material; or
- disclosure has been made earlier in this Red Herring Prospectus.

Except as stated in the section titled "Related Party Transactions" on page 159 of this Red Herring Prospectus, we have not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

Stock Market Data for our Equity Shares

This being the initial public Issue, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

Investor grievance will be settled expeditiously and satisfactorily by us. The agreement between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of Allotment, demat credit, and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Intime Spectrum Registry Limited giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the respective Syndicate Member or collection centre where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue to address routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed G. Sathis Chandran, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

G. Sathis Chandran
Gammon Infrastructure Projects Limited,
Gammon House,
Veer Savarkar Marg, Prabhadevi,
Mumbai 400 025, India
Tel: (91 22) 6661 4000
Fax: (91 22) 6661 4025
E-mail: compliances@gammoninfra.com

Changes in Auditors

Name of Auditor	Date	Reasons
S.R. Batliboi & Associates, Chartered Accountants	June 11, 2007	Appointed as the statutory auditor in addition to Natvarlal Vepari & Co, Chartered Accountants
Natvarlal Vepari & Co, Chartered Accountants	September 13, 2005.	Appointment as the statutory auditor
Vinod Modi & Associates	September 13, 2005	Resigned

Capitalisation of Reserves or Profits

We have not capitalised our reserves in the last five years.

Revaluation of Assets

We have not revalued our assets in the past five years.

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the FIPB approval in relation to this Issue, the terms of this Red Herring Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, RBI, and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank pari passu in all respects with the existing Equity Shares of the Company, including rights in respect of dividends. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment. See the section titled “Main Provisions of the Articles of Association” on page 329 of this Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividends, if any, to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares are being offered in terms of this Red Herring Prospectus at a total price of Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

The face value of the shares is Rs. 10 and the Floor Price is 16.7 times of the face value and the Cap Price is 20 times of the face value

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders 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 on a poll either 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 of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to, among other things, voting rights, dividend, forfeiture and lien, transfer and transmission see the section titled “Main Provisions of the Articles of Association” on page 329 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 35 Equity Share. For details of allocation and allotment, see the section titled "Issue Procedure- Basis of Allotment" on page 318 of this Red Herring Prospectus.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or at the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee as provided under Section 109A, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the Allotment in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Application by Eligible NRIs / FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue to the public to the extent of the amount payable on application, including devolvement on Underwriters, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount (i.e., 60 days from the Bid Closing Date), we shall pay interest prescribed under Section 73 of the Companies Act.

Further, in terms of Rule 19(2)(b) of SCRR, if at least 60% of the Net Issue cannot be allocated to QIBs, all application money shall be refunded forthwith.

Further, in terms of clause 2.2.2A of the SEBI Guidelines, the Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdictions.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, India.

Application in Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

ISSUE STRUCTURE

The present Issue of 1,65,50,000 Equity Shares for cash at a price of Rs. [•] per Equity Share (including a share premium of Rs. [•] per Equity Share) aggregating Rs. [•] lakhs is being made through the 100% Book Building Process. The Issue would constitute 11.45% of the post issue paid up equity capital of the Company and the Net Issue would constitute 10.30% of the post issue paid up equity capital of the Company.

	QIBs	**Non-Institutional Bidders**	**Retail Individual Bidders**	**Employee Reservation Portion*** **
Number of Equity Shares*	At least 89,37,000 Equity Shares.	14,89,500 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	44,68,500 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 16,55,000 Equity Shares
Percentage of Issue Size available for Allotment/ Allocation	At least 60% of Net Issue Size shall be allocated to QIBs. However, not less than 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 10% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of the Net Issue or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.	Not less than 10 % of the Issue Size
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows: (a) Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 35 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 35 Equity Shares thereafter.	35 Equity Shares and in multiples of 35 Equity Share thereafter.	35 Equity Shares and in multiples of 35 Equity Share thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 1,00,000.##	10,000 Equity Shares by Eligible Employees below the designation of Vice President and 30,000 Equity Shares by Eligible Employees for Vice Presidents and above
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply**	Public financial institutions, as specified in Section 4A	NRIs, Resident Indian individuals, HUF (in the name of Karta),	Individuals (including HUFs, NRIs) applying for Equity Shares such	Eligible Employees

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion***
	of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 lakhs and pension funds with minimum corpus of Rs. 2,500 lakhs in accordance with applicable law.	companies, corporate bodies, scientific institutions societies and trusts.	that the Bid Amount does not exceed Rs. 1,00,000 in value.	
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form depending upon the Payment Method to the Syndicate Members.	Margin Amount applicable to Eligible Employees at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	At least 10% of the Bid Amount	In case of Bidders opting for Payment Method I – Rs. 50 per Equity Share and in case of Bidders opting for Payment Method II - Full Bid Amount on bidding	In case of Bidders opting for Payment Method I – Rs. 50 per Equity Share and in case of Bidders opting for Payment Method II - Full Bid Amount on bidding	Full Bid Amount on bidding

	Payment Method-I			Payment Method-II		
	Retail Individual Bidders and Non-Institutional Bidders			Any Category		
Amount Payable per Equity Share	**Face Value**	**Premium**	**Total (per share)**	**Face Value**	**Premium**	**Total**
On Application	2.5	47.5	50.0	10.0	[●]	[●]
By Due Date for Balance Amount Payable	7.5	[●]	[●]	-	-	-
Total	10.0	[●]	[●]	10.0	[●]	[●]

* Subject to valid Bids being received at or above the Issue Price and subject to a minimum of 60% of the Issue being allocated to QIBs. In terms of Rule 19(2)(b) of SCRR, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs including the Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 10 % of the Issue would be allocated to Non-Institutional Bidders and not less than 30% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid

bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of our Company in consultation with the BRLMs.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

*** Undersubscription, if any, in the Reservation Portion will be added back to Retail Portion. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Reservation Portion.

All Eligible Employees who Bid for upto 1,000 Equity Shares shall be given full Allotment of Equity Shares. Such Eligible Employees applying for more than 1,000 Equity Shares shall be issued 1,000 Equity Shares and additional Equity Shares on a proportional basis. However Eligible Employees below the designation of Vice President can apply for a maximum of 10,000 Equity Shares. All Eligible Employees who are designated as Vice Presidents and above are entitled to apply for a maximum of 30,000 Equity Shares.

At the Cut-off Price, the maximum number of Equity Shares that can be Bid for by Retail Individual Bidders is 490

Withdrawal of the Issue

The Company in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

Bidding Period / Issue Period

BID/ISSUE OPENS ON	**March 10, 2008**
BID/ISSUE CLOSES ON	**March 13, 2008**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded till such time as permitted by the NSE and the BSE .

The Company reserves the right to revise the Price Band during the Bidding Period/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to NSE and BSE by issuing a press release, and also by indicating the change on the websites of the BRLMs and the CBRLM and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital of the Company, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated to QIB Bidders on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds and the remainder shall be available for allocation on a proportionate basis to QIBs including the Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further not less than 30% of the Net Issue to the public shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 10% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, the Company in consultation with the BRLMs and the CBRLM may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Allotment to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the application form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public including resident QIBs, Non Institutional Bidders and Retail Individual Bidders	White
NRIs and FIIs	Blue
Eligible Employees	Pink

Who can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);

- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws. Non-Residents cannot subscribe for partly paid Equity Shares;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 2,500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 2,500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions; and
- Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by associates of BRLMs and Syndicate Member

The BRLMs, the CRBLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Member may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Under the SEBI Guidelines 5% of the QIB portion i.e. 4,46,850 Equity Shares has been specifically reserved for Mutual Funds.

Application by NRIs

Bid cum application forms have been made available for NRIs at the registered office of the Company.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident

Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Non-Residents Indians cannot subscribe to partly paid up Equity Shares under Payment Method-1.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us, FII holding in us cannot exceed 24% of our total issued capital. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 49%. The Board and the shareholders by way of their resolution dated March 25, 2006, have raised the aggregate FII limit to 35%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/ foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers of venture capital undertakings.

The above information is given for the benefit of the Bidders. The Company, the BRLMs and the CBRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 35 Equity Shares and in multiples of 35 Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIB Bidders**: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 35 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a

QIB Bidder should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.**

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 1,00,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'Cut-Off'.

(c) **For Employee Reservation Portion**: The Bid must be for a minimum of 35 Equity Shares and in multiples of 35 Equity Shares thereafter. The maximum Bid in this category by an Eligible Employee below the designation of Vice President is 10,000 Equity Shares and by Eligible Employees at the designation of Vice Presidents and above is 30,000 Equity Shares.

Information for the Bidders

(a) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(c) Investors who are interested in subscribing for or purchasing our Company's Equity Shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bid.

(d) Any investor (who is eligible to invest in our Equity Shares according to the terms of this Red Hearing Prospectus and applicable law) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate and should approach any of the BRLMs or the CBRLM or Syndicate Members or their authorized agent(s) to register their Bids.

(e) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms which do not bear the stamp of the members of the Syndicate will be rejected.

Bidders should refer to the section "Key Features of the Payment Method" on page 315 of this Red Herring Prospectus.

Method and Process of Bidding

(a) The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Marathi). This advertisement shall contain the salient features of the Red Herring Prospectus in the nature of the specifications under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the BRLMs, and the Syndicate Members and their bidding centers. The Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

(b) Investors who are interested in subscribing for the Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.

(c) The Bidding/Issue Period shall be a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in three national newspapers (one each in English, Hindi and Marathi) and the Bidding/Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/Issue Period not exceeding ten working days.

(d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details see the section titled "Issue Procedure-Bids at Different Price Levels" on page 303 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure-Build up of the Book and Revision of Bids" on page 306 of this Red Herring Prospectus.

(f) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled "Issue Procedure-Terms of Payment and Payment into the Escrow Accounts" on page 304 of this Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 167 to Rs. 200 per Equity Share of Rs. 10 each, Rs. 167 being the Floor Price and Rs. 200 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re. 1.

2. In accordance with SEBI Guidelines, the Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to NSE and BSE, by issuing a public notice in three national newspapers (one each in English, Hindi and Marathi), and also by indicating the change on the websites of the BRLMs and at the bidding terminals of the members of the Syndicate.

4. The Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

5. Bidders can bid at any price within the Price Band. Bidders have to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non-Institutional Bidders and such Bids from QIB Bidders and Non Institutional Bidders shall be rejected.**

6. Retail Individual Bidders and Bidders in the Reservation Portion who bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount (based on the Payment Method opted for) based on the Cap Price in the respective Escrow Accounts. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s).

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in the Reservation Portion, who had bid at Cut-off Price could either (i) revise their Bid or (ii) Only those Bidders who opted for the Payment Method-2 shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000 the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to the revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band Retail Individual Bidders and Bidders in the Reservation Portion, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Escrow Accounts/refund account(s).

9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 35 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

The Company shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount (as applicable to the Payment Method opted by the Bidder) from Bidders in a certain category would be deposited in the respective Escrow Account. The Escrow Collection Bank(s) will act in terms of this Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Public Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details see the section titled "Issue Procedure-Payment Instructions" on page 314 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder. An illustrative table of the Payment Method is provided in the section "The Issue" on page 6.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds.

Each category of Bidders, i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form in accordance with the Payment Method chosen. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" on page 296 of this Red Herring Prospectus. Subject to the Payment Method Chosen, where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the appropriate Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the members of the Syndicate, do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid Form.

Different Payment Methods:

For Illustration of the Payment Methods available to the investors for applying in this Issue see "The Issue" on page 6 of this Red Herring Prospectus.

Electronic Registration of Bids

(a) The Member of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period/Issue Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs and the CBRLM on a regular basis.

(c) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bidding/Issue Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor;
- Investor Category –Individual, Corporate, FII, NRI or Mutual Fund, etc.;
- Numbers of Equity Shares bid for;
- Bid price;
- Bid cum Application Form number;
- Whether payment is made upon submission of Bid cum Application Form; and
- Depository Participant Identification No. and Client Identification no. of the demat account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be Allotted either by the members of the Syndicate or the Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, the members of the Syndicate can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. In case of Bids under the Non-Institutional Portion, Bids under the Retail Portion and Bids under the Reservation Portion would not be rejected except on the technical grounds listed in this Red Herring Prospectus.

(h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, the BRLMs and the CBRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(h) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

(i) While revising the Bid, the Bidder shall not change the Payment Method indicated originally.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the Company.

(b) The Company in consultation with the BRLMs, shall finalise the Issue Price, the number of Equity Shares to be Allotted in each portion.

(c) The allocation to QIB Bidders of at least 60% of the Net Issue (5% of which is specifically reserved for Mutual Funds) would be on a proportionate basis in consultation with Designated Stock Exchange subject to valid bids being received at or above the Issue Price, in the manner as described in the section titled "Issue Procedure-Basis of Allotment – For QIBs" on page 319 of this Red Herring Prospectus. The allocation to Non-Institutional Bidders of not less than 10% and Retail Individual Bidders of not less than 30% of the Net Issue Size, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(d) Under subscription, if any, in the Non-Institutional, Retail categories and the Employee Reservation Portion would be allowed to be met with spill over from any of the other categories at the discretion of the Company, the BRLMs. However, if the aggregate demand by Mutual Funds is less than 7,33,091 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be Allotted proportionately to the QIB Bidders.

(e) Allocation to FIIs, NRIs and foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to the terms contained herein.

(f) The BRLMs in consultation with the Company shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before Allotment without assigning any reasons whatsoever.

(h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

(i) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and Filing with the RoC

(a) The Company, the BRLMs, the CBRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the ROC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of basis of allocation by the Designated Stock Exchange, the BRLMs, the CBRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs and the CBRLM or members of the Syndicate would then dispatch the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Accounts at the time of bidding shall pay in full the amount payable into the Escrow Accounts by the Pay-in Period specified in the CAN.

(c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

(d) The Issuance of CAN is 'Subject to "Allotment/ Transfer Reconciliation and Revised CANs" as set forth below.

Notice to QIBs: Allotment/ Transfer Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received. Based on the electronic book, QIBs will be sent a CAN on or prior to [●], 2008, indicating the number of Equity Shares that may be allotted to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.

(b) As per SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

Letters of Allotment or refund orders

We shall give credit to the beneficiary account with Depository Participants within two working days from the date of the finalisation of basis of allocation. Applicants residing at 68 centres where clearing houses are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur will get refunds through ECS (subject to availability of information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS. In case of other applicants, we shall ensure despatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for the purpose shall be made available to the Registrar by us.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within 15 days from the Issue Closing Date;
- Despatch of refund orders shall be done within 15 days from the Issue Closing Date; and
- We shall pay interest at 15.0% per annum (for any delay beyond the 15-day time period as mentioned above), if Allotment is not made, refund orders are not despatched and/or demat credits are not made to Bidders within the 15-day time prescribed above, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the demat credit.

We will provide adequate funds required for despatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour), Non-Resident Bid cum Application Form (blue in colour, or Employee Reservation Portion Bid cum Application Form (pink in colour), as the case may be;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have been given a TRS for all your Bid options;

- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

- Ensure that the bid is within the price band;

- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act with the Bid cum Application Form.; and

- Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.

- Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form 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 Bid cum Application Form.

Don'ts:

- Do not Bid for lower than the minimum Bid size;

- Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the Price Band;

- Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

- Do not pay the Bid Amount in cash;

- Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

- Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders and Bidders under the Employee Reservation Portion, for whom the Bid Amount exceeds Rs. 1,00,000);

- Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

- Do not submit Bid accompanied with Stockinvest.

- **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

- **Non-Residents cannot subscribe to partly paid up Equity Shares under Payment Method-1.**

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRIs and FIIs and applying on repatriation basis, and pink colour for Bidders under Employee Reservation portion).

- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

- The Bids from the Retail Individual Bidders must be for a minimum of 35 Equity Shares and in multiples of 35 thereafter subject to a maximum Bid Amount of Rs. 1,00,000.

- For Non-institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 35 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

- For Employee Reservation Category, the Bid must be for a minimum of 35 Equity Shares in multiple of 35 thereafter. All Eligible Employees who Bid for upto 1,000 Equity Shares shall be given full Allotment of Equity Shares. Such Eligible Employees applying for more than 1,000 Equity Shares shall be issued 1,000 Equity Shares and additional Equity Shares on a proportional basis. However Eligible Employees below the designation of Vice President can apply for a maximum of 10,000 Equity Shares. All Eligible Employees who are designated as Vice Presidents and above are entitled to apply for a maximum of 30,000 Equity Shares.

- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of the Company, GIL, KBICL, GICL, REL, AEL, GPDL, MPSL, GLL, THPL, SHPVL, CBICL and MNEL as of January 31, 2008, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be

a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour Form).

b) Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid cum Application Form:

c) The sole/ first bidder should be Eligible Employees as defined above.

d) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.

e) Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.

f) Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 1,00,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 1,00,000.

g) Bid/ Application by Eligible Employees can be made also in the “Net Issue to the Public” and such bids shall not be treated as multiple bids.

h) If the aggregate demand in this category is less than or equal to 16,55,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

i) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company and the BRLMs. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

j) All Eligible Employees who Bid for upto 1,000 Equity Shares shall be given full Allotment of Equity Shares. Such Eligible Employees applying for more than 1,000 Equity Shares shall be issued 1,000 Equity Shares and additional Equity Shares on a proportional basis. However Eligible Employees below the designation of Vice President can apply for a maximum of 10,000 Equity Shares. All Eligible Employees who are designated as Vice Presidents and above are entitled to apply for a maximum of 30,000 Equity Shares.

k) If the aggregate demand in this category is greater than 16,55,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 318 of this Red Herring Prospectus.

l) This is not an issue for sale within the United States of any equity shares or any other security of the Company. Securities of the Company, including any offering of its equity shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant**. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the CBRLM nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM 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 BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of bank particulars on the refund order or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, Bidder would have 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.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs 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 Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the BRLM nor the CBRLM shall be liable to compensate the Bidder for any losses caused to the Bidder 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, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice / refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs. 2,500 lakhs and pension funds with minimum corpus of Rs. 2,500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that the Company, the BRLMs and the CBRLM may deem fit.

The Company in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Non-Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made:

- On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

- In a single name or joint names (not more than three).

- NRIs for a Bid Price of up to Rs. 1,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 1,00,000 would be considered under Non-Institutional Portion for the purposes of allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of 35 thereafter that the Bid Price exceeds Rs. 1,00,000.

  Non-Residents cannot bid for partly paid Equity Shares under Payment Method-1.

- For further details, please refer to the section titled 'Maximum and Minimum Bid Size' on page 301 of this Red Herring Prospectus. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Non-Residents, NRIs, FIIs and foreign venture capital funds and all Non-Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

The Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

(a) Payment into Escrow Account

- The Bidders for shall with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

- In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs and the CBRLMs or the

Call Notice, as applicable to the category of Bidder based on the Payment Method selected by the Bidder.

- The payment instruments for payment into the Escrow Account should be drawn in favour of:

  - o In case of QIB Bidders: GIPL-IPO- Escrow Account – QIB – R
  - o In case of Non-resident QIB Bidders: GIPL-IPO- Escrow Account – QIB - NR
  - o In case of Resident Retail and Non-Institutional Bidders: GIPL IPO Escrow Account-R
  - o In case of other Non-Resident Retail and Non-Institutional Bidders: GIPL-IPO-Escrow Account – NR
  - o In case of Eligible Employees: GIPL-IPO- Escrow Account – Employee

  In case of bids by NRIs applying on a repatriation basis, the payments must be made through Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the NRE Accounts or the Foreign Currency Non-Resident Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non-Resident Account.

  In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

- Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Accounts.

- The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

- On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Banker to the Issue.

- On the Designated Date and no later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

Key Features of the Payment Methods

For Key Features of the different Payment Methods, see “The Issue” on page 6 of this Red Herring Prospectus.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form provided however that for QIB Bidders the Syndicate Members shall collect the QIB Margin and deposit the same in a specifies escrow account.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.

2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.

3. The Registrar to the Issue will obtain, from Depositories, details of the applicants’ address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.

4. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.

5. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.

6. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also fathers/husbands names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

PAN

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company has a right to reject Bids on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- Age of First Bidder not given;
- In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
- Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- PAN / not given;
- Submission of the GIR number instead of the PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders applying for greater than 1,00,000 Equity Shares;
- Bids for number of Equity Shares, which are not in multiples of 35;
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and /or joint Bidders missing;

- Bid cum Application Forms does not have the stamp of the BRLMs, the CBRLM or the Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid Opening Date/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure–Bids at Different Price Levels" at page 303 of this Red Herring Prospectus;
- Bids by OCBs;
- Bids by US Persons other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Bids by Non-Residents for partly paid shares applying under Payment Method-1.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 44,68,500 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 44,68,500 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of 35 Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 14,89,500 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 14,89,500 Equity Shares at or

above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of 35 Equity Shares. For the method of proportionate basis of allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for not less than 5% of the QIB Portion shall be determined as follows:

    (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for not less than 5% of the QIB Portion.

    (ii) In the event that the aggregate demand form Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.

    (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below.

  (b) In the second instance allotment to all QIBs shall be determined as follows:

    (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for not less than 95% of the QIB Portion.

    (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

    (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate allotment to QIB Bidders shall not be less than 89,37,000 Equity Shares.

D. For Employee Reservation Portion

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 16,55,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 16,55,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 35 Equity Shares and in multiple of 35 Equity Share thereafter. For the method of proportionate basis of allocation, refer below.
- All Eligible Employees who Bid for upto 1,000 Equity Shares shall be given full Allotment

of Equity Shares. Such Eligible Employees applying for more than 1,000 Equity Shares shall be issued 1,000 Equity Shares and additional Equity Shares on a proportional basis. However Eligible Employees below the designation of Vice President can apply for a maximum of 10,000 Equity Shares. All Eligible Employees who are designated as Vice Presidents and above are entitled to apply for a maximum of 30,000 Equity Shares.

- Only Eligible Employees eligible to apply under Employee Reservation Portion.

Method of Proportionate Basis of Allotment in the QIB, Retail, Non-Institutional and Employee Reservation Portions

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs, the CBLRM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorized according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate allotment is less than 35 Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of 35 Equity Shares; and
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e) If the proportionate allotment to a Bidder is a number that is more than 35 but is not a multiple of 35 (which is the marketable lot), the number in excess of the multiple of 35 would be rounded off to the higher multiple of 35 if that number is 35 or higher. If that number is lower than 35, it would be rounded off to the lower multiple of 35. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (MF)

S. No.	Particulars	Issue details
1	Issue size	1,000 lakhs Equity Shares
2	Allocation to QIB (60% of the Net Issue) Of which: a. Reservation For Mutual Funds, (5%)	600 lakhs Equity Shares 30 lakhs Equity Shares

S. No.	Particulars	Issue details
	b. Balance for all QIBs including Mutual Funds	570 lakhs Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	2,500 lakhs Equity Shares

B. Details of QIB Bids

S. No	Type of QIB bidders#	No. of shares bid for (in lakhs)
1	A1	250
2	A2	100
3	A3	650
4	A4	250
5	A5	250
6	MF1	200
7	MF2	200
8	MF3	400
9	MF4	100
10	MF5	100
	TOTAL	2,500

 # A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in lakhs)

Type of QIB bidders	Shares bid for	Allocation of 30 lakhs Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 570 lakhs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	25	-	57.7	-
A2	10	-	23.1	-
A3	65	-	150.0	-
A4	25	-	57.7	-
A5	25	-	57.7	-
MF1	20	6.0	44.8	50.8
MF2	20	6.0	44.8	50.8
MF3	40	12.0	89.5	101.5
MF4	10	3.0	22.4	25.4
MF5	10	3.0	22.4	25.4
	250	**30.0**	**570.0**	**253.8**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 296 of this Red Herring Prospectus.

2. Out of 600 lakhs Equity Shares allocated to QIBs, 30 lakhs (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 1,000 lakhs shares in the QIB Portion.

3. The balance 570 lakhs Equity Shares (i.e. 60 – 3 (available for Mutual Funds only)) will be allocated on proportionate basis among 10 QIB Bidders who applied for 2,500 lakhs shares (including 5 Mutual Fund applicants who applied for 1,000 lakhs shares).

4. The figures in the fourth column titled "Allocation of balance 570 lakhs Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 57 / 247
   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 57/247
   - The denominator for arriving at allocation of the balance 570 lakhs Equity Shares to the 10 QIBs are reduced by 25 lakhs shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.
   - The numerator for arriving at allocation of balance 570 lakhs Equity Shares to the Mutual Fund applicants is reduced by the respective number of Equity Shares already allotted to each Mutual Fund in the manner specified in column III of the table above.

Equity Shares in Dematerialised Form with NSDL or CDSL

The Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a tripartite agreement dated April 28, 2007 with NSDL, us and Registrar to the Issue; and
- a tripartite agreement dated May 12, 2007 with CDSL, us and Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Disposal of Investor Grievances by the Company

The Company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.
The Company has appointed Mr. G. Sathis Chandran, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

G. Sathis Chandran
Gammon Infrastructure Projects Limited,
Gammon House,
Veer Savarkar Marg, Prabhadevi,
Mumbai 400 025, India
Tel: (91 22) 6661 4000
Fax: (91 22) 6661 4025
E-mail: compliances@gammoninfra.com

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM nor the CBRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). 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 payment

of refunds is mandatory for applicants having a bank account at any of the abovementioned 68 centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned 68 centres and whose refund amount exceeds Rs. 10 lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

We shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and

- We shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) ***makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***

(b) ***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."

Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;

- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allocation;

- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer.

- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

- that the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time; and

- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

- all monies received out of the Issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;

- details of all monies utilised out of the funds received from Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilised;

- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested;

- details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutlilised monies have been kept.

The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.

Pre-Issue and Post Issue related problems

We have appointed Mr. G. Sathis Chandran, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. G. Sathis Chandran
Gammon Infrastructure Projects Limited
Gammon House,
Veer Savarkar Marg, Prabhadevi,
Mumbai –400 025, India
Tel: (91 22) 6661 4000
Fax: (91 22) 6661 4025
E-mail: compliances@gammoninfra.com

RESTRICTIONS 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. As per current foreign investment policies, foreign investment under the automatic route in an infrastructure company engaged in the power sector and roads sector is permitted up to 100% of such company's shareholding while in the airports sector, investments are permitted up to 74%. However, in respect of investing companies in the infrastructure/service sector, foreign direct investment in such investing company should not exceed 49% and the management of the investing company should remain with the Indian owners. Further, the automatic route is not available.

Further, Non-Residents cannot bid for partly paid Equity Shares under Payment Method-1.

RBI has granted general permission under FEMA in respect of proposals approved by the Government. Indian companies getting foreign investment approval through FIPB route do not require any further clearance from RBI for the purpose of receiving inward remittance and issue of shares to the foreign investors. Such companies are however required to notify the concerned regional office of the RBI of receipt of inward remittances within 30 days of such receipt and to file the required documents with the concerned regional office within 30 days of issue of shares to the foreign investors or NRIs.

Subscription by Eligible Non-Residents

There is no reservation for any NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation.

We have received approval from FIPB to permit eligible non-residents to subscribe to the Equity Shares of our Company in this Issue subject to the adherence to SEBI/RBI Guidelines. The allotment of Equity Shares to Non-residents, NRIs and FIIs shall be subject to the conditions prescribed by the FIPB while granting such approvals.

As per RBI regulations, OCBs cannot participate in the Issue.

Investment by FIIs

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs 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 issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us, FII holding in us cannot exceed 24% of our total issued capital. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 49%. The Board and the shareholders by way of their resolution dated March 25, 2006, have raised the aggregate FII limit to 35%.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the

Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of Gammon Infrastructure Projects Limited.

Pursuant to Schedule II of the Companies Act and SEBI Guidelines, the main provisions of the Articles of Association of Gammon Infrastructure Projects Limited are set forth below:

TABLE 'A' EXCLUDED

Article 1 provides that "the regulations contained in Table A, in the First Schedule to the Companies Act, 1956, shall not apply to this Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act. The regulations for the management of the Company and for the observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or additions to, its regulations by Special Resolution, as prescribed by the Companies Act. 1956, be such as are contained in these Articles"

SHARE CAPITAL AND VARIATION OF RIGHTS

<u>Conditions on which new shares can be issued</u>

Article 5 provides:

"(a) The Company may from time to time in the General Meeting increase its share capital by the issue of new shares of such amount as it thinks expedient.

(b) Subject to the provisions of the Sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the General Meeting creating the same as shall be directed and if no such direction be given, as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in the distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of section 80 of the Act any preference shares may be issued on the terms that they are at the option of the company are to be liable to be redeemed, without prejudice, however, to any rights and privileges already conferred on the holders of any shares or class of shares for the time being issued by the Company.

(c) The Board shall observe the restrictions as to allotment contained in Section 69 and 70 of the Act, as the case may be, and shall cause to be made the return as to allotment according to Section 75 of the Act.

(d) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up."

<u>Further Issue of shares</u>

Article 6 provides:

"(a) Subject to the provisions of Section 81 of the Act, where, at any time after the expiry of two years from the date of formation of the Company or at any time after the expiry of one year from the date of allotment of shares in the Company made for the first time, after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of the increased share capital:

(i) such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid up on those shares at the date;

(ii) the offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of offer within which the offer, if not accepted, will be deemed to have been declined;

(iii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice shall contain a statement of this right;

(iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that lie declines to accept the shares offered, the Board may dispose them of in such manner as they think most beneficial to the Company.

(b) Notwithstanding anything contained in the preceding sub-clause, the Company may:-

(i) by a special resolution; or

(ii) Where no such special resolution is passed if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by members who being entitled so to do vote in person or where the proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in that behalf, that the proposal is most beneficial to the Company, offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer, are holders of the equity shares of the Company.

(c) Not withstanding anything contained in sub-clause above, but subject however to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company provided it has been approved by the Ccentral Ggovernment before such issue of Debentures or is in conformity with the rules, if any, made by the Government in this behalf.

(d) Nothing in this Article shall apply to an increase effected pursuant to Section 94A or in pursuance of any directions issued by the Central Government u/s 8 1(4) of the Act."

<u>Acceptance of Shares</u>

Article 14 provides "an application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a member."

<u>Company not bound to recognise any interest in shares other than that of the registered holders</u>

Article 17 provides that "Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way, to recognise (even when having notice thereof) any equitable contingent. future or partial interest in any share or any interest in any fractional part of a share, or (except only as by these Articles or as ordered by a Court of competent jurisdiction or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder."

MODIFICATION OF RIGHTS

Power to modify rights

Article 18 provides that "If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provision of Sections 106 and 107 of the Act, and whether or not the Company is being wound up, be varied, modified, commuted, affected, abrogated or with the consent in writing of the holders of not less that three-fourth in nominal values of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be the quorum."

UNDERWRITING AND BROKERAGE

Article 19 provides that "The Company may, subject to the provisions of Section 76 and other applicable provisions (if any) of the Act, at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares 'ht or debentures of the Company or his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in, or debentures of. the Company, but so that the amount or rate of commission does not exceed in the case of shares, five per cent of the price at which shares are issued, and in the case of debentures two and a half percent of the price at which the Debentures are issued. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in the one way, and partly in the other. The Company may also, on any issue of shares or debentures, pay such brokerage as may be lawful, and usual or reasonable."

CALLS

Board may make calls

Article 28 provides that "The Board of Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any Shares may have been issued and subject to the conditions of allotment by a resolution passed at a meeting of the Board and not by a circular resolution but subject to the conditions, hereinafter mentioned, make such calls as they think fit upon members in respect of all monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the Company or where payable to a person other than the Company to the person and at the time or times and places appointed by the Directors. A call may be made payable by instalments, joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call maybe postponed or revoked by the Board."

When interest on call or instalment payable

Article 34 provides that "If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any extension thereof as aforesaid the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest on the same at such rate not exceeding 15 per cent per annum as the Board shall fix from the date appointed for the payment thereof to the date of actual payment, but the Board may in their discretion waive payment of such interest wholly or in part."

Judgment, decree or partial payment not to preclude forfeiture

Article 39 provides that "Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any money shall preclude the forfeiture of such shares as herein provided."

Payment in anticipation of calls may carry interest

Article 40 provides that "The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for; and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate to the member paying such sum in advance as the Directors agree upon and the Company may at any time repay the amount so advanced upon giving to such a member three months' notice in writing."

TRANSFER AND TRANSMISSION OF SHARES

Transfer not to be registered except on production of instrument of transfer

Article 59 provides that "The Company shall not register a transfer of shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence, along with the letter of allotment of the shares. Provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit; Provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law."

Directors may refuse to register transfer

Article 61 provides that "Subject to the provisions of Section Il IA of the Act or any statutory modification of the said provisions for the time being in force, the Directors may, at their own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares, and in particular may so decline in any case in which the Company has a lien upon the shares or any of them or whilst any moneys in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors, and such refusal shall not be affected by the fact that the proposed transferee is already a member. The registration of transfer shall be conclusive evidence of the approval by the Directors of the Transferee, PROVIDED that registration of any transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except in respect of the shares on which the Company has got a lien.

Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of or the transmission by operation of law of the rights to any shares or interest of a member in the Company."

Refusal to register transfers

Article 62 provides that "Without in any way derogating from the powers conferred on the Board under Article 61, the Board shall be entitled to refuse an application for transfer of shares which are less than marketable or trading lot as may, from time to time, be fixed by the Mumbai Stock Exchange subject, however, to the following exceptions

(i) Transfer of equity shares made in pursuance of a statutory order or an order of a competent court of law.

(ii) Transfer of the entire holding of equity shares by an existing Member holding less than marketable or trading lot of shares by a single transfer to a single or joint transferee.

(iii) Transfer of the entire holding of equity shares of a Member holding less than marketable or trading lot of equity shares to one or more transferees provided that the total holding of the transferee or each of the transferees would not be less than marketable or trading lot of equity shares after the said transfer.

(iv) The transfer of not less than marketable or trading lot of equity shares in the aggregate in favour of the same transferee in two or more transfer deeds submitted out of which one or more relate(s) to the transfer of less than marketable or trading lot of equity shares.

(v) Transfer of equity shares held by a Member which are less than marketable or trading lot but which have been allotted to him by the Company as a result of bonus and/or rights share or on account of conversion of debentures.

(vi) Transfer of equity shares held by a Member which are less than the marketable or trading lot of equity shares, in cases of hardship at the discretion of the Directors."

Application for transfer

Article 64 provides that:

"(1) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee.

(2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(3) For the purposes of sub-clause (2) above, notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post."

Transfer by legal representative

Article 66 provides that "A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer."

Closure of transfer books

Article 69 provides that "The Director shall have power on giving not less than seven days previous notice by advertisement as required by Section 154 of the Act to close .he transfer books of the Company for such period or periods of time not exceeding in the whole 45 days in each year but not exceeding 30 days at a time as they may deem fit."

Nomination

Article 70 provides that:

"(1) Every shareholder of the Company, may an any time, nominate a person to whom his shares shall vest in the event of his death in such manner as may prescribed under the Act.

(2) Where the shares of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares, the nominee made In the manner aforesaid purports to confer on any person the right to vest the shares, the nominee shall, on the death of joint holders become entitled to all the rights in such shares, or as the case may be, all the joint holders, in relation to such shares, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

(4) Where the nominee is a minor, it shall be lawful for the holder of the shares, to make the nomination to appoint any person to become entitled to shares in the Company in the manner prescribed under the Act,' in the event of his death, during the minority."

Transmission Clause

Article 73 provides that "Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member or by any lawful means other than a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Clause, or of his title, as the Board think sufficient and upon giving such indemnity as the Directors may require, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board, registered as such holder; Provided, nevertheless, that if such person shall elect to have his nominee and instrument of transfer of the share in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liabilities in respect of the share. This clause is herein referred to as 'the Transmission Clause".

Fee on transfer or transmission

Article 76 provides that "A fee not exceeding fifty naye paise per share may be charged in respect of the transfer or transmission to the same party of any number of shares of any class or denomination subject to such maximum on any one transfer or transmission as may from time to time be fixed by the Directors. Such maximum may be a single fee payable on any one transfer or on transmission of any number of shares of one class or denomination or may be on a graduated scale, varying with the number of shares of any one class comprised in one transfer or transmission or may be fixed in any other manner as the Directors in their discretion determine."

INCREASE, REDUCTION AND ALTERATION IN CAPITAL

Increase of capital

Article 82 provides that:

"(a) The Company may from time to time in General Meeting alter the conditions of its Memorandum by increase of its share capital by the creation of new shares of such amount as it thinks expedient.

(b) Subject to the, provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as by the General Meeting creating the same shall be directed and if no direction be given, as the Directors shall determine; and in particular, such shares may be issued with a voting or non-voting rights or preferential or qualified right to dividends and in the distribution of assets of the Company; Provided always that any Preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed."

Buyback of shares

Article 84 provides that "Notwithstanding anything contained in these Articles, a Company may purchase its own shares or securities, the Board of Directors may, when and if thought fit buy back such of the Company's own shares or securities as it may think necessary, subject to such limits upon such terms and conditions and subject to such approvals, as may be permitted by the law."

Reduction of capital

Article 85 provides that "The Company may (subject to the provisions of Section 100 to 105 of the Act) from time to time by Special Resolution reduce its share capital or any Capital Redemption Reserve Account or Security Premium Account in any way authorised by law and in particular may pay off any paid up share capital upon the footing that it may be called up again or otherwise may, if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly."

Consolidation, division and sub-division

Article 86 provides that "The Company may in General Meeting alter the conditions of its Memorandum as follows

(a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;

(b) Sub-divide its shares or any of them into shares of smaller amounts than originally fixed by the Memorandum, subject nevertheless to the provisions of the Act and of these Articles and/or;

(c) Cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amounts of its share capital by the amount of the shares so cancelled."

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted into stock

Article 89 provides that "The Company in general meeting may convert fully paid up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein or any part of such interests, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into fully paid up shares of any denomination."

BORROWING POWERS

Article 93 provides that "Subject to the provisions of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Directors shall have power from time to time at their discretion to accept deposits from members of the Company either in advance of calls or otherwise and generally to raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company; Provided that the aggregate of the amount raised, borrowed or secured at any time together with the money already borrowed by the Company (apart from temporary loans as defined in Section 293 of the Act, obtained from the Company's bankers in the ordinary course of business) and remaining outstanding and undischarged at that time shall not, without the consent of the Company in General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

GENERAL MEETINGS

Annual General Meeting

Article 102 provides "Subject to the provisions contained in Sections 166 and 210 of the Act as far as applicable, the Company shall in each year hold, in addition to any other meetings, a General Meeting as its Annual General Meeting, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall lapse between the date of one Annual General Meeting of the Company and that of the next. Provided further that if the Registrar may, for any special reason, extend the time within which any Annual General Meeting shall be held, by a period not exceeding three months, then such Annual General Meeting may be held within such extended period."

Extra ordinary general meeting

Article 104 provides:

"(1) All General Meetings other than Annual General Meeting shall be called Extraordinary General Meetings.

(2) The Board of Directors may, whenever it thinks fit, call an Extraordinary General Meeting."

Calling for extraordinary general meeting on requisition

Article 105 provides:

“(1) The Board of Directors shall, on the requisition of such number of members of the Company as held in regard to any matter at the date of deposit of the requisition, not less than one-tenth of such of the paid up capital of the Company as at the date carries the right of voting in regard to that matter, forthwith proceed duly to call an Extraordinary General Meeting of the Company and the provisions of Section 169 of the Act (including the provisions below) shall be applicable.

(2) The requisition shall set out the matters for the consideration for which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.

(3) The requisition may consist of several documents in like form each signed by one or more requisitionists.

(4) Where two or more distinct matters are specified in the requisition, the provision of sub-clause (1) above shall apply separately in regard to each such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that sub-clause is fulfilled.

(5) If the Board of Directors does not, within twenty-one days, from the date of the deposit of a valid requisition in regard to any matters proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called by the requisitionists themselves or by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company as is referred to in sub-clause (1) above, whichever is less.

(6) A meeting called under sub-clause (5) above by the requisitionists or any of them shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board, but shall not be held after the expiration of three months from the date of the deposit of the requisition.

(7) Any reasonable expenses incurred by the requisitionists by any reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sum due or to become due from Company by way of fees or other remuneration for their services to such of the Directors as were in default.”

Notice for meeting

Article 106 provides:

“(1) A General Meeting of the Company may be called by giving no: less than twenty-one days’ notice in writing.

(2) However, a General Meeting may be called after giving a shorter notice than twenty-one days, if the consent is accorded thereto

(i) in the case of an Annual General Meeting by all the members entitled to vote ‘thereat; and

(ii) in the case of any other meeting, by members of the Company holding not less than 95 per cent of such part of the paid up share capital of the Company as gives a right to vote at that meeting.

Provided that where any members of the Company are entitled to vote only on some Resolution or Resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purpose of this sub-clause in respect of the former Resolution or Resolutions but not in respect of the latter.”

Special Business

Article 108 provides:

“(a) In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special, with the exception of business relating to

(i) the consideration of the Accounts, Balance Sheet, and Profit and Loss Account and the Report of the Board of’ the Directors and of the Auditors;

(ii) the declaration of dividend;

(iii) the appointment of Directors in the place of those retiring and

(iv) the appointment and the fixing of the remuneration of Auditors.

(b) In the case of any other meeting all business shall be deemed special.

(c) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director, and Manager, 1 any.

Provided, however, that where any item of special business as aforesaid to be transacted at a Meeting of the Company relates to, or affects any other Company, the extent of shareholding interest in that other Company of every Director and Manager, if any, of the Company shall also be set out in the Explanatory Statement, if the extent of such shareholding interest is not less than twenty per cent of the paid-up share capital of that other Company.

(d) Where any item of business to be transacted at the meeting of the Company consists of according the approval of the meeting to a document, the time and place where the document can be inspected shall be specified in the Explanatory Statement.”

As to omission to give notice

Article 112 provides “The accidental omission to give notice of any meeting to, or the non-receipt of any notice by, any member or other person to whom it should be given shall not invalidate the proceedings at the meetings.”

PROCEEDINGS AT GENERAL MEETINGS

Quorum at general meeting

Article 115 provides that “at least five members entitled to vote and present in person shall be a quorum for a General Meeting. No business shall be transacted at any General Meeting unless the quorum requisite be present at the commencement of the business.”

If quorum not present, meeting to be dissolved or adjourned

Article 116 provides “If within half an hour from the time appointed for holding a meeting of the Company, a quorum be not present, the meeting, if called upon the requisition of members, shall stand dissolved. In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at. such other time and place as the Board may determine.”

What would be evidence of passing of resolution where poll not demanded

Article 123 provides “At any General Meeting, a Resolution put to the vote of the meeting shall, unless a poll is demanded, be decided on a show of hands. A declaration by the Chairman that on a show of hands the Resolution has or has not been carried or has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the Minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such Resolution."

Demand for poll

Article 124 provides "Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion or shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than Rupees fifty thousand has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who make the demand."

Time and manner of taking poll

Article 125 provides:

"(1) Except on the question of the election of a Chairman or of adjournment as aforesaid, a poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made.

(2) The Chairman shall have the power to regulate the manner in which a poll shall be taken.

(3) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken."

Scrutineers at poll

Article 126 provides "Where a Poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineers arising from such removal or from any other cause. Of the two scrutineers, appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed."

Motion how decided in case of equality of votes

Article 128 provides "In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member."

Inspection of minute books general meetings

Article 132 provides "The Book containing the minutes of the General Meetings of the Company shall be kept at the Registered Office of the Company and be open during business hours to the inspection of any member without charge subject to such reasonable restrictions as the Company may in General Meeting impose in accordance with Section. 196 of the Act. Any member shall be entitled to be furnished within the period prescribed by the Act after he has made a request in that behalf to the Company with a copy of the minutes referred to on payment (of rupee one per every one hundred words or fractional part thereof required to be copied) as prescribed by the Act or any amendment thereof."

VOTES OF MEMBERS

Votes may be given by proxy or attorney

Article 134 provides:

"(1) Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in the case of a body corporate also by a representative duly authorised under

Section 187 of the Act and Article 136.

(2) Subject to the provisions of the Act and these Articles, and as may be applicable by law, votes may be given on certain resolutions as may be notified by the government from time to time, by postal ballot instead of transacting the business in general meeting."

Votes

Article 135 provides:

"Subject to the provisions of the Act (and particularly of Sections 87, 88 and 92(2) thereof) and of these Articles

(1) upon a show of hands every member holding equity shares and entitled to vote and present in person (including an attorney or proxy of a corporation or a representative of a company as mentioned in Article 136) shall have one vote;

(2) upon a poll the voting right of every member holding equity shares entitled to vote and present in person (including a corporation or company present as aforesaid) or by attorney or by proxy shall be in the same proportion as the capital paid on the equity share or shares (whether fully paid or partly paid) held by him bears to the total paid up equity capital of the Company;

(3) upon a show of hands or upon a poll, the voting right of every member holding preference shares shall be subject to the provisions, limitations and restrictions laid down in Section 87 of the Act."

No voting by proxy on show of hands

Article 136 provides "No member not personally present shall be entitled to vote on a show of hands unless such member is a Corporation present by attorney or proxy or a Company present by representative duly authorised under Section 187 of the Act in which case such attorney, proxy or representative may vote on a show of hands as if he were an individual member of the Company."

No member to vote unless calls are paid up

Article 137 provides:

"(a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

(b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of .Section I 87B of the Act."

Votes in respect of shares of deceased or insolvent members etc

Article 140A provides "Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any General Meeting in respect thereof as if he was the registered holder of such shares provided that at least 48 (forty eight) hours before the time of holding of the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Director shall have previously admitted his right to vote at such meeting in respect thereof."

Proxies

Article 141 provides:

"(1) Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote on a poll instead of himself. A member (and in case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

(2) Every proxy shall be appointed by an instrument in writing signed by the appointor or his attorney duly authorised in writing or, if the appointor is a body corporate, be under its Seal or be signed by an officer or an attorney duly authorised by it."

Deposits of instrument of appointment

Article 142 provides "The instrument appointing a proxy and the power of attorney or other authority. if any, under which it is signed or a notarised copy thereof shall be deposited at the office of the Company or such place or places (if any) as may be specified for that purpose in the notice convening the meeting not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution except in the case of the adjournment of any meeting first held previously to the expiration of such time. An Attorney shall not be entitled to vote unless the power of attorney or other instrument appointing him or a notarised copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the meeting at which the attorney proposes to vote or is deposited at the office of the Company not less than forty-eight hours before the time fixed for such meeting as aforesaid. Notwithstanding that a power of attorney or other authority has beer' registered in the records of the Company, the Company may by notice in writing addressed to the member or the attorney given at least fourteen days before the meeting require him to produce the original power of attorney or authority and unless the same is thereon deposited with the Company not less than forty-eight hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting, unless the Directors in their absolute discretion excuse such non-production and deposit."

Chairman of any meeting to be the judge of validity of any vote

Article 148 provides "Subject to the provisions of the Act and these. Articles, the Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. Subject as aforesaid, the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll."

Casting Vote

Article 149 provides "In the case of an equality of votes, whether on a show of hands or on a poll the Chairman at the meeting at which the show of hands takes place or at which the poll is demanded shall entitled to a casting vote in addition to his own by vote or votes to which he may be entitled as a member."

DIRECTORS

Appointment of senior executives as wholetime directors

Article 151 provides:

"(a) Subject to the provision of the Act and within the overall limit prescribed under the Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Whole-time Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions

(i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for re-appointment. His re-appointment as Director shall not constitute a break in his appointment as Whole-time Director.

(ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.

(iii) He shall cease to be a Director of the Company on the happening of any events specified in Section 283 and 314 (2C) of the Act. He shall also cease to be a Director of the Company, if for any reason whatsoever, he ceases to hold the positions of Senior Executive in the Company or ceases to be in the employment of the Company.

(iv) Subject to what is stated hereinabove he shall can out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/s and/or the Board, and shall exercise such powers and authority subject to such restrictions and conditions and/or stipulations as the Managing Director/s and/or the Board may, from time to time determine.

(b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such Whole-time Directors."

Appointment of Additional Director

Article 157 provides "Subject to the provisions of Sections 260 and 284(6) and other applicable provisions (if any) of the Act, the Directors shall have power at any time, and from time to time, to appoint a person as an Additional Director. The Additional Director shall hold Office upto the next following Annual General Meeting of the Company but shall be eligible for appointment as Director by the Company at that meeting as a Director."

Remuneration of directors

Article 159 provides:

"(a) Subject to the provisions of the Act, a Director, who is neither in the Whole-time employment nor a Managing Director may be paid remuneration either:

(ii) by way of monthly, quarterly, or annual payment with the approval of the Central Government, or

(ii) by way of commission, if the Company by a special resolution authorises such payment.

(b) The remuneration of a Director for his services shall be Rupees 500/- for each meeting attended by him or such other amount as may be determined by the Board, from time to time, subject to the same being within the limits prescribed under the provisions of the Companies Act, 1956. Subject to the limitation provided in the said Act, the Directors shall be paid. such further remuneration (if any) and in such form and manner as the Company in General Meeting shall from time to time determine, and such further remuneration shall be paid or given to or divided among the Directors in such proportions and manner as the Directors may from time to time determine. Subject as aforesaid, the Directors may allow and pay to any Director, who is not a bona tide resident of the place where the meetings of the Board are held and who shall come to that place for the purpose of attending meetings, such sum as the Directors may consider fair compensation for his expenses and loss of time in connection therewith, in addition to his fee for attending such meeting as above specified.

(c) Subject to the limitation provided by the Act and these Articles, if any Director shall be called upon to go or reside out of his usual place of residence on the Company's business or to travel to the place where any meeting of the Company or its Board may be held, from any other place where he may be residing or working, or otherwise perform extra services outside the scope of his ordinary duties, the Board may arrange with such Director for such special remuneration for such services, either by way of salary, commission or the payment of a stated sum of money as they shall think fit, in addition to or in substitution or his remuneration above provided and all the Directors shall be entitled to be paid or reimbursed or re-paid any travelling or other expenses incurred or to be incurred in connection with the business of the Company."

Directors may contract with Company

Article 162 provides:

"(1) Subject to the restrictions imposed by these Articles and by Sections 292, 293, 295, 297, 300, 311, 314 and 372A and ally other provisions of the Act no Director, Managing Director or other officer or employee of the Company shall be disqualified from holding his office by contracting with the

Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director, Managing Director, it. Managing Director, Executive Director, other officer or employee shall be in any way interested, be avoided, nor shall the Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director, Managing Director, officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of Section 299 of the Act where that section be applicable.

(2) Every Director, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors or as provided by sub-clause (4) hereof.

(3) (a) In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under sub-clause (2) above, shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of the meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested;

(b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

(4) For the purpose of this Article, a general notice given to the Board of Directors by a Director, to the effect that he is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of the notice, be entered into with that body corporate or firm shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time, by a fresh notice given in the last month of the financial year in which it would have otherwise expired. The general notice aforesaid and any renewal thereof shall be given at a meeting of the Board of Directors or the Director concerned shall take reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(5) Nothing in the above sub-clauses (2), (3) and (4) shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or more of the Directors of the Company together hold not more than two per cent of the paid-up share capital in the other company.

(6) An interested Director shall not take any part in the discussions of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of tire Company, if he is in any way, directly or indirectly concerned or interested in the contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussions or vote; and if he does vote, his vote shall be void;

Provided that this prohibition shall not apply to :-

(i) any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or a surety for the Company;

(ii) any contract or arrangement entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely (a) in his being a director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the Company; or (b) in his being a member holding not more than two per cent of the paid-up Share Capital of the Company;

(iii) In case a notification is issued under sub-section (3) of Section 300 of the Act to the extent specified in the notification."

RETIREMENT AND ROTATION OF DIRECTORS

Retirement by rotation

Article 169 provides:

"(1) Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation and, save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in General Meting.

(2) The remaining Directors shall be appointed in accordance with the provisions of these Articles.

(3) At every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office."

Ascertainment of Directors retiring by rotation

Article 170 provides "Subject to the provisions of the Act and these Articles, the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. Subject to the provisions of the Act, a retiring Director shall retain office until the dissolution of the meeting at which his re-appointment is decided or his successor is appointed."

Notice of candidature for office of director

Article 174 provides "Subject to the provisions of the Act and these Articles, any person who is not a retiring Director shall be eligible for appointment to the office of Director at any General Meeting if he or some member intending to propose him has not less than fourteen days before the meeting left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be, along with a deposit of Rupees 500/- and has signed and filed with the Company his consent in writing to act as such Director. The Company shall duly comply with the provisions of Section 257 of the Act for informing its members of the candidature of the Director concerned and for the refund of the Deposit if elected."

Individual resolution for Director's appointment

Article 175 provides "At a General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution moved in contravention of this Article shall be void whether or not objection was taken at the time of its being so moved; Provided that where a resolution so moved is passed no provision for the automatic re-appointment of retiring Directors by virtue of these Articles or the Act in default of another appointment shall apply."

REMOVAL OF DIRECTORS

Article 176 provides:

"(1) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any Director other than ex-officio directors or Special Directors or Debenture Directors or Nominee Directors or a Director appointed by the Central Government pursuant to Section 408 of the Act, before the expiry of his period of office.

(2) Special Notice as provided by Section 190 of the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.

(3) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.

(4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall, unless the representations are received by it too late for it to do so (a) in the notice of tire resolution given to members of the Company state the fact of the representations having been made, and (b) send a copy of the representations to every member of the Company and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting; Provided that copies of the representation, need not be sent or read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, the Company Law Board is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

(5) A vacancy created by tire removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed; Provided special notice of the intended appointment has been given under sub-clause (2) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(6) If the vacancy is not filled under sub-clause (5) it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Section 262 of the Act, and all the provisions of that Section shall apply accordingly.

(7) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

(8) Nothing contained in this Article shall be taken :-

(a) as depriving a person removed thereunder of airy compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as Director; or

(b) as derogating from any power to remove a Director which may exist apart from this Article."

PROCEEDINGS OF DIRECTORS

<u>Meeting of Directors</u>

Article 178 provides "Subject to the provisions of Section 288(2) of the Act, the Directors may meet together as a Board for the conduct of business from time to time and (unless the Central Government by virtue of proviso to Section 285 of the Act otherwise directs) shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings and proceedings as they think fit. The Chairman or the Managing Director may at any time, and the Secretary at the request of a Director shall, convene a meeting of the Board."

<u>Quorum</u>

Article 180 provides "Subject to the provisions of Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one-third of the total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher; provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength the number of the remaining Directors, that is to say, the number of Directors, who are not interested and are present at the meeting, not being less than two, shall be the quorum during such time. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Act, or the Articles of the Company, for the time being vested in or exercisable by the Board of Directors generally."

Question at Board Meeting how decided

Article 184 provides "Questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes the Chairman of the meeting (whether the Chairman or Vice-Chairman appointed by virtue of these Articles or the Directors presiding at such meeting) shall have a second or casting vote."

Resolution by circular

Article 187 provides:

"(1) A resolution passed by circular, without a meeting of the Board or a Committee of the Board appointed tinder Article 185 shall, subject to the provisions of sub-clause (2) hereof and the Act, be as valid and effectual as a resolution duly passed at a meeting of the Directors or of a Committee duly called and held.

(2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them, as are entitled to vote on the resolution."

POWERS OF DIRECTORS

Consent of Company necessary for the exercise of certain powers

Article 192 provides "The Board of Directors shall not except with the consent of the Company in General Meeting

(a) sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking

(b) remit, or give time for the repayment of, any debt due by a Director:

(c) invest otherwise than in trust securities, the sale proceeds resulting from the acquisition, without the consent of the Company of any such undertaking as is referred to in sub-clause (a) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(d) borrow moneys in excess of the limits provided in Article 93;

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts, the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the Act during the three financial years immediately preceding, whichever is greater."

MANAGING DIRECTOR

Power to appoint Managing Director

Article 196 provides "Subject to the provisions of Sections 197A, 198, 267, 268, 269, 289, 309, 310, 311, 316 and 317 and other applicable provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director of the Company for such term not exceeding five years at a time and subject to such contract as they may think fit."

Remuneration of Managing Director

Article 198 provides "The remuneration of the Managing Director (subject to Section 309 read with Schedule XIII and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) shall be in accordance with the terms of his contract with the Company, or such as may be fixed from time to time by the Directors and may be by way of fixed salary or commission or participation in profits, or commission on turnover of the Company or partly in one way and partly in another as the Directors may determine and may be made a term of his appointment that he be paid pension or gratuity on retirement from his office."

INTEREST OUT OF CAPITAL

Payment of interest out of capital

Article 208 provides "Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital, as is for the time being paid up, for the period, at the rate, and subject to the, conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building or the provision of plant."

DIVIDENDS

Division of profits

Article 209 provides "The profits of the Company, subject to any special rights relating thereto created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital called up on the shares held by them respectively. Provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend shall unless the Board otherwise determine, only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment."

Dividend in proportion to amount paid up

Article 211 provides "The Company may pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others."

Company in General Meeting may declare a dividend

Article 212 provides:

"(1) The Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits, and subject to the provisions of the Act, may fix the time for payment. When a dividend has been so declared, the warrant in respect thereof shall be posted within thirty (30) days from the date of the declaration to the shareholder entitled to the payment of the same.

(2) No larger dividend shall be declared than is recommended be the Directors, but the Company in General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits for the year or any other undistributed profits of the Company, and the declaration of the Directors as to the amount of the net profits of the Company shall be conclusive."

Interim Dividend

Article 213 provides "Subject to the provisions of the Act, the Directors may from time to time pay to the members on account of the next forthcoming dividend such interim dividends as in their judgement the position of the Company justifies. The amount of Interim Dividend so declared shall be deposited in a separate Bank account within 5 days from the date of declaration of such Dividend and the amount so deposited shall be utilised only for payment of Interim Dividend."

No member to receive dividend whilst indebted to the Company and Company's right of reimbursement

Artcile 215 provides "No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons; and the Directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company."

Dividends how remitted

Article 218 provides "Unless otherwise directed by any member, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled, or in case of joint holders, to that one of them first named in the Register in respect of the joint holding. Every such cheque shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto, by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means."

CAPITALIZATION

Article 221 provides

"(1) Any General Meeting may upon the recommendation of the Board resolve that any amounts standing to the credit of the Securities Premium Account or the Capital Redemption Reserve Account or any monies, investments or other assets forming part of the undivided profits (including profits or surplus monies arising from realisation and (where permitted by law) from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend be capitalised.

(a) by the issue and distribution as fully paid up shares of the Company or

(b) by crediting shares of the Company which may have been issued to and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Securities Premium Account or the Capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares of the Company to be issued to members (as herein provided) as fully paid bonus shares.

(2) Such issue and distribution under sub-clause (1)(a) above and such payment to credit of unpaid share capital under sub-clause (1)(b) above shall be made to, among and in favour of the members or any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (1)(a) or payment under sub-clause (l)(b) above shall be made on the footing that such members become entitled thereto as capital.

(3) The Directors shall give effect to any such resolution and apply such portion of the profits, General Reserve or Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, of the Company as distributed under sub-clause (1)(a) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shames which may have been issued and are not fully paid up under sub-clause (l)(b) above;

provided that no such distribution or payment shall be made unless recommended by the Directors and, if so recommended, such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalized sum.

(4) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may vest any such cash or shares, in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, and fractional certificates or otherwise as they may think fit.

(5) When deemed requisite, a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective."

AUDIT

Appointment of auditors

Article 233 provides:

"(1) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting, and shall, within seven days of the appointment, give intimation thereof to every auditor so appointed unless he is a retiring Auditor.

(2) At any Annual General Meeting, a retiring Auditor, by whatsoever authority appointed, shall be re-appointed, unless :-

(a) he is not qualified for re-appointment;

(b) he has given the Company notice in writing of his unwillingness to be re-appointed; or.

(c) a Resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be reappointed; or

(d) where notice has been given of an intended Resolution to appoint some person or persons in the place of a retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of alt those persons, as the case may be, the Resolution cannot be proceeded with.

Provided that before any re-appointment of an Auditor is made by the Company, a written certificate shall be obtained by the Company from the Auditor proposed to b so appointed to the effect that the appointment or the re-appointment if made will be in accordance with the limits specified in Section 224(1-B) of the Act.

(3) Where at an Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.

(4) The Company shall, within seven days of the Central Governments, power under sub-clause (3), becoming exercisable give notice of that fact to that Government.

(5) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.

(6) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a Resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in

accordance with section 190 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a Resolution that a retiring Auditor shall not be re-appointed.

(7) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.

(8) None of the persons mentioned in Section 226 of the Act as are not qualified for appointment as Auditors shall be appointed Auditors of the Company."

Remuneration of Auditors

Article 235 provides "The remuneration of the Auditors shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine, except that the remuneration of any Auditors appointed to fill any casual vacancy may he fixed by the Directors."

WINDING UP

Distribution of assets

Article 247 provides "If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly as may be the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital, at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions."

Distribution in specie

Article 248 provides:

"(1) If the Company shall be wound up, the Liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(2) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(3) The Liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

(4) If thought expedient any such division may, subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (Except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or an" contributory who would be prejudiced thereby shall have right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.

(5) In case any shares to be divided as aforesaid involve a liability to call or otherwise any person entitled under such division to any of the shares may within ten days after the passing of the Special

Resolution, by notice in writing, direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall if practicable, act accordingly."

Rights of shareholders in case of sale

Article 249 provides "Subject to the provisions of the Act, a Special Resolution sanctioning a sale any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the liquidator be distributed amongst 'the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act."

Legend on Share Certificates

Article 258 provides "All share certificates of the Company, if issued in physical form to the Shareholders, shall bear the following legend, as well as any other legends required under Law:

"THESE SHARES ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE SHAREHOLDERS AGREEMENT DATED 30th November, 2005 BY AND AMONG THE COMPANY AND THE SHAREHOLDERS OF THE COMPANY NAMED THEREIN. A COPY OF SUCH SHAREHOLDERS AGREEMENT IS ON FILE AT THE REGISTERED OFFICE OF THE COMPANY. THE SALE, TRANSFER OR OTHER DISPOSITION OF THESE SHARES IS SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING CERTAIN RESTRICTIONS ON TRANSFERABILITY) OF THE SHAREHOLDERS AGREEMENT AND SUCH SHARES ARE TRANSFERABLE ONLY UPON PROOF OF COMPLIANCE THEREWITH. ANY ATTEMPT TO SELL, TRANSFER OR OTHERWISE DISPOSE OF THESE SHARES OTHER THAN IN COMPLIANCE WITH THE SHAREHOLDERS AGREEMENT SHALL BE NULL AND VOID."

This provision shall cease to have effect on Listing and shall also not apply to the Share Certificates issued pursuant to an IPO."

Further Issue

Article 259 provides:

"(1) Further Issues

The Company shall not make any further issue of Shares or other Securities, by way of bonus, rights or Preferential Issue, without complying with the provisions of this Article 259.

(2) Bonus Issue

Any bonus issue of Shares shall, without exception, be offered or issued by the Company to all Shareholders, on a fully diluted basis, equally on identical terms.

(3) Rights Issue

(a) Any issue of Shares or other Securities proposed to be made by the Company on rights basis, will be offered by the Company, on identical terms to all the Shareholders pro rata as per their then existing shareholding on a fully diluted basis.

(b) In the event any Shareholder refuses, or fails to subscribe to, or wishes to renounce its entitlement under the rights issue of Shares within the period specified in the offer by the Board (which shall not be less than 15 days), the Board shall offer those Shares to the other Shareholders pro-rata to their respective shareholding in the Company on a fully diluted basis, on terms and conditions which are identical to those offered to the first mentioned Shareholder. This procedure shall be repeated until all such Shares are either accepted by the other Shareholders, or any of them, or finally rejected. The Board may, either cancel the issue in respect of the Shares that are finally rejected ("**Unsubscribed Shares**") or sell the Unsubscribed Shares to any other Person at the same or higher price with the written approval of a Promoter Director and the Investor Director. This provision shall cease to have effect on Listing.

(4) Preferential Issue and Anti-dilution Rights of the Investor

In the event the Company proposes to make a fresh issue of Shares on a preferential basis (other than an IPO, a rights or bonus issue), the Investor will have the first right to subscribe to the entire issue of such Shares ("**FRR**"), on the same price and terms as (i) agreed to by any other Person, or (ii) proposed by the Company, whichever is lower. The Investor shall have a period of 15 days from the date of receipt of written notice from the Company informing the Investor of the proposed fresh issue of Shares to inform the Company whether it wishes to exercise its FRR under this Article 259 (4). It is hereby clarified that the FRR shall be exercised by the Investor either wholly in respect of the entire issue of Shares on preferential basis or for none at all; and shall not be exercised for a part of the issue, save in the event and to the extent with a view to maintain its post-issue Investor Shares' percentage holding in the Company same as its pre-issue Investor Shares' percentage holding and for no other reason.

Provided always that as long as the SHA is in force, the legal or beneficial interest of the Investor and/or its Affiliates, directly or by / through any other Person, whether directly or indirectly, shall not exceed 25% of the paid-up equity share capital of the Company, whether before or after Listing of the Company's Shares.

The Company shall be at full liberty to issue and allot the remaining and/or the Shares not taken up by the Investor (whether by Investor's option or due to Investor's ineligibility in terms of the proviso above), on the same price and terms as offered to the Investor, to any third party."

Transfer Of Shares

Article 260 provides:

"(1) Promoters' Restrictions on Transfer

The Promoter hereby undertakes for itself and its Affiliates that hold any Promoter Shares that any transfer of Shares by the Promoter or its Affiliates shall be made in accordance with the provisions of this Article 260, where applicable. It is clarified that, the Promoter and its Affiliates shall not be at liberty to pledge or otherwise create any Encumbrance on the Shares held by them, in favour of any Person except for banks and financial institutions, notwithstanding anything to the contrary contained in these Articles or the SHA or the SSA.

For the avoidance of doubt, it is amplified that a change in the 'control' (as defined in the definition of the term 'Affiliate') of the Promoter without following the provisions of this Article 260 shall tantamount to a sale other than in accordance with the provisions of this Article 260

(2) Right of First Offer/ First Refusal ["**FRR**"] and Tag Along Rights:

A. Sale by the Investor

(a) If at any time the Investor or its Affiliate desires to sell or transfer any of its Shares or any part thereof or any interest therein ("**Offered Shares**") to a third party, not being a Competitor, other than to its Affiliates, the Investor shall first obtain a bonafide written offer from such third party ("**the Purchaser**") to purchase the Offered Shares. Such offer (the "**Outside Offer**") shall:

(i) clearly state the identity of the Purchaser;

(ii) clearly state price per Share offered ("Offer Price"); and

(iii) clearly state the other material terms and conditions of the Outside Offer.

(b) The Investor shall forward the Outside Offer to the Promoter along with a FRR to the Promoter to purchase the Offered Shares on the same terms and conditions as offered by the Purchaser.

(c) The Promoter shall have 15 days after the date of the FRR to accept the offer. If the Promoter accepts the offer, it shall purchase the Offered Shares by making payment therefore to the Investor within 30 days from the date of acceptance of the offer. If the Promoter has not accepted the offer to purchase the Offered Shares within 15 days of the date of the offer, the Offered Shares may be sold by the Investor to the Purchaser at any time within 30 days after the decline or deadline for acceptance by the Promoter of the FRR offer, whichever is earlier, at the Offer Price and on the terms and conditions no more favourable than those specified in the Outside Offer. The Offered Shares not sold within the 30 day period, may not be sold or transferred again without complying with this Article 260 (2) A.

(d) The FRR herein may be exercised by the Promoter itself and / or by its Affiliates.

B. Sale by the Promoter

(a) If the Promoter (which shall for the purpose of this Article 260 (2) B include its Affiliates who hold any Shares) ("**Selling Party**") desires to sell or transfer any of its Promoter Shares or any part thereof or any interest therein ("**Offered Shares**"), to a third party other than to its Affiliates, the Selling Party shall first obtain a *bonafide* written offer from such third party ("**the Purchaser**") to purchase the Offered Shares. Such offer (the "**Outside Offer**") shall:

(i) clearly state the identity of the Purchaser;

(ii) clearly state price per Share offered ("**Offer Price**")**;**

(iii) clearly state the other material terms and conditions of the Outside Offer; and

(iv) contain a specific undertaking from the Purchaser that the Purchaser will also purchase proportionate number of Investor Shares from the Investor if the Investor wishes to sell or split the number of Shares which the Purchaser intends to purchase between the Promoter and the Investor ("Tag Along Rights"), in the proportion that the Investor Shares bear to the Promoter Shares.

(b) The Selling Party will forward the Outside Offer to the Investor along with a FRR offer to the Investor to purchase the Offered Shares on the same terms and conditions as offered by the Purchaser; as an alternative to the Tag Along Rights.

(c) Upon receipt of the Outside Offer, the Investor, shall have the right, to be exercised by giving written notice thereof to the Selling Party and the Purchaser, within 15 days of it receiving the Outside Offer, (x) to accept the FRR offer to purchase the Offered Shares; or (y) to accept the Tag Along Rights, stating clearly the number of Shares that the Investor would like to offer to the Purchaser ("Tag Along Shares") or (z) reject the Outside Offer. It being clarified that in no event shall the number of the Tag Along Shares exceed that percentage of the Offered Shares as is the proportion of the Investor Shares to the Promoter Shares nor shall the aggregate of the Tag Along Shares over the period exceed the Investor Shares.

(d) If the Investor accepts the FRR, it shall purchase the Offered Shares by making payment therefore to the Selling Party within thirty (30) days from the date of acceptance of the offer. Provided however that as long as these Articles is in force, the legal or beneficial interest of the Investor and/or, its Affiliates directly or by/through any other Person, whether directly or indirectly, shall not exceed 25% of the paid-up equity share capital of the Company, whether before or after Listing of the Company's Shares.

(e) If the Investor accepts the Tag Along Right, the Purchaser shall complete the purchase of the Offered Shares and the Tag Along Shares and the Selling Party and Investor shall sell the

Offered Shares and the Tag Along Shares respectively to the Purchaser within a period of thirty (30) days from the date of the notice in writing given by the Investor accepting the Tag Along Rights. The Investor shall not be required to give to the Purchaser, any representations and/or warranties in respect of the Company or its Business, except for representations and warranties regarding the validity of ownership and authorization to sell of the Investor and/or its Affiliates, to the Tag Along Shares held by them respectively.

(f) If the Purchaser refuses or fails to purchase the Tag-Along Shares as provided in Article 260 (2) B(c), simultaneously with the Offered Shares, the Selling Party shall not be entitled to sell or otherwise transfer the Offered Shares to the Purchaser. For avoidance of doubt, it is clarified that the Selling Party shall also not be entitled to transfer the Offered Shares thereafter to any Person without again complying with the provisions of this Article 260 (2) B.

(g) It is clarified that the Investor, the Company and/or the Purchaser, as the case may be, shall take all necessary steps, including but not restricted to obtaining all consents, approvals, licenses, permits, orders or authorization of, or registration, declaration or filing under Law, required to be obtained or made by or with respect to the Investor or the Purchaser, as the case may be, in connection with the sale and purchase of the Offered Shares under any of the provisions of this Article.

(h) If the Investor has not exercised its FRR right to purchase the Offered Shares nor has the Investor exercised its Tag-Along Rights within the time period specified in Article 260 (2) B (c), the Selling Party shall have a period of thirty (30) days from the last expiration of such rights in which to sell the Offered Shares to the Purchaser upon the same terms and conditions as specified in the Offer or Outside Offer. Any Offered Shares not sold within the thirty (30) days period may not be sold or transferred without again complying with this Article.

(i) If at anytime, either the Selling Party or the Investor puts up for sale any of the Shares acquired by it under the respective FRR, the same shall not be subject to the FRR or Tag Along Rights of the other Party.

(3) Restriction on transfers by the Investor

(a) Notwithstanding anything to the contrary contained in these Articles, including Article 260 (2) A, the Investor and/or its Affiliates shall not, except with the prior written consent of the Promoter, transfer any of the Shares to any Competitor in a negotiated transaction, except in the event that the Company does not secure an IPO or a reverse merger by December 31, 2008 in which case the Investor shall also have the right to sell its Shares to any Person (including a Competitor) subject only to the FRR provisions as stated in Article 260 (2) A above;. It being categorically understood that in the event the Investor sells or enters into an agreement to sell its Shares; (y) to a Competitor in breach of this Article, or (z) to any other Person in breach of the Transaction Documents ("Irregular Sale"), then without prejudice to the rights and remedies of the Promoter and the Company against the Investor, (i) such sale shall be null and void ab initio and, (ii) the Company shall not recognize / register such sale / transfer and (iii) the Investor shall forthwith suo moto, without necessitating any action or notice from the Promoter and or the Company, lose all its rights under the Transaction Documents.

The Investor shall also not create any pledge or any other Encumbrance on the Investor Shares in favour of any Person other than a bank or financial institution. For the avoidance of doubt, it is amplified that (i) any Encumbrance on the Shares by the Investor; or (ii) a change in the 'control' (as defined in the definition of the term 'Affiliate') of the Investor or the Affiliate, as the case may be, without following the provisions of this Article 260 (3), shall tantamount to an Irregular Sale.

(4) Right of Affiliates

Unless otherwise agreed, the Investor and its Affiliate(s), who are Shareholders of the Company, shall enjoy the rights under these Articles as a single block provided that the Affiliate(s) have signed Deed of Adherence.

It is categorically understood and accepted by the Investor that save and except an Affiliate of the Investor who shall have executed the Deed of Adherence, no purchaser/transferee of the Shares held by the Investor or its Affiliates shall under any circumstances be assigned the rights or privileges whatsoever hereunder or be entitled to any of the rights or privileges specifically granted to the Investor or its Affiliates under the Transaction Documents.

(5) Acquisition or transfer of Shares through Affiliates

(i) Subject to the concerned Affiliate not being a Competitor and further subject to execution by the concerned Affiliate of the Deed of Adherence specified in Schedule 3 of the SHA (a) the Investor or any Affiliate of the Investor may at any time and from time to time during the subsistence of these Articles acquire any new Shares or other Securities offered to it by the Company and/or the Promoter under the provisions of these Articles and/or transfer any existing Shares or other Securities held by it of the Company to one or more of its Affiliates and (b) the Promoter or any Affiliate of the Promoter may at any time and from time to time during the subsistence of these Articles acquire any new Shares or other Securities offered to it by the Company and/or the Investor under the provisions of these Articles and/or transfer any existing Shares or other Securities held by it of the Company to one or more of its Affiliates.

(ii) Notwithstanding the transfer of Shares as set out in this Article 260 (5), the transferor Party shall remain liable and be responsible for due discharge, performance and compliance with all obligations and liabilities arising out of the transfer of its Shares in accordance with the provisions of this Article 260 (5).

(iii) If an Affiliate to whom Shares have been transferred pursuant to Article 260 (5) is about to become a Competitor or cease to be an Affiliate of the Promoter or the Investor (as the case may be) who originally held those Shares, such transferee Affiliate then holding those Shares shall without delay and prior to it so becoming a Competitor or ceasing to be an Affiliate notify the Company and the Promoter or the Investor, as the case may be, that such event will occur and shall transfer those Shares to the Promoter or the Investor, as the case may be.

(iv) As and when the Promoter or the Investor applies to the Company for transfer of the Promoter Shares or the Investor Shares, as the case may be, the Promoter or the Investor, as the case may be, shall simultaneously send to the other and the Company, a copy of the said application, along with proof of the transferee being an Affiliate of itself and the proof shall be in the form of a certificate from the statutory auditor of the Promoter/Investor, as the case may be.

(6) Invalid Transfers

The Company shall refuse to register any transfer or other disposition of Shares purported to be made by the Promoter and/or its Affiliates, the Investor and/or its Affiliates in breach of any of the provisions herein contained. The Parties shall cause their nominees on the Board to cast their votes in such a manner as to ensure that the Company registers all transfers made in accordance with this Article.

(7) Computation of Time Limits

For the transfers as contemplated in Article 260, the time taken to obtain the approvals under applicable Law shall be excluded.

(8) Restriction on Acquisition by the Investor

As long as the Transaction Documents are in force, the legal and / or beneficial interest of the Investor along with its Affiliates or through any other Person, whether directly or indirectly, shall not exceed 25% of the paid-up equity share capital of the Company, whether before or after listing of the Company's Shares. Any breach or attempted breach of this Article shall attract the provisions laid down under Article 260 (3) above, as applicable to Irregular Sale."

Listing/IPO

Article 261 provides:

"(1) The Company shall arrange and the Promoter and the Investor jointly undertake to cause the Company to arrange for Listing/IPO at any time before December 31, 2008. The Board shall decide on:

(a) The method of Listing the Shares i.e. either:

(i) Through a public issue of fresh Shares; or

(ii) Through an offer of existing Shares by some or all the Shareholders (an "**Offer for Sale**"); or

(iii) A combination of (i) and (ii); or

(iv) By reverse merger with any listed company;

(b) The Stock Exchanges, being the BSE, NSE, NYSE or a recognised Stock Exchange in India or abroad as agreed in writing by the Investor on which the Shares are to be listed. It being clarified that such approval of the Investor shall not relate to BSE, NSE or NYSE.

(c) All other matters related thereto.

(2) In the event of an IPO by way of offer for sale, the Investor shall have the right to offer 50% of the Investor Shares for sale in the IPO, in priority to any other shareholder of the Company.

(3) If the Company does not secure Listing or an IPO by December 31, 2008 the Investor shall have the right to cause the Company to make an IPO by Offer for Sale of the Shares held by the Investor. The Investor shall also have the right to call upon the Promoter to offer for sale such number of Promoter Shares as are statutorily required for Listing/IPO ("**Drag Along Rights**"); provided -

(i) the Investor continues to hold the Investor Shares equivalent to at least 7.5% of the then paid up equity Share capital of the Company on the date of the Offer for Sale, and

(ii) the Investor offers all its Shares in the Offer for Sale.

(4) If the Company does not secure Listing or an IPO or a reverse merger by December 31, 2008 the Investor shall have the right to sell its Shares to any Person (including a Competitor) subject only to the FRR provisions as stated above. The Investor shall also continue to have the Drag Along Rights i.e. the right to offer its Shares for sale in the IPO, along with a right to call upon the Promoter to offer for sale such number of Promoter Shares as are statutorily required for listing; provided the Investor continues to hold the Investor Shares equivalent to at least 7.5% of the then paid up equity Share capital of the Company and offers all its Shares in the Offer for Sale.

(5) The Promoter agrees that, in the event of an IPO, it shall offer such number of its Equity Shares for a lock-in as may be required to meet the minimum lock-in requirements under the SEBI guidelines. The Investor shall not be required to call itself and the Company shall not refer to the Investor as "Promoters" in the offer documents nor to offer any of the Investor Equity Shares for such lock-in unless otherwise required by applicable Law.

(6) The Company shall bear all expenses for the Listing, the IPO and/or the reverse merger, as the case may be, including the fees and expenses of the merchant bankers.

If an IPO is to proceed and if the minimum paid-up equity share capital required at the relevant time for the purpose of listing the Shares on the Exchange(s) is more than the paid up equity share capital of the Company (inclusive of any additional Shares to be issued through the IPO), then the Company shall, subject to applicable Law, issue such bonus Shares as are required to meet the listing preconditions of the relevant Stock Exchange.

(7) The Parties will take all such steps, and extend all such co-operation to each other and the lead managers, underwriters and others as may be required for the purpose of expeditiously making and completing the IPO and/or Listing the Shares on the stock exchanges in accordance with this Article.

(8) After Listing, except as stated in Article 260 (8) and Article 261 (9), there shall be no restriction on the sale of any Shares by any Party on the Stock Exchanges where the Shares are listed.

(9) (a) After Listing, if either the Promoter or its Affiliate(s) or the Investor or its Affiliate(s) ("**Selling Party**") wishes to sell any Shares ("**Sale Shares**") in a negotiated deal/transaction ("**Negotiated Deal**"), whether on or off the Stock Exchanges where the Shares are listed, the Selling Party, shall first make an offer to the other Party ("**Offeree Party**") to purchase such Sale Shares at the maximum permissible price on the date the offer is accepted, in terms of and subject to the guidelines issued by SEBI from time to time in this regard.

(b) The Offeree Party shall have fifteen (15) days after the date of receipt of such offer to accept the offer. If the Offeree Party accepts the offer, it shall purchase the Sale Shares by making payment therefore to the Selling Party within thirty (30) days from the date of acceptance of the offer. In the event that such Offeree Party fails to accept the offer made by the Selling Party or having accepted the offer fails to make payment within thirty (30) days, the Selling Party can sell the Sale Shares to any Third Party, not being a Competitor.

(c) Provided always that the Selling Party shall, at least thirty (30) minutes before the trading commences for the day on which it intends to effect the sale of the Sale Shares as a Negotiated Deal on the Stock Exchange, make another offer to the Offeree Party to purchase such Sale Shares at the maximum permissible price for the day under the applicable SEBI Guidelines. In such case the Offeree Party may accept the offer at any time before the trading commences for the day. If the Offeree Party accepts the offer before trading commences on that day, it shall purchase the Sale Shares by making payment therefore to the Selling Party within two Business Days from the date of acceptance of the offer. In the event of such Offeree Party failing to accept the offer made by the Selling Party, the Selling Party can sell the Sale Shares in the concerned stock exchange during the said day or as a Negotiated Deal on the same or next day.

(d) If a Selling Party proposes to sell any Shares through an open market transaction(s) on any stock exchange where the Company's Shares are listed (other than by way of a Negotiated Deal), such Selling Party shall follow the procedure laid down in Sub-Article (c) above, mutatis mutandis. It is clarified that the Selling Party shall not be required in such cases to verify the identity of any purchaser of the Shares and whether any such purchaser is a Competitor or not.

(e) It is categorically understood that, if the Offeree Party has accepted the offer but fails to make payment within the specified periods, the Selling Party can also claim damages for any loss of profit suffered."

SHAREHOLDERS MEETINGS

Article 262 provides:

"(1) **General Meetings**

An annual general meeting of the Shareholders of the Company shall be held within six months of the end of the Fiscal Year as provided under the Act. Subject to the foregoing, the Board, on its own or at the written request of the Investor, may convene an extraordinary general meeting of the Shareholders, whenever they deem appropriate.

(2) Notices for General Meetings

At least twenty-one (21) days prior written notice of every annual general meeting of Shareholders shall be given to all Shareholders whose names appear on the Register of Members of the Company after consulting with the Investor in respect of the availability of such Investor. A meeting of the Shareholders may be called by giving shorter notice with the written consent of the minimum number of Shareholders as provided by the Act, including the Investor.

(3) Contents of Notice

The notice to Shareholders shall specify the place, date and time of the meeting. Every notice convening a meeting of the Shareholders shall set forth in full and sufficient detail the business to be transacted thereat, and no business shall be transacted at such meeting unless the same has been stated in the notice convening the meeting. The draft resolutions to be considered at the Shareholders meetings must be furnished to all the Shareholders at least ten (10) days prior to the date of the proposed Shareholders meeting. The provision relating to circulation of draft resolutions ten (10) days in advance shall cease upon Listing.

(4) Chairman etc. for the General Meetings

(i) The Chairman of the Board shall be the Chairman for all general meetings. In the event of equality of votes, the Chairman shall have a second or casting vote. For avoidance of any doubt, it is clarified that the Chairman’s casting vote shall not override the provisions of Article 265 (10).

(ii) English shall be the language used at all Shareholder meetings and non-English speaking Shareholders shall be required to express themselves through interpreters who have entered into confidentiality agreements with the Company;

(iii) If permitted by Law, Shareholders may be permitted to participate in shareholder meetings by teleconference or videoconference.

(5) Proxies

Any Shareholder of the Company may appoint another Person as his proxy (and in case of a corporate shareholder, an authorized representative) to attend a meeting and vote thereat on such Shareholder’s behalf, provided that the power given to such proxy or representative must be in writing. Any Person possessing the requisite authorization in terms of the Act, with respect to any Equity Shares shall be able to speak and to exercise voting rights on such Equity Shares as if such Person were a shareholder. A proxy may demand a poll and vote on a poll, in terms of the provisions of the Act.

(6) Quorum for General Meetings

(i) At least five Shareholders including an authorized representative of the Investor and an authorised representative of the Promoter, shall be necessary to form a quorum for a valid general meeting unless the authorized representative of the Investor and/or the Promoter, as the case may be, provides written notice prior to commencement of any general meeting or adjourned meeting waiving the requirement of his presence to constitute valid quorum for a particular general meeting or adjourned meeting, as the case may be.

(ii) It, however, is clarified that the provisions of Article 265 (6) (f) (ii) shall be applicable, mutatis mutandis to general meetings. This provision relating to adjournment of a general meeting shall cease upon Listing.

(7) Adjournment of General Meetings for lack of Quorum

If a quorum is not present within thirty (30) minutes of the scheduled time for any Shareholders meeting or ceases to exist at any time during the meeting, then the meeting shall be adjourned, to the same day, place and time in the next succeeding week and if that day be a public holiday to the next succeeding day which is not a public holiday (it being understood that the agenda for such adjourned meeting shall remain unchanged) and if the quorum for such adjourned meeting is not present within half an hour of the appointed time, the Shareholders present thereat shall constitute the quorum.

Provided that if the authorized representative of the Promoter/Investor is not present at such adjourned meeting as is required under this Article 262 (6), the Shareholders shall not take such action or pass such resolutions in respect of matters referred to in Article 265 (10) specified in the notice of the meeting (consequently the adjourned meeting), unless the Promoter/Investor has consented in writing to such action being taken or such resolution(s) being passed, prior to the convening of such meeting/adjourned meeting, subject to the provisions of sub-article 262 (5) (ii) above.

(8) Decision Making

Except as otherwise required by the relevant applicable laws, all decisions of the Shareholders of the Company shall be made by simple majority. Provided however, that no decision shall be taken by the Shareholders of the Company at a general meeting of the Shareholders, in respect of any of the matters mentioned in Article 265 (10) below, which are either statutorily required to be decided at a general meeting or are otherwise referred to the Shareholders for their decision, unless the affirmative vote of an authorized representative of the Investor and an authorized representative of the Promoter have been taken as has been provided therein, subject to the provisions of Article 262 (5)(ii) above."

Exercise of Voting & Other Rights by Parties

Article 263 provides:

"(1) The Investor and the Promoter jointly undertake to ensure that they, their representatives and proxies representing them at the general meetings of the Shareholders of the Company shall at all times exercise their votes and through their respective appointed/nominated Directors (or alternate directors) at Board meetings and otherwise, act in such manner so as to comply with, and to fully and effectually implement the spirit, intent and specific provisions of these Articles.

(2) If a resolution contrary to the terms of these Articles is passed at any meeting of Shareholders or at any meeting of the Board or any committee thereof, such resolution shall be voidable, at the option of the dissenting Party."

Business Policy and right to Information

Article 264 provides:

"(1) The Company shall engage itself in and conduct the Business, as provided in the SHA.

(2) The Company shall furnish to each of the Directors and separately to the Investor, the following in relation to the Company and each Subsidiary of the Company and in relation to any SPV (as defined in the SHA) that is not a Subsidiary, within seven days if the addressee is within India and within fifteen (15) days if the addressee is outside India of the Company receiving a copy thereof:

(a) audited annual financial statements, no later than ninety (90) days following the close of each Fiscal Year;

(b) unaudited quarterly financial statements, no later than thirty (30) days following the close of every quarter;

(c) monthly financial statements no later than fifteen (15) days following the close of such period;

(d) a monthly report (within two weeks of the end of the previous month), on utilisation of funds invested by the Investor in the Company under the provisions of these Articles, until such time such funds are fully utilised or the Investor issues a certificate stating that the same is not required any further, whichever is earlier; and

(e) all other information reasonably requested by the Board from time to time.

(3) As long as the Investor continues to hold at least five percent of the then paid up equity Share capital of the Company on a fully diluted basis, the Company shall provide to the Investor, all reasonable operational and financial information on a timely basis in the requested formats, for the Company as well as the Subsidiaries of the Company."

Directors and Joint Auditors

Article 265 provides

"(1) The Company shall be managed by the Board.

(2) Board Composition

The appointment of Directors by the Promoter and the Investor shall be proportionate to the respective shareholding in the Company at the Closing. Provided however that as long as the Investor continues to own Investor Shares equivalent to at least 7.5% of the then paid up equity Share capital of the Company on a fully diluted basis it shall be entitled to nominate and appoint at least one Director. Provided further that the Investor shall not be required to nominate/appoint a Director if it wishes not to at any given point in time. The Promoter and the Investor may, by written notice, require the removal of any of its nominee Directors at any time and shall be entitled, by the same or a subsequent written notice, to nominate another representative as a Director in place of the Director so removed. The Promoter and the Investor shall exercise their respective voting rights at any general meeting of the Company in such manner so as to cause the appointment/re-appointment of the representative(s) of the other as a Director(s) as aforesaid. In the event of the resignation, retirement or vacation of office of a Director nominated by the Promoter or the Investor, such Party shall be entitled to nominate another representative as Director in place of such Director and the other aforesaid Party shall exercise their voting rights in such manner so as to cause the appointment of the representative nominated as aforesaid.

If any Director who is elected by a Party pursuant to this Article 265 (2), for any reason refuses to exercise his discretion in accordance with the terms of these Articles, such Party shall forthwith take all action within its power or control to remove such Director.

(3) **Observers**

In the event of the Investor's shareholding of the Investor Shares is at least five percent or more of the then paid up equity Share capital of the Company on a fully diluted basis, and if at any such time there is no Investor Director on the Board, the Investor shall have the right to designate a representative to attend all meetings of the Board (whether in person, telephonically or by other means) in the capacity of a non-voting observer (an "**Observer**"). The Company shall provide the Observer, all notices and materials provided to Directors. The Observer shall sign a confidentiality agreement with the Company. It is further agreed that upon the appointment of the Investor Director or in the event that the Investor is in breach of the provisions under Articles 260 (3) and/or 260 (8) of these Articles or in terms of the SHA, the Investor shall automatically lose its right to appoint an observer as provided in this Article 265 (3). Provided that the right to appoint an Observer shall revive from time to time if the Investor Director no longer holds office for any reason and is not replaced by another Investor Director and the Investor continues to own Investor Shares equivalent to at least five percent of the then paid up equity Share capital of the Company on a fully diluted basis.

(4) **No Qualification Shares**

A Director need not hold any qualification Shares.

(5) **Vacation of Office by a Director**

The office of an Investor Director or Promoter Director shall be vacated if:

(a) such Director becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(b) such Director becomes prohibited or disqualified from being a Director by reason of any order made under Section 274 or any other provisions of the Act; or

(c) such Director resigns his office by notice in writing to the Company.

(d) such Director is removed by the Party nominating such Director.

(6) **Proceedings of Board**

Subject to Article 265 (10) relating to the approval of certain specified matters, the Board shall approve decisions or pass resolutions and grant consents only at meetings held in accordance with the following procedures:

(a) Number of Board Meetings and Venue

The Board shall meet at least four times in every calendar year and at least once in every calendar quarter. Meetings of the Board shall be held at such place, within India, as the Board may decide. The Promoter and the Investor shall bear and pay all expenses and costs incurred by the respective nominee Directors (including their alternates) to attend such meetings and the same shall not be borne by the Company. A Board meeting may also be held by teleconference or video conferencing and/or the presence of a Director at a meeting may be recorded if he is present over telephone or video conferencing, if such meeting or presence, as the case may be, is permitted by Law.

(b) Convening Meetings of the Board

Any Director may, and the secretary of the Company, if so appointed, shall on the requisition of a Director, convene a meeting of the Board, in accordance with the notice and other requirements set out in paragraphs (c) and (d) below.

(c) Notice for Board Meetings

At least twenty-one (21) days prior written notice shall be given to each of the Directors of any meeting of the Board or to the person designated as the Observer by the Investor, as the case may be. A meeting of the Board may be held at shorter notice of five days in writing in case of emergency or if demanded by exigencies of business.

(d) Contents of Notice

Every notice convening a meeting of the Board or any of the Committees of the Board, shall contain and list out all the issues or matters to be transacted thereat, and no item or business shall be transacted at such meeting, unless the same has been stated in the notice convening the meeting. Full and sufficient details of each material item of business and or the draft resolutions and or other documents for all matters to be considered at the Board meeting or the Committee meeting (as the case may be) must be furnished to all the Directors at least seven days prior to the date of the proposed Board meeting, except where such meeting is called on shorter notice in which case these must be furnished to all Directors as much in advance of the meeting as reasonably practical. The secretary of the Company shall prepare the notice for the meetings. If the secretary is unable to do so, the Director that summoned the meeting shall prepare the notice.

(e) Quorum for the Board Meetings

(i) The quorum for a Board meeting shall be one-third of the total strength of the Board or two Directors, whichever is higher, including at least one Investor Director (or his alternate, as the case may be), if there is one, and one Promoter Director.

(ii) A meeting of the Board shall not be held or continued without the presence, at all times, of the quorum unless such Directors have expressly waived the requirement for his presence either in writing or by facsimile transmission.

(iii) If a quorum is not present within 30 minutes of the scheduled time for any meeting of the Board or ceases to exist at any time during the meeting, then the meeting shall be adjourned, for a period determined by the Chairman, which period shall not be less than five days (it being understood that the agenda for such adjourned meeting shall be the same as the agenda for the original meeting and the quorum for such adjourned meeting shall, subject to Sub-Article (f) below, be the Directors present thereat, not being less than two). Notice of the adjourned meeting shall be given to all Directors by facsimile transmission or e-mail with receipt acknowledged, at least five days before the date of the adjourned meeting, unless a shorter notice is consented to by the majority of the Directors including the Investor Director.

(f) Absence in Meetings

(i) In the event that the Investor Director or his alternate director conveying in writing within seven days of the receipt of the notice, his inability to attend a meeting of the Board or of any of the Committees of the Board, the Investor Director or his alternate director shall, subject to applicable law, be given the right to participate in the meeting in any form, including but not limited to teleconference or video conferencing, if permitted by Law. In the event that such participation at a meeting is not permitted by law, the matters in that specific meeting shall be resolved by way of a written resolution by circulation among the Directors/members of the Committee as the case may be in accordance with Article 265 (6) (h).

(ii) The Parties, however, agree that:

a. in the event that the Investor Director or his alternate director fails to attend a meeting of the Board or of any of the Committees thereof, despite valid notice thereof having been served upon him, in that event such an absence of the Investor Director or his alternate for any reason whatsoever, shall not invalidate the meeting and the Directors/members of the Committee present at such Board/Committee meeting, as the case may be, shall be at liberty to transact such matters as may be required, including those covered under Article 265 (10) of these Articles, but only to the extent necessary to ensure compliance with Law; provided always that the notice convening the meeting specifically identifies such item which requires legal compliance at such meeting and cannot be adjourned.

b. The meeting shall then be adjourned to consider the remaining items of agenda and a minimum five days notice of the adjourned meeting shall be given to the Directors.

c. If the Investor Director or his alternate fails to attend such adjourned meeting, then the Directors/members of the Committee present at such meeting shall be at liberty to transact all the remaining items of the business notified in the notice convening the meeting, including matters covered by Article 265 (10) of these Articles.

d. The foregoing provisions shall also be applicable to general meetings of the shareholders of the Company, mutatis mutandis.

(g) Conduct of Proceedings at the Board Meetings

English shall be the language used at all Board meetings and non-English speaking Directors shall be required to express themselves through interpreters who have entered into confidentiality agreements with the Company.

1. Circular Resolutions

The Board may act by written circular resolution, or in any other legally permissible manner, on any matter, **except for** matters, which by Law may only be acted upon at a meeting. Subject to any restrictions imposed by Law, no written circular resolution shall be deemed to have been duly adopted by the Board, unless such circular resolution shall have been approved by the requisite majority of Directors, as provided in these Articles, including where applicable Article 265 (10). If a Director does not convey his acceptance or rejection of the proposed resolution within five days from the date of receipt of the requisite documentation including explanatory statements and supporting documents, he shall be deemed to have accepted the proposed resolution. The Directors may convey his acceptance or rejection of the circular resolution by signing the resolution and returning the same to the secretary of the Company or the Director who proposed the resolution or by sending any other written communication by post/courier/fax/e-mail transmission.

2. Alternate Directors

The Company shall take all necessary steps to cause the Board, at the request of any of the Investor Directors, to appoint an alternate Director recommended by the Investor, to act in such Investor Director's absence, in terms of the Act. The alternate Director shall be entitled to receive notice of a meeting of the Board or committee thereof, along with all relevant papers in connection and to attend and vote there at in place of the original Investor Director and generally to perform all functions of the original Investor Director in his absence, as stated hereinabove.

(7) **Managing Director of the Company**

The Board shall appoint the Managing Director of the Company, and shall delegate such duties as they deem fit to the Managing Director.

(8) **Committees of the Board**

(i) The Board shall constitute a project committee to consider and approve the projects proposed to be bid for by the Company ("**Project Committee**") and an audit committee ("**Audit Committee**") in the manner indicated in the SHA.

(ii) The Investor shall, as long as it continues to own at least 7.5% of the then paid up Equity Share capital of the Company on a fully diluted basis, be entitled to appoint one member of the Project Committee who need not be a Director and one member of the Audit Committee. The Company shall abide by the relevant provisions of the SHA as to the above committees, including the requirement for the affirmative vote of the Investor or the Investor's nominee for all decisions taken by such committees, notice of meetings, quorum, etc.

(9) **Decisions of the Board**

Except as mentioned elsewhere in these Articles, including in Article 265 (10) of these Articles, the questions arising at any meeting of the Board or decision by circular resolution, shall be decided by a simple majority of votes.

(10) **Restrictions on the Powers of the Board and Company**

(i) Notwithstanding any other provision of these Articles or any power conferred upon the Board by the SHA, the Act or the Articles (but subject to the provisions of Article 265 (6) (f)), so long as the Investor continues to hold the Investor Shares equivalent to at least 7.5% of the then paid up equity Share capital of the Company, the Parties shall ensure that the Company and each Subsidiary (for the purposes of this Article 265 (10), "Company" shall include each Subsidiary) shall refrain from undertaking any of the matters specified herein below, unless such matters shall have been approved by an affirmative vote of a majority of the Board or any committee thereof, which shall in all cases include the affirmative vote of the Investor Director and any one Promoter Director. **Provided,** however, that, no decision shall be taken by the Shareholders of the Company at a general meeting of the Shareholders, in respect of any of the following matters, which are either statutorily required to be decided at a general meeting or are otherwise referred to the Shareholders for their decision, unless the affirmative vote of an authorized representative of the Investor and an authorized representative of the Promoter has been taken, subject to the provisions of Article 265(6)(f)(ii) hereinabove being applied *mutatis mutandis*.

a. Declaration of dividends (in excess of a 30% payout of net profits) or repurchasing/buying back or extinguishing of any Shares;

b. Issuance of employee stock options in excess of 2% of the paid up equity capital of the Company;

c. Acquisitions of any other entity or disposition (including without limitation leasing or licensing) of significant assets outside the ordinary course of business that are in value greater than Rs.1,000 lakhs per transaction;

d. Approval of the annual budget, if applicable, which shall be prepared annually and approved by the Board prior to the beginning of each Fiscal Year, including any material changes thereafter, setting forth the major categories of revenues, expenses, capital expenditures and financing plans;

e. Any change in the Business Plan;

f. Capital expenditures, investments or other expenditures that exceed those amounts approved in the annual budget by greater than Rs. 1,000 lakhs per transaction;

g. Hiring of the Managing Director;

h. Mergers, de-merger or change of control, i.e. consummation of any transaction (whether in one or a series of transactions) by the Company, which results in a Person (who previously held less than 25% of the shareholding of the Company) holding more than 25% of the shareholding of the Company;

i. Any amendment to the Memorandum or the Articles;

j. Any change in the Company's auditors;

k. Any acquisitions of securities/businesses of other companies, involving an investment in excess of Rs. 1,000 lakhs;

l. Undertaking of any new line of business or alteration of the Business outside the Business Plan;

m. Creation of new Subsidiary companies or divestment of existing Subsidiaries of the Company, involving an investment or divestment in excess of Rs. 1,000 lakhs, save for the fulfillment of any project approved by the Project Committee;

n. Any transactions with Affiliates or any other material transactions where Directors have personal interest, other than transactions with the Promoter in respect of the Projects approved by the Project Committee (this shall be without prejudice to the provisions of Article 265 (8)(a);

o. Capitalisation of reserves (save the issue of bonus shares in terms of Article 259 (2); and

p. Voluntary winding up or dissolution of the Company.

(ii) In respect of the matters set out in Article 265 (10) (i) (a) to Article 265 (10) (i) (p) all decisions of the Company, insofar as the decisions relate to any Subsidiary of the Company will not be valid, unless the Investor Director consents to the same; provided always that the Company itself has the requisite power and authority to decide such matter in respect of such Subsidiary of the Company, whether by reason of majority ownership or control of the board of directors of the Subsidiary or otherwise.

(iii) It is categorically understood that the provisions of Article 265 (10) (ii) shall be subject to the provisions of the project documents and financing documents executed by the concerned Subsidiary.

(11) Manner of Giving Consents

Where any consent or approval is requested in writing from the Investor Director, such consent or approval shall be deemed to have been given if:-

o an Investor Director (or his alternate), votes in favour of such matter at a duly convened meeting of the Board or the Project Committee or the Audit Committee;

o the Investor's authorised representative votes in favour of such matter at a duly convened meeting of the Shareholders of the Company; or

o the Investor otherwise conveys its concurrence to the proposed matter/resolution in writing.

(12) Liability of Investor Director

(a) The Investor Director will be a non-executive Director.

(b) The Investor Director shall not be in charge of, or responsible for the day-to-day management of the Company and shall not be identified as officers in charge/default of the Company or occupier of any premises used by the Company or an employer of the Employees. Further, the Company undertakes to endeavour that the other Directors or suitable persons are nominated as officers in charge/default and for the purpose of statutory compliances and/or employers as the case may be in order to attempt to ensure that the Investor Director does not incur any liability.

(c) The Investor Director shall also not be required to give any personal guarantee in terms of guaranteeing the performance or any obligation undertaken by the Company pursuant to any financial transaction or indebtedness.

(13) Appointment of Joint Statutory Auditors

The Company shall, as required by the SHA, appoint a joint statutory auditor of the Company within 30 days from the date of the Closing."

RIGHT OF INSPECTION

Article 266 provides "Subject to the applicable Law, the Investor shall, at all times, by giving a written notice of at least three (3) Business Days, be entitled to carry out inspection of site, stores, accounts, documents, records, premises, and equipment and all other property of the Company during normal working hours through its authorized representatives and/or agents subject to execution of confidentiality and non disclosure agreements with the Company at their own cost and the Company shall use reasonable efforts to provide such information, data, documents, evidence as may be required for the purpose of and in the course of such inspection in connection therewith. The Investor shall be entitled, at their own cost and expense, to consult with the statutory auditors of the Company regarding the financial affairs of the Company."

RELATED PARTY TRANSACTIONS

Article 267 provides "Without prejudice to the provisions of the SHA, the Company hereby undertakes that any transactions with related parties shall be conducted at commercially justifiable terms and on an arms length basis."

Other Obligations

Article 268 provides:

"(1) The Promoter and the Investor undertake to ensure that all business opportunities known to it or made known to it at any time, with respect to and/or connected with the Business are referred to the Company.

The Promoter further covenant and agree that as long as the Investor hold legally and/or beneficially owns Shares equivalent to at least 7.5% of the then paid up equity Share capital of the Company, the Promoter shall not carry on or engage in, directly or indirectly, whether through partnership or joint venture partner, collaborator or agent or in any other manner, any Competing Business carried on by the Company, save and except in terms of the provisions of the SHA.

(2) Save and except in terms of the provisions of the SHA, the Promoter and Investor covenant and agree that during the subsistence of the SHA, they will not, directly or indirectly:

(a) attempt in any manner to solicit from any Person, except on behalf of the Company, Business carried on by the Company or to persuade any Person, which is a client/customer of the Company to cease doing business or to reduce the amount of business which any such client/customer has customarily done or might propose doing with the Company whether or not the relationship between the Company and such client/customer was originally established in whole or in part through the Promoter's / Investor's efforts; or

(b) employ or attempt to employ any Person who is in the employment of the Company at the time of the alleged prohibited conduct, or was in the employment of the Company at any time during the preceding twelve months. Provided that this Article 268 (2) (b) shall not extend to the Promoter or the Investors issuing letters of recommendation in favour of any employee of the Company.

(3) During the subsistence of the Transaction Documents, the Investor or its Affiliates shall not nominate a director/observer (by whatever name called) on the board of directors of or participate as a member/representative on the project (or equivalent) committees of or have access to Confidential Information of, a Competitor, without the prior written approval of the Company. Any breach of this restriction shall attract the provisions under Article 260 (3) hereinabove.

Provided that where any entity becomes a Competitor after the Investor has acquired the right to nominate a director on the board of directors of or a member on the project committee or has a written agreement allowing it access to Confidential Information of such entity ("Subsequent Competitor"), the Investor hereby covenants that the Investor's or its Affiliates' nominee on the board/project related committee, of such Subsequent Competitor, shall abstain from being present at any meeting of the board/project related committee of such Subsequent Competitor at which any matter relating to a project in respect of which the Company has submitted an expression of interest (EOI) or procured request for qualification (RFQ) or procured request for proposal (RFP), either singly or in consortium with any other Person(s); nor shall the Investor or its or its Affiliates' nominees, by whatever name called, have access to any Confidential Information of such Subsequent Competitor relating to such project; and any failure in this regard shall forthwith trigger the provisions of Article 260 (3).

(4) The Promoter and the Investor acknowledge and agree that the above restrictions are considered reasonable for the legitimate protection of the Business and the goodwill of the Company, but in the event that such restriction shall be found to be void, but would be valid if some part thereof was deleted or the scope, period or area of application were reduced, the above restriction shall apply with the deletion of such words or such reduction of scope, period or area of application as may be required to make the restrictions contained in this Article valid and effective. Notwithstanding the limitation of this provision by any law for the time being in force, the Promoter and the Investor undertake to, at all times, observe and be bound by the spirit of this Article.

Provided however, that on the revocation, removal or diminution of the law or provisions, as the case may be, by virtue of which the restrictions contained in this Article were limited as provided hereinabove, the original restrictions would stand renewed and be effective to their original extent, as if they had not been limited by the law or provisions revoked.

(5) The Promoter and the Investor acknowledge and agree that the covenants and obligations with respect to non-compete and non-solicitation as set forth above relate to special, unique and extraordinary matters, and that a violation of any of the terms of such covenants and obligations will cause the Investor and the Company irreparable injury. Therefore, the Promoter and the Investor agree that the non-breaching Party shall be entitled to an interim injunction, restraining order or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain the breaching Party, from committing any violation of the covenants and obligations contained in this Article. These injunctive remedies are cumulative and are in addition to any other rights and remedies, the Investor, Promoter and the Company may have at law or in equity."

<u>AMENDMENT OF ARTICLES</u>

Article 269 provides:

"(i) The Parties agree to amend the Articles, as may be required by Law to achieve a Listing, subject to the condition that, if after such amendment, Listing does not occur, the Articles will be again amended to the form in which they were immediately prior to the first mentioned amendment in this Article 269(i).

(ii) Notwithstanding anything to the contrary contained in these Articles, the Company shall also be free to alter and amend the Articles in such manner as it deems fit, to align the Articles to the terms of the SHA from time to time, including deletion of Articles 255 to 269 upon the termination of the SHA in terms thereof. "

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company between 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid Closing Date/Issue Closing Date.

Material Contracts to the Company

1. Agreements dated August 31, 2007 between our Company and GIL with respect to transfer of beneficial ownership and economic interest of prescribed GIL's holding in KBICL, GICL, THPL, HBPL and ICTPL.

2. Shareholders Agreement between our Company, GIL and KBICL entered on April 26, 2007 and First Amendatory Funding and Shareholders Agreement dated July 9, 2007.

3. Shareholders Agreement between our Company, GIL, ATSL and GICL dated April 26, 2007.

4. Memorandum of Understanding between Satyagiri Shipping Company Limited, Tulip Star Hotels Limited, Moreshwar Trading Company Private Limited, Uttam Galva Steels Limited, GIL and our Company entered into a MoU dated March 9, 2007 to set up a SPV called 'Mumbai West Coast Ferries Private Limited' for the purpose of setting up, development and operation of Passenger Water Transport System, along the west coast of Mumbai on Build, Own, Operate and Transfer basis.

5. Joint Venture Agreement between GIL and Torrent Power AEC Limited (now Torrent Power Limited) dated February 18, 2006.

6. Share Subscription Agreement between the Company, GIL and AMIF I Limited dated November 30, 2005.

7. Shareholders Agreement between the Company, GIL and AMIF I Limited dated November 30, 2005.

8. Letter dated February 13, 2006 between the Company and the Investor.

9. Warrant Subscription Agreement between the Investor, GIL and CBICL on November 30, 2005.

10. Call and Put Agreement entered into by the Investor, GIL and CBICL on November 30, 2005.

11. Escrow Agreement entered into between GIL, the Investor and certain partners of ALMT Legal on November 30, 2005.

12. Shareholders and Share Transfer Agreement in relation to AEL and REL.
    - (i) Agreement dated February 3, 2005 between REL, PLL & GIL
    - (ii) Share Purchase Agreement dated February 3, 2005 between PLL, GIL, REL & GIPL.
    - (iii) Agreement dated October 20, 2005 between GIL, GIPL, REL.
    - (iv) Agreement dated October 20, 2005 between GIL, GIPL, REL
    - (v) Agreement dated October 20, 2005 between GIL, GIPL, REL.
    - (vi) Agreement dated February 3, 2005 between PLL, AEL & GIL.
    - (vii) Agreement dated February 3, 2005 between PLL, AEL & GIL
    - (viii) Share Purchase Agreement dated February 3, 2005 between PLL, GIL, AEL & GIPL.
    - (ix) Agreement dated October 20, 2005 between GIL, GIPL & AEL
    - (x) Agreement dated October 20, 2005 between GIL, GIPL & AEL

13. Share Subscription Agreement between VSPL, GIL, PMS and IPS dated July 14, 2004.

14. Shareholders Agreement between VSPL, GIL, IPS, PMS and the Company entered into on July 15, 2004.

15. Put and Call Option Agreement between GIL, IPS and VSPL entered into on July 15, 2004.

16. Memorandum of Understanding entered into between GIL, Sadbhav Engineering Limited and B.E. Billimoria & Co. Limited on March 11, 2004 in relation to Mumbai Nasik Expressway project.

17. Memorandum of Understanding between the Company and GIL dated October 25, 2005

18. Memorandum of Understanding between the Company and GIL dated March 11, 2006

19. Agreement between the Company and Bermaco Energy Systems Limited entered into on November 29, 2005 in relation to Punjab Biomass power project.

20. Memorandum of understanding with Dragados Servicios Portuarios Y Logisticos, S.L. and GIL dated November 7, 2006 in relation to Mumbai offshore terminal project.

21. Memorandum of Understanding signed between Haryana Renewable Energy Development Agency with the Consortium of GIL and Bermaco Energy Systems Limited dated February 20, 2007 in relation to Haryana biomass power project.

22. A Consortium agreement dated March 30, 2006 entered between the Company, GIL and Jamshedpur Utilities & Services Company Limited in relation to development of SEZ at Adityapur.

Material Contracts to the Issue

1. Engagement Letter dated September 26, 2007 and subsequent amendment thereof for appointment of SSKI and Macquarie.

2. Engagement Letter dated September 27, 2007 for appointment of Collins Stewart Inga Private Limited as Co Book Running Lead Manager.

3. Memorandum of Understanding amongst our Company and the BRLMs dated September 26, 2007.

4. Amendment to Memorandum of Understanding amongst our Company, the BRLMs and the CBRLM dated January 30, 2008.

5. Memorandum of Understanding executed by our Company and the Registrar to the Issue dated March 28, 2006.

6. Escrow Agreement dated [•], 2007 among the Company, the BRLMs, Escrow Collection Bank(s) and the Registrar to the Issue.

7. Syndicate Agreement dated [•], 2007 among the Company, the BRLMs, and the Syndicate Members.

8. Underwriting Agreement dated [•], 2007 among the Company, the BRLMs, and the Syndicate Members.

Material Documents

1. Certified true copies of the Memorandum and Articles of Association of the Company as amended from time to time.

2. Shareholders' resolution dated August 27, 2007 in relation to this Issue and other related matters.

3. Resolutions of the Board of Directors of the Company dated June 29, 2007 in relation to this Issue and other related matters.

4. Reports of the statutory Auditors dated January 30, 2008 mentioned in this Red Herring Prospectus,

and consents of the Auditors, for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.

5. Consents of BRLMs, CBRLM, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel, Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

6. Consent dated January 17, 2008 from CARE, the IPO grading agency for inclusion of their report in the form and context in which they appear in the Red Herring Prospectus and the Prospectus and to act as Experts.

7. Initial listing applications filed with NSE and BSE.

8. In-principle listing approvals dated December 4, 2007 and December 13, 2007from NSE and BSE, respectively.

9. Tripartite agreement between NSDL, our Company and the Registrar to the Issue dated April 28, 2006.

10. Tripartite agreement between CDSL, our Company and the Registrar to the Issue dated May 12, 2006.

11. Due diligence certificate dated September 27, 2007 to SEBI from IDFC SSKI Private Limited and Macquarie India Advisory Services Private Limited.

12. Certificate dated January 20, 2008 from A.G. Mundra & Company, Chartered Accountants in relation to utilization of loan of Rs. 1,000 lakhs granted by GIL to the Company.

13. Letter dated September 10, 2007 from Canara Bank, wherein it has agreed in principle to provide and /or arrange the financial assistance of Rs. 25,000 lakhs in respect of SHPVL.

14. Board resolution dated October 30, 2007 of GIL resolving that in the event that entire debt of Rs. 26,900 lakhs is not tied up, it shall arrange for or provide any shortfall amount as may be required to complete this project.

15. (i) Board Resolutions for appointment of Managers for REL dated November, 6, 2007

    (ii) Board Resolutions for appointment of Managers for MNEL dated November, 6, 2007

    (iii) Board Resolutions for appointment of Managers for AEL dated November, 6, 2007

    (iv) Board Resolutions for appointment of Managers for CBICL dated November, 6, 2007

    (v) Board Resolutions for appointment of Managers for KBICL dated November, 30, 2007

    (vi) Board Resolutions for appointment of Managers for GICL dated December, 15, 2007

16. Resolutions of Remuneration Committee dated October 30, 2007 January 7, 2008 revising the remuneration of the director with effect from May 1, 2007 subject to the approval by the Shareholders.

17. SEBI observation letter no. CFD/DIL/ISSUES/PR/114361/08 dated January 18, 2008 and our reply to the same dated January 31, 2008.

Any of the contracts or documents mentioned in this Red Herring Prospectus 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 shareholders subject to compliance

DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act or the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL DIRECTORS

Mr. Abhijit Rajan

Mr. Parvez Umrigar

Mr. Himanshu Parikh

Mr. C.C. Dayal

Mr. Sanjay Sachdev

Mr. Naresh Chandra

SIGNED BY

____

MANAGING DIRECTOR

____

HEAD, FINANCE

Date: 26.02.2008
Place: Mumbai

PP

CARE Ratings

CREDIT ANALYSIS & RESEARCH LTD.
4TH Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022, INDIA.
☎ : 67543456 Fax : (022) 67543457
E-mail : care@careratings.com
Www.careratings.com

Shri P. K. Umrigar
Managing Director
Gammon Infrastructure Projects Ltd.
Gammon House, Veer Savarkar Marg,
Prabhadevi,
Mumbai - 400 025.

January 10, 2008

Confidential

Dear Sir,

IPO Grading

Please refer to our letter dated December 27, 2007, on the above subject.

2. As already advised, our Rating Committee has assigned a **'CARE IPO Grade 4'** grading to the Initial Public Offer of Gammon Infrastructure Projects Limited. The rationale for the Grading is enclosed as Annexure to this letter.
3. The above rationale would be included in our quarterly journal, CAREVIEW. We shall be grateful for any comments that you may have on the rationale as early as possible. In case we do not hear from you by January 17, 2008, we will proceed on the basis that you do not have any comments to offer.
4. CARE IPO grading is not a recommendation to buy, sell, or hold any security.
5. If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

[Umesh Pratap Singh]
Manager

[D. R. Dogra]
Executive Director

Encl: As above

Gammon Infrastructure Projects Limited

IPO Grading **CARE IPO Grade 4**

CARE has assigned **'CARE IPO Grade 4'** to the proposed IPO initial public offer) of Gammon Infrastructure Projects Limited (GIPL). CARE IPO Grade 4 indicates above average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the relative assessment of the fundamentals of that issuer. GIPL proposes an IPO of 165.5 lakh equity shares of face value Rs 10 each, for which the price band is yet to be decided.

The grading factors in the long experience, well entrenched position in the construction industry and proven engineering capabilities of the promoter company, successful implementation of projects on BOT basis, diversity in the projects undertaken, adequate corporate governance practices of the company and increasing growth expected in the infrastructure sector. The rating also takes into account the improvement in financial position of the company.

GIPL being an infrastructure development company continues to be vulnerable to risks inherent in various infrastructure projects with which it is associated, and investment commitments thereon. Any delay in the implementation of projects would bring additional financial risks on GIPL.

Background of the company

Gammon Infrastructure Projects Limited (GIPL) was incorporated in April 2001 as Gammon Infrastructure Projects and Investments Limited; a public company with limited liability. It subsequently changed its name to Gammon Infrastructure Projects Limited in April 2002. The main shareholders of the company are Gammon India Limited, and AMIF.

Gammon India limited (GIL), incorporated in 1922, along with its wholly owned subsidiary Gammon Cooling Towers Limited currently holds 86 % of GIPL's share capital and post-issue it will hold 76.15%. It is one of the leading construction engineering companies in

India, which is engaged in building of bridges, dams, tunnels, power stations, cooling towers and chimneys since eight decades.

GIPL undertakes and develops projects such as roads, bridges, ports, hydroelectric power and biomass power projects on a PPP basis through its special purpose vehicle companies. Additionally, the company has also identified urban infrastructure, airports, mass rapid transit systems, power transmission lines and SEZs as areas of focus for project development. GIPL currently operates its project development business through thirteen projects, of which four are in operational phase, five in the development phase and four in the pre-development phase.

Management

The senior management of GIPL comprises of several functional heads reporting to the top management i.e Mr. Abhijit Rajan (CMD) and Mr. Parvez Umrigar (MD). All the key managerial persons of the company hold relevant experience in their functional divisions and the organization structure of the company is well defined. Two of GIPL's directors, Abhijit Rajan and Himanshu Parikh are involved in three and one criminal proceedings, respectively. However as per GIPL's opinion, such cases have insignificant bearing on the company's performance and standing.

Corporate Governance

Pursuant to the listing agreement, the company has six directors, of which three are independent directors. Two of its directors are Managing Directors i.e Mr. Abhijit Rajan (Chairman) and Mr Parvez Umrigar. The existence of the independent and non-executive directors, in letter and spirit, helps to separate the ownership and the management of the company. The independent directors and non executive directors on GIPL's board have significant experience in varied sectors like chartered accountancy, engineering, taxation, audit, law and financial planning. In terms of adhering to clause 49 of listing agreements, the company also has a audit committee, investor grievance committee, IPO committee, remuneration committee and compensation committee in place.

Operations

GIPL is a project development company with primary focus in participating in infrastructure development through the PPP model. As part of the business strategy, the company intends to increase its presence in the industry across India by becoming a diversified infrastructure player. Apart from diversifying into sectors such as transportation, power projects, roads, hydro-electric projects and ports, it emphasizes to establish presence in new sectors as bio mass projects, mass rapid transit systems, airports and others. Its SPVs are mostly structured on non-recourse mechanism. Going forward, the company is willing to increase its focus on geographical diversification. Being a part of the Gammon group which has proven track record in EPC segments, GIPL seeks to capitalize on this front and expand in those sectors where it can derive necessary strength from GIL, in terms of technical expertise, execution skills and established presence. Presently, the company's income comprises of fee-based services from other areas of project development, such as project advisory services, project funding operations and maintenance activities. With a view to derive upside potential through market based projects (e.g. toll based road projects) and stable revenues from assured return projects (e.g. annuity road projects), GIPL strategizes to balance its risk-return profile through a prudent mix of projects in its portfolio. The company is also leveraging strategic relationships with global infrastructure companies to enhance their project bidding and development capabilities. In order to maximize the advantage from the sector diversification, the company is striving to make an early entry in segments and attain a dominant position. This strategy is likely to aid the company in coping stiff competition from other players. In future GIL will continue to provide contracting inputs/support to GIPL, whenever required, whereas GIPL will operate in the capacity of a project developer for all infrastructure projects.

IPO Issue Details

The proposed issue of 165.5 lakh equity shares will constitute 11.45% of the fully diluted post-issue equity share capital of GIPL. As per the terms of the issue, it is to have employee reservation scheme of 16.55 lakh shares.

The proceeds from the issue are intended to be deployed as follows:

- Investments in Kosi Bridge Company (subsidiary- KBICL)
- Investments in Gorakhpur Bypass Project (subsidiary- GICL)
- Investments in SHVPL for the Rangit-II hydroelectric project (subsidiary-)
- Investments in Mumbai Nasik road Project- MNEL
- Repayment of loan to GIL
- General Corporate Purposes and Issue Expenses

Industry overview

Over the past 10 years the per capita GDP and average consumer spending in India has increased at an average rate of 4% and 5% respectively thereby fuelling the demand for quality infrastructure services in India. The growth in infrastructure development can be largely attributed to increased private sector involvement in the projects which were earlier executed only through government entities. Currently infrastructure investment in India is 5.3% of GDP which is below than the target rate of 8.0%, proposed by the Export Group on Commercialization of Infrastructure Projects. *(Source: Asian Development Outlook for 2005 – 2007 and Medium Term Trends).*

Roads form the most common mode of transportation and accounted for about 87% of passenger traffic and 65% of freight, making it the main artery for commuting across the country. The GOI has made several provisions in order to attract private investment in roads. Ports are gateways to India's international trade by sea and handle almost 95% of India's foreign trade in terms of volume and 70% in terms of value. Over the last seven years, cargo traffic at major ports grew at a CAGR of 7.6%. In comparison cargo traffic at minor ports grew at a CAGR of 15.4%. As a result, the share of minor ports in total volume increased from 18.9%, in fiscal 2000 to 26.2%, in fiscal 2006. The SEZ policies were announced in April 2000. The main objectives of the SEZ Act are- generation of additional economic activity, promotion of exports of goods and services, promotion of investment from domestic and foreign sources, creation of employment opportunities and development of infrastructure facilities.

Consolidated Restated Financials

(Rs. crore)

Period ended	31-Mar-06	31-Mar-07
Net Sales	76.78	147.70
Total Income	86.95	147.05
PBILDT	68.23	117.52
Interest	23.11	44.97
Depreciation	19.35	40.46
PAT	17.93	30.05
Net worth	269.80	300.06
Total Capital Employed	782.88	972.50
PBILDT/Total Income (%)	78.47	79.92
PAT/Total Income (%)	22.09	19.95
ROCE (%) (Operating)	9.35	9.82
RONW (%)	10.09	11.08
Overall Gearing Ratio (times)	1.90	2.24
Current Ratio (times)	6.73	4.18
Quick Ratio (times)	6.73	4.18
Ave Coll. Period (days)	181	164
Working Capital turnover Ratio	0.71	0.77

Income for FY07 comprised mainly annuity income (73.38%) from REL's, CBCIL's and AEL's projects and toll income (2.3%) from CBCIL's bridge project, alongwith income from VSPL's port operations (8.09%). Consolidation and relatively low operational expenditure contributed towards healthy PBILDT margins for the company during the assets in FY07 coupled with purchase of O&M contracts for REL and AEL led to increase in depreciation costs (98%) and amortization costs (Rs 2.05 crore in FY07 and nil in FY06). With increase in business operations and consolidation of businesses after FY06, the company had to invest its cash balances for capex funding in its road projects and port projects thereby resulting into a decline in the current ratio for FY07, which is still comfortable at 4.18. In view to fund its road projects, port project and bridge project, GIPL raised debt during FY07, leading to an overall increase of 30% in its long-term liability and thereby raising its gearing levels above 2x. However, it is noteworthy to mention that, on standalone basis GIPL is currently enjoying a debt-free status.

Prospects

The future growth prospects of the company mainly depend on the successful bidding processes of the upcoming projects and execution of SPVs. The increasing impetus on infrastructure development has thrown open vast opportunities for players like GIPL, who can capitalize on the present situation with their expertise. However, prudent financial management policies and cautious bidding will help GIPL accelerate its rapid growth prospects. Any delay in the financial closure, approvals, and clearances of its projects may result in financial risk in terms of time and cost over-run and subsequently low profitability than envisaged.