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what future will reap

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Vizag Seaport Project

From the desk of MD

Till about a decade back, Infrastructure Development was largely a neglected area in the Indian scenario. Over the last decade, to develop Infrastructure, the Government at Central and State level has initiated different programs to promote Infrastructure Development at an accelerated pace. While the Infrastructure Development approach has evolved over the last ten years, the primary thrust now has shifted towards Public Private Partnership (PPP). Having been in the project business as a contractor for several decades, Gammon Group was able to recognize the opportunity due to changes taking place in the Government's policies; and ventured into the

Infrastructure Development Business which led to the formation of Gammon Infrastructure Projects Limited (GIPL) in 2001.

GIPL is a corporate arm of Gammon Group which is responsible for projects where private investment is required. GIPL identifies project opportunities and also forms consortium partnership with other developers and investors in selective projects. Upon successful qualification, GIPL, along with the consortium partners (if any), participates in the competitive bid for such projects, and incorporates a Special Project Company that develops, maintains and operates such projects for a period ranging from 20 years to 45 years.

The decision to bid for projects is based solely on the financial returns. The synergies of having a Group Contractor Company is of additional help to GIPL in terms of assistance during the pre bid stage and cost estimation.

Presently, GIPL has 13 projects under various stages of development. The current projects are mainly in the areas of road, power and ports. In GIPL's brief tenure of 6 years, the Company has quite a few unique features to its credit namely:

(i) GIPL is the largest owner of Annuity stream (in Rupee value) expected from NHAI over the next 15 – 20 years.

(ii) Vadape Gonde (Mumbai Nasik Road) project which GIPL secured in 2005 was then one of the largest valued project awarded by NHAI on BOT Toll basis.

(iii) GIPL is the largest shareholder in the development of Vizag bulk port privatization at Visakhapatnam Port, which is India's largest major Port.

(iv) GIPL is credited with the first road privatization program in the State of Kerala.

(iv) GIPL has committed the single largest investment infusion in the Container Port Development at Mumbai Port, in its history of 125 years.

Over the next 1-to-2 years, we see ourselves enlarging our sectoral reach to cover other areas of core Infrastructure Development such as airports, water/ waste-water/ sewage management, railways while continuing to further strengthen the existing Sectoral areas of dominance i.e. roads, power and ports.

We are confident of GIPL's growth, given its strong all round functional strengths in

Infrastructure Development arena, comprising (to name a few)

a) GIPL's excellent track record of forming JV partnerships, both with Indian and International players;

b) an in-house project financing and development capability; and

c) an in-house infrastructure legal team.

In my view, all of the above critical skill sets are considered necessary to be able to handle long term Concession Agreements. Finally, GIPL's Infrastructure Development capabilities are further strengthened with the available support and the execution skill from our Group Company, Gammon India Limited.

Considering the present thrust & emphasis placed by the Government to develop Infrastructure through PPP, coupled with India's huge infrastructure requirements in the coming years, we are witnessing an unprecedented opportunity in the country. GIPL, given its all round performance in the last six years, is well positioned to emerge as one of the top Infrastructure Development Companies in India.

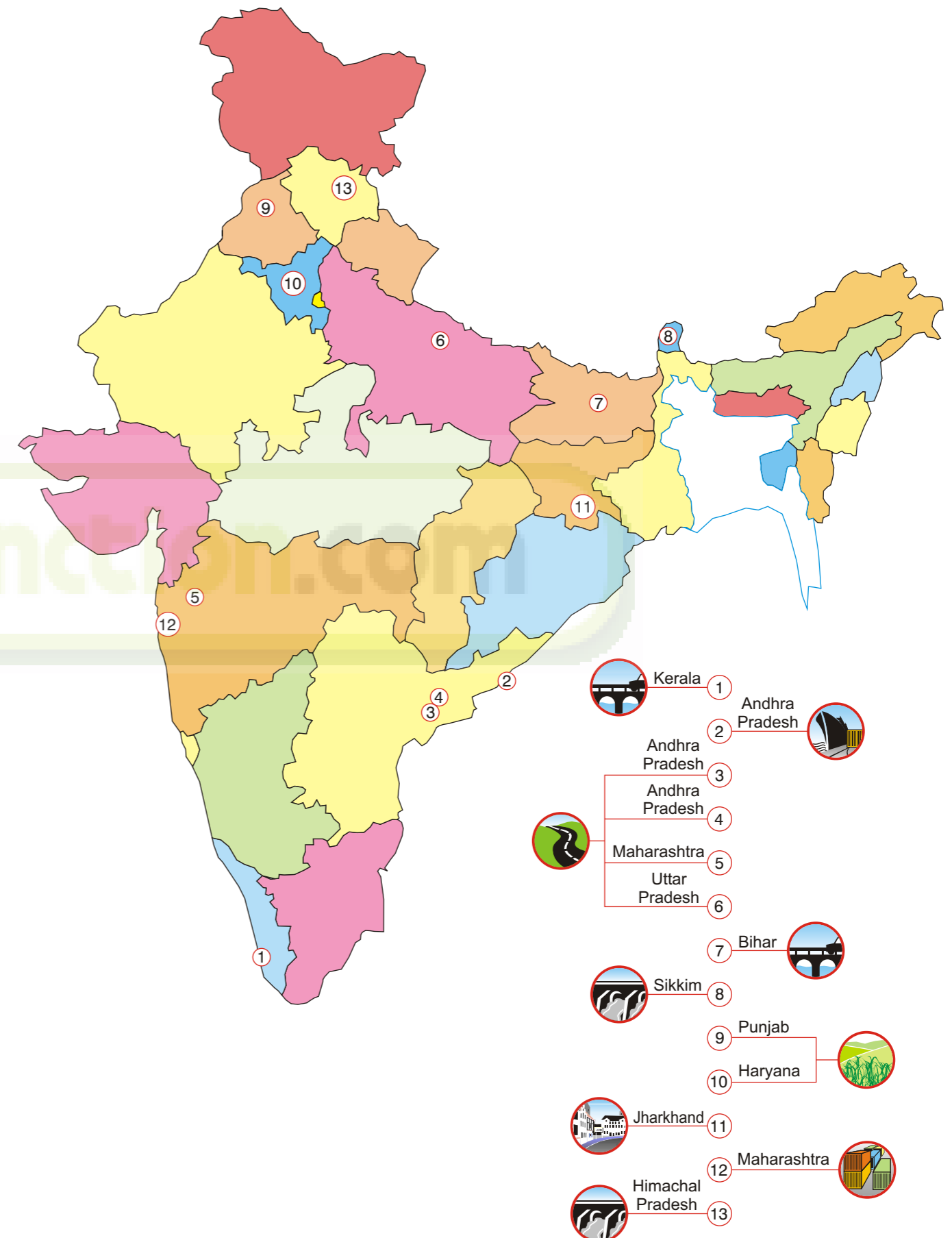


Parvez Umrigar
Managing Director

Projects at a glance

Sr. no.	Project	Estimated Cost (Rs in Crores)	Status of the Project	Facilitator	JV / Equity Partner	Bankers to the Project
1	Two multipurpose Berths at Visakhapatnam Port	325	Commissioned	Visakhapatnam Port Trust (VPT)	Portia Management Services (Subsidiary of MerseyDocks & Harbour Company Limited, U.K), Lastin Holdings Limited	Punjab National Bank State Bank of Patiala
2	Rajahmundry Dharmavaram Annuity Road Project	256	Commissioned	National Highways Authority of India (NHAI)	Punj Lloyd Limited	Canara Bank Federal Bank Industrial Development Bank of India
3	Dharmavaram – Tuni Annuity Road Project	248	Commissioned	NHAI	Punj Lloyd Limited	Canara Bank Federal Bank Industrial Development Bank of India
4	New Mattancherry Bridge Project,	26	Commissioned	Greater Cochin Development Authority (GCDA) and Government of Kerala (GOK)	Cochin Port Trust	Sponsor Funded
5	Four Lining of Vadape-Gonde section of on National Highway 3 Mumbai Nasik Expressway Project	753	Financial Closure Achieved. Project Under Implementation	NHAI	Sadbhav Engineering Limited and B.E Billimoria and Company Limited	Bank of Rajasthan Canara Bank Central Bank of India Small Industries Development Bank of India State Bank of Patiala UCO Bank Union Bank
6	Gorakhpur Bypass Project	650	Financial Closure Achieved. Project Under Implementation	NHAI	Associated Transrail Structures Limited	Bank of India Canara Bank Central Bank of India Punjab National Bank
7	Kosi River Bridge	440	Financial Closure Achieved. Project Under Implementation	NHAI	NA	Canara Bank Central Bank
8	Rangit HydroElectric Project, Sikkim (66 MW)	430	Letter of Intent received. Implementation agreement signed	Government of Sikkim	NA	—
9	Punjab Biomass Power Project (9 projects)	50 per project	Implementation agreement and Power Purchase Agreement signed for 2 projects which are under Financial Closure	Punjab State Electricity Board	Bermaco Energy Systems Ltd	—
10	Adityapur SEZ	100	Letter of Intent received. License agreement to be signed	Adityapur Industrial Area Development Authority	Adityapur Industrial Area Development Authority, Jamshedpur Utilities & Services (Subsidiary of TISCO)	—
11	Biomass Based power projects in Haryana (8 Projects)	50 per project	Signed MOU, Implementation agreement and Power Purchase Agreement yet to be signed	Haryana Renewable Energy Development Agency	Bermaco Energy Systems Ltd	—
12	Mumbai Offshore Container Terminal	1200	Letter of Intent received. License agreement to be signed	Mumbai Port Trust (MbPT)	Dragados S.P.L (ACS Group, Spain)	—
13	Tidong Hydropower Generation Project	330	Letter of Intent received. License agreement to be signed	Himachal Pradesh State Electricity Board	Torrent Power Limited	—

Project locations



Board of Directors

Abhijit Rajan

Chairman & Managing Director

Sanjay Sachdev

Non Executive Independent Director

Himanshu Parikh

Non Executive Director

S. K. Guha Thakurta

Non Executive Independent Director

C. C. Dayal

Non Executive Independent Director

Parvez Umrigar

Managing Director

Statutory Auditors

Natvarlal Vepari & Company

S. R. Batliboi & Associates

Projects commissioned

Vizag Seaport Private Limited



Two multipurpose berths at Visakhapatnam Port

We have been awarded the concession by Visakhapatnam Port Trust. We are in a joint venture with an International port operator, Portia Management Services, UK (subsidiary of MerseyDocks & Harbour Ltd, U.K) and Lastin Holdings Ltd for developing, constructing, operating and managing two multi purpose berths in the Northern arm of the inner harbour at Visakhapatnam Port on a Build Operate and Transfer (BOT) basis.

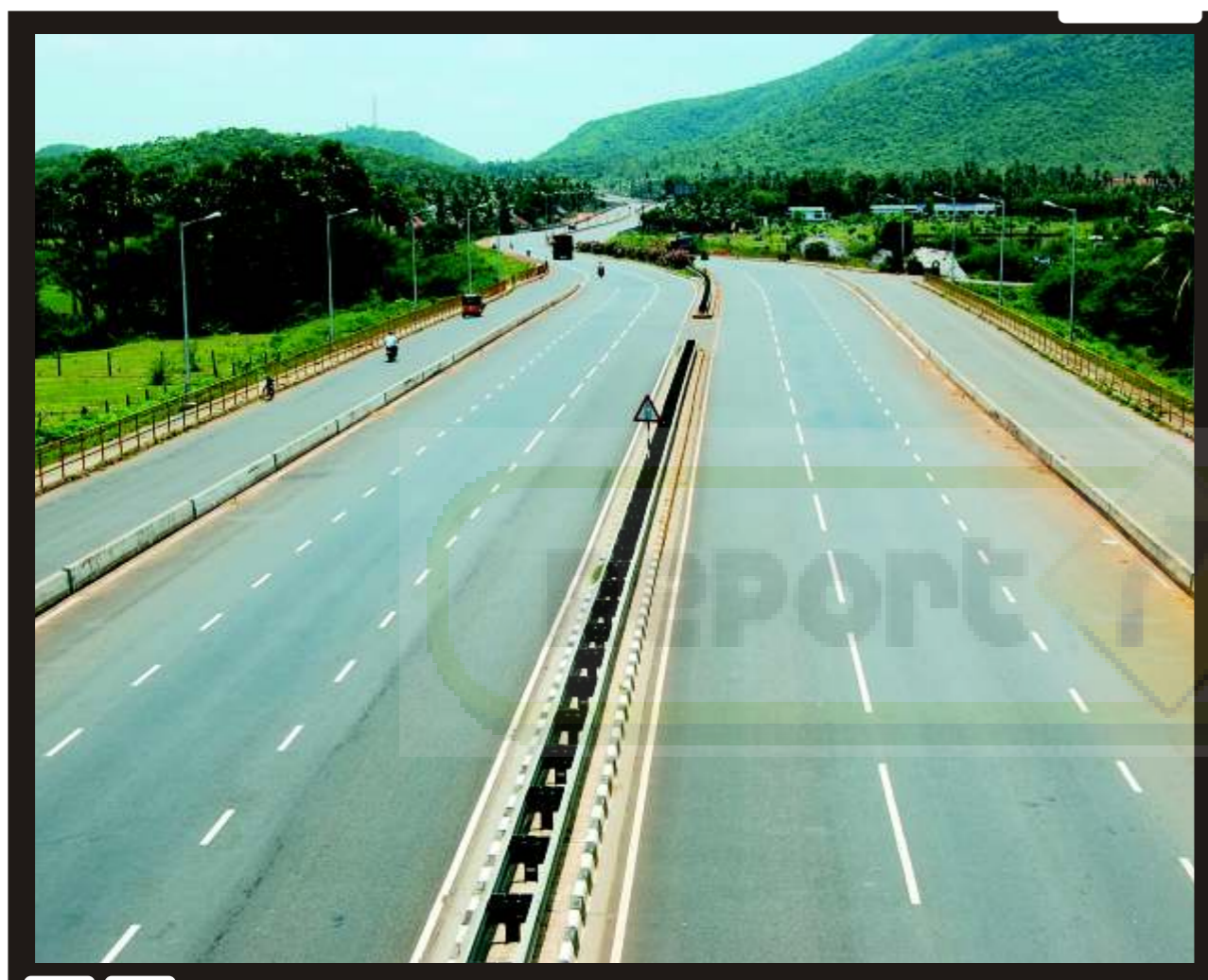
The total project cost is about Rs. 325 Crore .The concession has been awarded for a period of 30 years including construction period of 24 months. A special purpose vehicle company - Vizag Seaport Private Limited

(VSPL) has been formed to implement the project. VSPL is presently the only private bulk operator in India's largest major port at Visakhapatnam. VSPL has developed the berths and terminal as a fully mechanized integrated handling system incorporating state-of-the-art technologies comparable to international standards, with a capacity to handle cargo up to 9 Million Tons Per Annum. We are the single largest shareholder and presently hold 42.22% of the equity shareholding in the SPV.

The commercial operations have commenced since three years.

Projects commissioned

Rajahmundry Expressway Limited



Rajahmundry- Dharmavaram Annuity Road Project in Andhra Pradesh

The project includes strengthening of a 53 km existing two lane and widening thereof to a four lane dual carriageway. The project cost is Rs 256 crores .We along with Punj Lloyd Limited have been awarded the concession for this annuity project by National Highways Authority of India (NHAI). The project has a concession period of 17.5 years which includes 2.5 years of construction period.

A Special Purpose Vehicle 'Rajahmundry Expressway Limited' (REL) has been set up for development and maintenance of this project. We presently hold a controlling equity stake of 93.5 % in REL. The project achieved the commercial operations date 70 days ahead of schedule. The project since then has been operational for the last 3 years. The project was financially restructured in March 2006.

Projects commissioned

Andhra Expressway Limited



Dharmavaram – Tuni Annuity Road Project in Andhra Pradesh

The project includes strengthening of 47 km existing two lane and widening thereof to a four lane dual carriageway. Total cost of this project is Rs 248 crores. We along with Punj Lloyd Limited have been awarded the concession for this annuity project by National Highways Authority of India (NHAI). The project has concession period of 17.5 years which includes 2.5 years of construction period.

A Special Purpose Vehicle (SPV) 'Andhra Expressway Limited' has been set up for development and maintenance of this project. We presently hold a controlling equity stake of 93.5 % in the SPV. The project achieved commercial Operations 30 days ahead of schedule. The project has since then been operational for the last 3 years.

Projects commissioned

Cochin Bridge Infrastructure Company Limited



New Mattancherry Bridge Project, Cochin, Kerala

The New Mattancherry Bridge Project was our first privatization project and was also the first transportation BOT project in the State of Kerala, has now completed 5 years of stable operations. The bridge connects Fort Kochi (the heritage town and a famous tourist place) to Willingdon Island in 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 28 months of construction period. We have formed a SPV for this project- "Cochin Bridge Infrastructure Company

Limited (CBICL)". We completed the construction in 18 months, i.e. 10 months ahead of schedule, which has resulted in early commencement of toll revenues. Under a revised government order it is proposed by the government to reduce the tolls and introduce monthly passes which was not envisaged. In return the government has proposed to increase the concession period and provide a stream of annuity. At present the bridge witnesses daily traffic of approximately 18,000 Passenger Car Units (PCU). We presently own 97.65% equity stake in CBICL.

Projects under advanced implementation

Mumbai - Nasik Expressway Limited

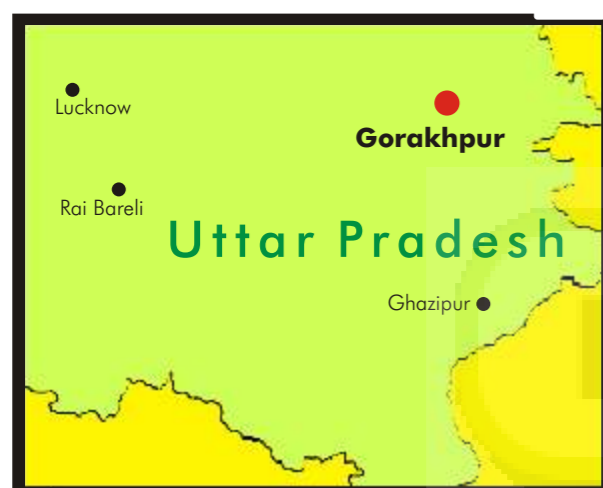


**Four Laning of Vadape-Gonde section of on National Highway 3
Mumbai Nasik Expressway Project**

We hold the concession for the four laning of the Mumbai Nasik section of National Highway 3 under the National Highways Development Project Phase III. When awarded it was the largest value road project under the BOT model of NHAI. The total project cost under the financing documents is estimated at Rs 753 crores. The concession period for the project is 20 years including 3 years of construction. The project has achieved its Financial Closure and is currently

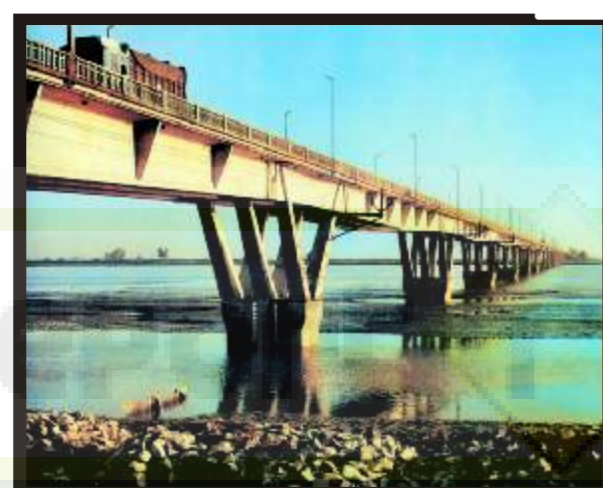
under implementation. We presently own 79.9 % equity in the SPV. The estimated Passenger Car Units (PCU) range between 28000-33000 on a daily basis. Additionally, the project has a positive capital grant of Rs 51 crores in the construction phase. This is among the most important gateways connecting Mumbai to northern (Agra), central (Nagpur) & eastern (Kolkata) parts of India.

Projects under initial implementation



Gorakhpur By-pass Road Project

The scope of the project involves design, construction, finance, operation and maintenance of 32.27 km of Gorakhpur Bypass on NH-28 in the State of Uttar Pradesh, India on "Annuity Basis". The client is National Highways Authority of India (AAA rated Gol undertaking). The concession period is 20 years (including Construction Period of 30 months). We have incorporated an SPV "Gorakhpur Infrastructure Company Limited (GICL)". The concession agreement has been signed and the project has achieved its Financial Closure. We presently hold a controlling equity stake of 94.9 % in the SPV. The estimated Project Cost is Rs 649.2 crore. The project is presently under implementation. This is the third annuity project secured by us.

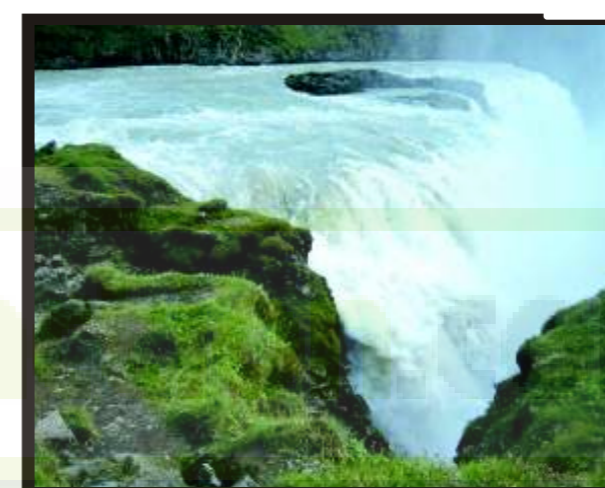


Old Kosi River Bridge constructed by Gammon India Limited

Kosi River Bridge

The project involves design, construction, finance, operation and maintenance of 4-lane bridge across river Kosi including its approaches on NH-57 in the State of Bihar, India on Annuity Basis. The total length of the project stretch is 10.635 Km. The client is National Highways Authority of India (AAA rated Gol undertaking). The concession period is 20 years (including Construction Period of 3 years). We have formed an SPV "Kosi Bridge Infrastructure Company Limited (KBICL)". The concession agreement has been signed and the project has achieved its Financial Closure. We hold a controlling equity stake of 100 % in the SPV. The estimated project cost is Rs. 439.6 crore. The project is presently under implementation and is the fourth annuity project secured by us.

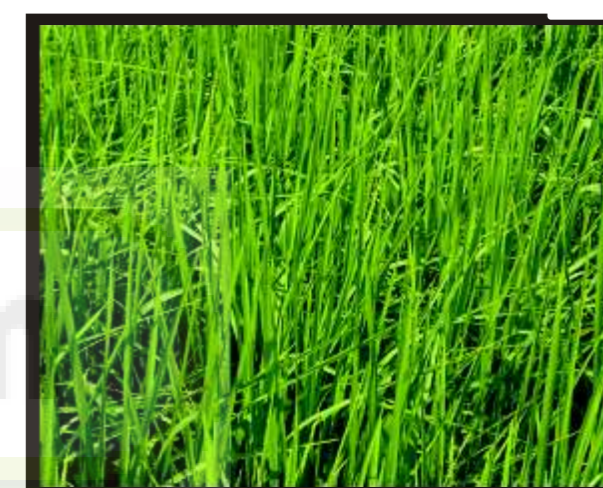
Projects under initial implementation



Rangit II Hydroelectric project (66 MW), Sikkim

This is a 41 year concession wherein the SPV company "Sikkim Hydro Power Ventures Limited (SHPVL)" is developing a 66 MW hydro-power project in the north eastern state of Sikkim. The estimated project cost is about Rs 430 crores and we hold 100% equity stake in the SPV.

The pre-feasibility and detailed feasibility studies are over and currently considerable progress has been made in obtaining various statutory clearances. The project is expected to achieve financial closure by March 2008 and commence active work on site by June 2008.

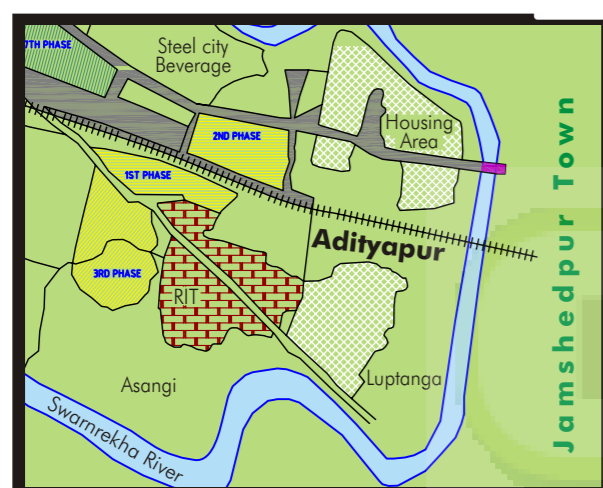


Punjab Biomass Power Project

Gammon in equal partnership with Bermaco Energy Systems Ltd has the right to set up 9 biomass fuel based power projects in the state of Punjab. Each of the projects would be in the range of 10-15 MW. We are currently in the process of setting up the first 2 such projects through an SPV company "Punjab Biomass Power Limited." Each of the projects is expected to cost about Rs 50 crores

The detailed feasibility studies of both the projects are over and tenders are floated for procurement of mechanical works. Land acquisition has already been completed & Financial Closure is underway. We expect the first two projects to be implemented within 18 months.

Projects recently awarded



Adityapur SEZ Project

In a consortium with Jamshedpur Utilities & Services Company Limited (JUSCO) (a subsidiary of TISCO), we have received Letter of Intent for Development of Adityapur SEZ in Jharkhand from Adityapur Industrial Area Development Authority. The project involves design, construction, finance, operation and maintenance of Adityapur SEZ Limited. The project involves development of 90 Acres land. The concession/lease period is 90 years. We own 38 % equity in the Project.



Bio-mass based Power projects in Haryana

In an equal partnership with Bermaco Energy Systems, we have been awarded 8 biomass based Power Projects in various districts in Haryana state. Each of these projects involve the development of a 10 MW power project based on biomass fuel, essentially rice straw and rice husk. Each project is estimated to cost approximately Rs. 50 crore.

Projects recently awarded



Mumbai Offshore Container Terminal in Mumbai Harbour

Mumbai Port Trust (MbPT) had invited proposals for an offshore container terminal project involving operations and management of the existing Mumbai Port container terminal for initial 5 years and development, including construction, equipping, operations and management of an Offshore Container Terminal, comprising at least two berths. In a consortium with Dragados S.P.L. (ACS Group, Spain), we have been awarded the project. The estimated Project cost is about Rs. 800 crores in the initial phase of 3 years and approximately Rs. 400 crores subsequently, aggregating to Rs. 1200 crores. The Project is on a BOT basis for 30 years, including 3 years of construction & equipping period. We expect to handle about 1.2 million Total Equivalent Units (TEUs) at the offshore container facility that we will develop. This is the first container privatization at the Mumbai Port. We have received the LOI for the project, and we expect to sign the Concession Agreement shortly.



Tidong II (60 MW) Hydropower generation project in Himachal Pradesh

This is a 45 year concession wherein the LOI has been received for developing a 60MW hydro-power project in the state of Himachal Pradesh. The estimated project cost is about Rs 350 crores. The project is an equal partnership with Torrent Power Limited. We are in the process of signing the MoU with the client.



Rajahmundry
Expressway
Project



Vizag Seaport Project