FINAL PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated February 10, 2006
100% Book Building Issue

GVK POWER & INFRASTRUCTURE LIMITED

(The Company was incorporated as Jegurupadu Operating & Maintenance Company, a private company with unlimited liability on December 2, 1994 under the Companies Act, 1956. It was converted into a private limited company on April 20, 2005 and was consequently renamed as Jegurupadu Operating & Maintenance Company Private Limited. On May 19, 2005 it was converted into a public limited company and was consequently renamed as Jegurupadu Operating & Maintenance Company Limited. On July 13, 2005 the company was renamed to GVK Power & Infrastructure Limited. The Company is the holding company of the power businesses of GVK and also provides operations and maintenance services to its power assets.)

Registered Office: R 540, New Rajender Nagar, New Delhi, 110 060, Tel: +91 11 2874 3563; Fax: +91 11 2874 4391

Corporate Office: 'Paigah House', 156-159, Sardar Patel Road, Secunderabad 500 003, Tel: +91 40 2790 2663; Fax: +91 40 2790 2665

Contact person: P.V. Rama Seshu; Tel: +91 40 2790 2263; Web site: www.gvk.com; Email: gvkpilinvestors@gvk.com

PUBLIC ISSUE OF 8,275,556 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 310 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. 300 PER EQUITY SHARE AGGREGATING RS. 2565 MILLION (REFERRED TO AS THE "ISSUE"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF UP TO 7,861,778 EQUITY SHARES OF RS. 10 EACH (THE "NET ISSUE") AND A RESERVATION FOR EXISTING RETAIL PUBLIC SHAREHOLDERS OF GIL ("GIL RETAIL PUBLIC SHAREHOLDER PORTION") OF UP TO 5% OF THE ISSUE OR 413,778 EQUITY SHARES. THE ISSUE WILL CONSTITUTE 35% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

THE ISSUE PRICE OF RS. 310 PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH
ISSUE PRICE IS 31 TIMES OF THE FACE VALUE

The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be allotted 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 and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, upto 15% of the Net Issue would be allocated to Non-Institutional Bidders and upto 35% of the Net 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.

RISK IN RELATION TO 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/- per Equity Share and the Issue Price is 31 times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered 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 of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment 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 issuer and the Issue including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the section titled "Risk Factors" on page 11 of this Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Offer Document contains all information with regard to the issuer and the issue, which is material in the context of the issue, that the information contained in the Offer Document 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 make this document 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 are proposed to be listed on The Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India Limited ("NSE") and the Company has received in-principle approvals from these Stock Exchanges for the listing of its Equity Shares pursuant to letters dated December 27, 2005 and December 16, 2005, respectively. For purposes of this Issue, the Designated Stock Exchange is NSE.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
JM MORGAN STANLEY **JM MORGAN STANLEY PRIVATE LIMITED** 141, Maker Chambers III, Nariman Point, Mumbai 400 021 Tel : +91 22 5630 3030 Fax : +91 22 5630 1924 Email : gvkipo@jmmorganstanley.com Website: www.jmmorganstanley.com Contact Person: Purti Vijaywargia	kotak Investment Banking **KOTAK MAHINDRA CAPITAL COMPANY LIMITED** 3rd Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021 Tel : +91 22 5634 1100 Fax : +91 22 2282 6632 Email : gvk.ipo@kotak.com Website: www.kotak.com Contact Person: Anup Agarwal	KARVY Karvy Computershare Private Limited **KARVY COMPUTERSHARE PRIVATE LIMITED** Karvy House, 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034, India Tel: (91 40) 2331 2454, Fax: (91 40) 2331 1968 Email: gvkipo@karvy.com Website: www. Karvycomputershare.com Contact Person. Murali Krishna

ISSUE PROGRAM

BID/ISSUE OPENED ON : February 2, 2006	BID/ISSUE CLOSED ON : February 7, 2006

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"Associate" or "Associate Company"	Gautami Power Limited, a public limited company incorporated under the Companies Act, 1956
"GVK"	Refers to the companies promoted by our Promoters
"GVKPIL", the "Company", "our Company", "we", "us"	Unless the context otherwise requires, refers to GVK Power & Infrastructure Limited, a public limited company incorporated under the Companies Act, 1956 along with its Subsidiary and Associate Company
"Subsidiary"	GVK Industries Limited, a public limited company incorporated under the Companies Act, 1956

Company Related Terms

Term	Description
ABB	ABB Power Investment (India) B.V.
AIF	Asian Infrastructure Fund
Articles/ Articles of Association	Articles of Association of GVKPIL
Auditors of the Associate Company	Statutory auditors of the Associate being Brahmayya & Co., Chartered Accountants. The auditors commenced their audit engagements with GPL on July 26, 2003
Auditors of the Company	Statutory auditors of the Company, namely S.R.Batliboi & Associates, Chartered Accountants. S.R.Batliboi & Associates, Chartered Accountants commenced their audit engagements with GVKPIL on September 30, 2003
Auditors of the Subsidiary	Statutory auditors of the Subsidiary being Brahmayya & Co., Chartered Accountants. The auditors commenced their audit engagements with GIL on November 7, 1992
Board of Directors/ Board	The Board of Directors of GVKPIL or a committee thereof
Classic	Classic Investments Ltd, Mauritius
Directors	The directors of GVKPIL, as may be changed from time to time
GIL	GVK Industries Limited, a public limited company incorporated under the Companies Act, 1956
GIL SHA	Amended and Restated Shareholders Agreement executed among GIL, Guardian Holdings Limited, Mauritius, Novopan India Limited, Nova Resins and Chemicals, Jegurupadu CMS Generation Company Limited, Mauritius, Classic Investments Ltd, Mauritius, ABB Power Investment (India) B.V., Golden Palm Limited, Mauritius, Vintage Investments Ltd., Mauritius, Asian Infrastructure Fund and International Finance Corporation dated September 1, 1995
Golden Palm	Golden Palm Limited, Mauritius
GPL	Gautami Power Limited, a public limited company incorporated under the Companies Act, 1956
GPL power project	The 464 MW Power Project proposed to be established at Peddapuram, Andhra Pradesh by GPL
GPL SHA	Shareholders agreement among Maytas Infra Private Limited, IJM Corporation Bhd., Nagarjuna Construction Company Ltd. and GVK Energy Holdings Private Limited, formerly called as GVK Power Private Limited and GPL dated July 2, 2003 including amendments dated July 3, 2003 and June 11, 2004
Guardian	Guardian Holdings Limited, Mauritius

GVKEHPL	GVK Energy Holdings Private Limited (formerly known as GVKPPL)
GVKPPL	GVK Power Private Limited
IFC	International Finance Corporation
IJM	IJM Corporation Bhd
JCMS	Jegurupadu CMS Generation Company, Mauritius
JOMC, Mauritius	Jegurupadu Operation & Maintenance Company, Mauritius
Maytas	Maytas Infra Limited
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company
NCC	Nagarjuna Construction Company Ltd
Nova Resins	Nova Resins and Chemicals Limited now known as GVK Petrochemicals Pvt. Ltd.
Novopan	Novopan Industries Limited
Registered Office of our Company	R 540, New Rajender Nagar, New Delhi, 110 060
Vintage Investments	Vintage Investments Ltd., Mauritius

Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the issue and allotment of Equity Shares, pursuant to the Issue
Allottee	The successful Bidder to whom the Equity Shares are/ have been issued
Banker(s) to the Issue	Standard Chartered Bank, UTI Bank Ltd, Kotak Mahindra Bank, Canana Bank, ICICI Bank Ltd. and HDFC Bank Ltd.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of the Company 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 and payable by the Bidder on submission of the Bid in the Issue
Bid / Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper with wide circulation
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of our Company in terms of the Red Herring Prospectus and Prospectus.
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus, Prospectus and Bid-cum-Application Form.
Bidding Period/ 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/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is being made
BRLMs	Book Running Lead Managers to the Issue, in this case being JM Morgan Stanley Private Limited and Kotak Mahindra Capital Company Limited.
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

Term	Description
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
Co-Managers	Canara Bank
Cut-off	Any price within the Price Band finalized by the Company in consultation with the BRLMs
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Bidders
Designated Stock Exchange	NSE
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the CompaniesAct, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue.
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid and the Allocation Amount paid thereafter
Escrow Agreement	Agreement entered into by the Company, the Registrar, BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable refunds of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened
Equity Shares	Equity shares of the Company of Rs. 10 each unless otherwise specified in the context thereof
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, above which the Issue Price will not be finalized and below which no Bids will be accepted
GIL Retail Public Shareholders	Shareholders of GIL as of January 13, 2006 other than our Promoters, Promoter Group Companies, financial investors (IFC, Golden Palm and Vintage Investments) and APTRANSCO
GIL Retail Public Shareholder Portion	The portion of the Issue being 413,778 Equity Shares of Rs. 10 each to be allotted to GIL Retail Public Shareholders
IPO Committee	A committee of the Board of Directors of our Company comprising Somanadri Bhupal, G. V. Sanjay Reddy, and K.N. Shenoy has been appointed for the purpose of carrying out various actions in relation to the Issue
Issue	The fresh issue of 8,275,556 Equity Shares of Rs. 10 each at the Issue Price by the Company under this Prospectus
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Prospectus. The Issue Price will be decided by the Company in consultation with the BRLMs on the Pricing Date
Issue Size	8,275,556 Equity Shares of Rs. 10 each to be issued to the Investors at the Issue Price
JMMS	JM Morgan Stanley Private Limited, a company incorporated under the Companies Act and having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India
KMCC	Kotak Mahindra Capital Company Limited, a company incorporated under the Companies Act and having its registered office at 3rd Floor, Bakhtawar, 229, Nariman Point, Mumbai-400 021, India

Term	Description
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being atleast 10% to 100% of the Bid Amount
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion or 196,544 Equity Shares (assuming the QIB Portion is for 50% of the Issue size) available for allocation to Mutual Funds only, out of the QIB Portion
Net Issue	Issue Size less reservation for the GIL Retail Public Shareholders
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 1,179,267 Equity Shares of Rs. 10 each 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/ Issue Opening Date; and extending until the Bid/ Issue 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/ Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	Price band of a minimum price (floor of the price band) of Rs. 260 and the maximum price (cap of the price band) of Rs. 310 and includes revisions thereof
Pricing Date	The date on which Company in consultation with the BRLMs finalizes the Issue Price
Promoters	G. V. K. Reddy, G. Indira Krishna Reddy, G. V. Sanjay Reddy, G. Aparna Reddy, Somanadri Bhupal, Shalini Bhupal, Krishna Ram Bhupal, G.V.Keshav Reddy, G.Mallika Reddy and Shriya Bhupal
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 Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
QIB Portion	The portion of the Net Issue being 3,930,889 Equity Shares of Rs. 10 each to be allotted to QIBs
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
RHP or Red Herring Prospectus	Means the document issued in accordance with Section 60B of the Companies Act and SEBI Guidelines, which does not have complete particulars on the price at which the Equity Shares will be offered and the size of the Issue and which will be filed with RoC at least 3 days before the Bid/ Issue Opening Date
Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited, having its registered office as indicated on the cover page of this Prospectus.

Term	Description
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more 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 being 2,751,622 Equity Shares of Rs. 10 each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid-cum-Application Forms or any previous Revision Form(s)
Stock Exchanges	BSE and NSE
Syndicate	The BRLMs, the Co managers and the Syndicate Members
Syndicate Agreement	Agreement between the Syndicate and the Company in relation to the collection of Bids in this Issue
Syndicate Members	JM Morgan Stanley Financials Services Private Limited and Kotak Securities Ltd.
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs, the Co managers and the Syndicate Members
Underwriting Agreement	The Agreement between the members of the Syndicate and our Company to be entered into on or after the Pricing Date

Technical and Industry related terms

Term	Description
ABT	Availability Based Tariff
APDRP	Accelerated Power Development and Reforms Programme
APDISCOMs	(Power) Distribution Companies of Andhra Pradesh
APERC	Andhra Pradesh Electricity Regulatory Commission
APGENCO	Generation Corporation of Andhra Pradesh Limited
APSEB	Andhra Pradesh State Electricity Board
APTRANSCO	Transmission Corporation of Andhra Pradesh Limited
BPCL	Bharat Petroleum Corporation Limited
BTU	Billion Thermal Units
CCGT	Combined Cycle Gas Turbine
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
COD	Commercial Operation Date
DPE	Department of Public Enterprises
Deemed Generation	Net electrical energy that we are in a position to deliver but did not generate as a result of any dispatch instructions issued to us by APDISCOMs or any failure on the part of APDISCOMs to purchase energy due to any defect or deficiency in the equipment, ancillary line or other works, or any instability associated with low voltage or frequency on APDISCOMs' systems. Deemed Generation up to a PLF of 68.49%
Electricity Act	Indian Electricity Act, 1910
EA 2003	Electricity Act, 2003
Electricity Supply Act	Electricity (Supply) Act, 1948

Term	Description
ERC	Electricity Regulatory Commission
ERC Act	Electricity Regulatory Commission Act, 1998
GAIL	GAIL India Limited
GOAP	Government of Andhra Pradesh
GSA	Gas Supply Agreement
HRSG	Heat Recovery Steam Generator
HSD	High Speed Diesel
Installed Capacity	GIL 215 MW for Jegurupadu Phase I and 220 MW for Jegurupadu Phase II and for GPL 464 MW
IPP	Independent Power Producer
Kw	Kilo Watt
kWh	Kilo Watt Hour
LC	Letters of credit
LSHS	Low sulphur heavy stock
mmscmd	Million Metric Standard Cubic Metres per day
mmscm	Million Metric Standard Cubic Metres
MoP	Ministry of Power, Government of India
MoPNG	Ministry of Petroleum and Natural Gas, Government of India
MU	Mega Units
MW	Mega Watt
Notional Generation	Net electrical energy that we are in a position to deliver but did not generate as a result of any dispatch instructions issued to us by APDISCOMs or any failure on the part of APDISCOMs to purchase energy due to any defect or deficiency in the equipment, ancillary line or other works, or any instability associated with low voltage or frequency on APDISCOMs' systems. Notional Generation is available for PLF between 68.49% and 85%
PLF / Plant Load Factor	The total units of energy generated during a given period, expressed as a percentage of installed capacity in a given period
PPA	Power Purchase Agreement
REB	Regional Electricity Board
REC	Rural Electrification Corporation Limited
SCM	Standard Cubic Meter
SEB	State Electricity Board
SEB(s)	State Electricity Board(s) and their successor(s), if any, including those formed pursuant to restructuring / unbundling
SERC	State Electricity Regulatory Commission
T&D	Transmission & Distribution
TEC	Techno Economic Clearance
Unit	1 kWh, i.e. the energy contained in a current of one thousand amperes flowing under an electromotive force of one volt during one hour

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	The Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CRISIL	CRISIL Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
EGM	Extraordinary General Meeting
EPS	Earnings per Equity Share
Equity Shares	Equity shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FERA	Foreign Exchange Regulation Act, 1973, now repealed
FII/ Foreign Institutional Investor	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Financial year/fiscal/FY	The twelve months ended March 31 of a particular year
FVCI	Foreign venture capital investor, registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GoI	Government of India
GIR Number	General Index Registry Number
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
IPO	Initial public issue/ offering
IRR	Internal rate of return
NAV	Net Asset Value
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
NRE Account	Non Resident External Account
NRI/ Non Resident Indian	A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
MAT	Minimum Alternative Tax

Term	Description
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 the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to participate in this Issue.
PAN	Permanent Account Number
RBI	Reserve Bank of India
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana, located at New Delhi
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI DIP Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Prospectus is derived from our restated consolidated and unconsolidated financial statements prepared in accordance with Indian GAAP included elsewhere in this Prospectus.. Our fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In this 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 US GAAP. 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. Accordingly, the degree to which the Indian GAAP financial statements included in this 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 Prospectus should accordingly be limited.

All references to "India" contained in this 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.

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "US" or "US Dollars" are to United States Dollars, the official currency of the United States of America. All references to "DM", or "Deutsche Mark" are to Deutsche Mark, the erstwhile official currency of Germany. All references to "Yen" are to the Yen, the official currency of Japan. All references to "Euro(s)" are to Euros, the official currency of the European Union.

For additional definitions, please refer to the section entitled "Definitions and Abbreviations" on page 1 of this Prospectus.

Market and industry data used throughout this Prospectus has been obtained from publications available in the public domain. These publications generally state that the information contained therein 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 industry data used in this Prospectus is reliable, it has not been independently verified.

FORWARD-LOOKING STATEMENTS

We have included statements in this 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 could cause actual results to differ materially from our expectations include, among others:

- Availability of gas;
- Financial stability of the distribution company;
- Ability to complete the project within the scheduled period;
- Changes in or termination of policies of any state government in India that encourage investment in power projects;
- Our ability to successfully implement our strategy, growth and expansion plans and technological initiatives;
- Technological changes, our exposure to market risks,
- Changes in the value of the Rupee and other currencies;
- Changes in general economic and political conditions in India that have an impact on our business activities or investments;
- The monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates;
- Changes in the foreign exchange control regulations in India;
- Globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the power sector;
- 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, please refer to the section titled “Risk Factors” on page 11 of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, our Board of Directors, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not materialize. In accordance with SEBI requirements, we and the BRLMs 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 carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus.

RISKS ASSOCIATED WITH OUR BUSINESS

We are dependent on our Subsidiary and our Associate Company for a substantial portion of our income.

Following our restructuring, we will be a holding company with equity interests in operating companies that operate power plants. Therefore, our income will be substantially dependent on the receipt of dividends from our Subsidiary and our Associate Company and income from our operations and maintenance of the power plants. As a result, in the event of non-receipt of dividends from our operating companies, we may have insufficient income at the holding company level to issue dividends to our shareholders or to meet our operating expenses.

Our current operations and our expansion plans have significant fuel requirements and we may not be able to ensure that adequate fuel will be available to meet our power generation requirements.

The most critical input required by our power generation plants to generate electricity is fuel. The Jegurupadu Phase I facility has a natural gas supply agreement with Gas Authority of India Limited ("**GAIL**") and a naphtha supply agreement with Bharat Petroleum Corporation Limited ("**BPCL**"). Our Jegurupadu Phase II and the GPL power project facilities, which are not yet operational, are designed to use natural gas and High Speed Diesel ("**HSD**") and have natural gas supply agreements with GAIL and a Memorandum of Understanding ("**MOU**") for the supply of high speed diesel with BPCL for the GPL power project facility. There is no MOU or fuel supply agreement in place yet for the supply of HSD for the Jegurupadu Phase II.

The natural gas available in the State of Andhra Pradesh is less than the actual demand. Our new projects and the other ensuing projects in the State of Andhra Pradesh are likely to be affected by the shortage of natural gas from their respective Commercial Opertaion Dates ("**CODs**") until at least December 31, 2006, Government of Andhra Pradesh ("**GOAP**") has entered into an understanding with four short gestation projects (including Jegurupadu Phase II and GPL power project) in the State of Andhra Pradesh to defer the payment of fixed charges on Deemed Generation until that date. However, with effect from January 1, 2007 these projects will be entitled to Deemed Generation in the event of non-availability of gas provided they are in a position to prove that they are available to generate electricity using alternative fuel. If GIL is not in a position to enter into an arrangement for alternative fuel for Jegurupadu Phase II before December 31, 2006, Jegurupadu Phase II will not be entitled to claim capacity charges from January 1, 2007 in the event of non-availability of natural gas.

As GAIL has informed, as new power projects are being set up in the State of Andhra Pradesh, the existing fuel supply may not be sufficient to meet the demand of all the power generators. GAIL will be allocating the existing quantity of natural gas on a *pro rata* basis to all the projects that are in operation in the State of Andhra Pradesh including the new projects to be commissioned. In the event that the existing natural gas supply is allocated to the new projects, then the gas allocation to our Jegurupadu Phase I facility will be proportionately reduced, which would have a material adverse effect on our income, business prospects and results of operations. However, as part of the Power Purchase Agreement ("**PPA**"), Jegurupadu Phase I will be entitled to Deemed Generation in the event of non-availability of gas if it is not allowed to use alternative fuel by (Power) Distribution Companies of Andhra Pradesh ("**APDISCOMs**") for generation.

If a fuel supplier fails or is unable to deliver fuel to us as scheduled or contracted for, or if the fuel supply to one or more of our power generation plants is otherwise disrupted, we may not be able to make alternative arrangements in a timely manner, if at all, and any such alternative arrangements may be on terms that are more costly to us. Accordingly, any material delay or failure by a fuel supplier to fulfill its obligations under its fuel supply agreement with us or any other disruption of our fuel supplies would materially disrupt the normal operations of the affected generation facility and would have a material adverse effect on our business and results of operations. The success of our operations, and the proposed expansion of our generation capacity, will be dependent on, among other things, our ability to ensure availability of fuels at competitive prices during the life-cycle of our existing and planned power stations.

Further, gas allocations and gas prices are currently determined by Government of India ("**GoI**"). In the event that gas supply, or gas prices, were to be deregulated, we cannot assure you that we will be able to obtain gas at competitive prices, or in the required quantities.

In certain of our power purchase agreements, the price payable on alternative fuel to APDISCOMs is dependent upon the decision of a fuel supply committee and may be lower than the actual price paid by us.

In the event alternative fuel is used in Jegurupadu Phase II and the GPL power project, the price of the alternative fuel for the computation of the variable charges will be determined by a committee of five members, of which two members will be nominated by the respective companies, two by APDISCOMs and one will be an independent expert from the global fuel market. In the event of the committee determining a price lower than the actual price of alternative fuel paid by us, such difference in the price could have an adverse affect on our results of operations.

We currently depend on our Jegurupadu Phase I power generation facility for substantially all of our income.

Our total income from operating fees and income from Jegurupadu Phase I for the sale of electrical energy for the year ended March 31, 2005 was Rs. 38.70 million and Rs. 2,969.62 million, respectively. Our Jegurupadu Phase II and GPL power project facilities are still under construction. Until such time as the facilities commence operations, our income largely depends on the continued operation of our Jegurupadu Phase I facility, and any failure of this facility to generate income as expected could have a material adverse effect on our income, business prospects and results of operations.

Our power generation facilities rely on a single customer for all of its income.

Our Jegurupadu Phase I power generation facility relies on, and when operational, our Jegurupadu Phase II and GPL power project facilities will rely on, a single customer, namely APDISCOMs, for all of their respective income. The Jegurupadu Phase I facility supplies all of its electricity to APDISCOMs under an eighteen-year PPA, which expires on June 20, 2015. When completed, our Jegurupadu Phase II and GPL power project facilities will also supply all of their electricity to APDISCOMs under fifteen-year PPAs. Because each facility is dependant on the same sole customer, any material failure on the part of APDISCOMs to fulfill its obligations under its respective PPAs would have a material adverse effect on our income, business prospects and results of operations.

We cannot assure you that APDISCOMs will be able or willing to fulfil its obligations to us in a timely manner, or at all.

Although APDISCOMs has been rated as the top electricity distribution company in India by CRISIL, it may not be in a position to meet its obligations under the PPAs if APDISCOMs does not receive timely subsidies from the GOAP or collect its receivables on time. Any material failure or delay on the part of APDISCOMs to fulfill its obligations to us under any of the respective PPAs would have a material adverse effect on our income, business prospects and results of operations.

APDISCOMs has not complied with some of its obligations under the PPA for Jegurupadu Phase I. We continue to be paid fixed charges on the approved project capital cost of Rs. 8,160.00 million as compared to the completed project capital cost of Rs.10,252.31 million in respect of Jegurupadu Phase I. The increase in capital cost was mainly due to foreign exchange fluctuations, increases in the rate of customs duty, expenses incurred for providing the plant with a mixed fuel firing capability, expenses incurred due to the delay in obtaining GoI counter guarantee and increases in other expenses. We believe that the completed capital cost as incurred by us should have been approved by the competent authority and the tariff should have been paid based on such completed capital cost. As such we have filed a case against Central Electricity Authority ("**CEA**"), who is the competent authority under the PPA for approval of the capital cost for recovering these amounts. However, we cannot assure you that the outcome of this case will be in our favour, or that we will recover any additional fixed charges under the increased capital cost basis.

Further, as part of the PPA, although APDISCOMs is required to reimburse all of our claims for income taxes, including Minimum Alternate Tax ("**MAT**") being paid by us, we have not been reimbursed for our claim for MAT. Furthermore, effective fiscal year 2003, we have not been paid incentives on Notional Generation which we are entitled to receive under the PPA for Jegurupadu Phase I. Though we have filed a claim against APDISCOMs for recovering these amounts, we cannot assure you that these cases will be decided in our favour. If such cases are decided against us they may have a material adverse affect on our results of operations.

We may face difficulties enforcing our rights under our PPAs since doing so would require us to litigate against government entities.

The payment obligations of APDISCOMs under our PPAs are all guaranteed by the GOAP. Faced with disputes and counterclaims between transmission companies, electricity boards and generation companies caused by a variety of factors, certain state governments have in the past refused to perform their obligations under such guarantees until such disputes or counterclaims have been fully resolved, which can take months or years. In addition, state governments may face political or public pressure not to fulfill their obligations to us, which could in turn result in our inability to fulfill our obligations to others. Accordingly, we cannot assure you that, in the event of a default under a PPA, the government entity guaranteeing payment thereunder will fulfill its obligations under the relevant guarantee in a timely manner or at all. Any failure by any government entity to fulfill its obligations to us could have a material adverse effect on our cash flows, income, business prospects and results of operations.

Our Jegurupadu Phase II and GPL power project facilities are under construction and we cannot assure you that these projects will commence operations as expected.

The construction and the erection of our Jegurupadu Phase II facility is already complete and we are now in the final stages of testing the project. Our GPL power project facility is under construction. The completion targets for our plants are subject to substantial risks, including, among other things, contractor performance shortfalls, unforeseen engineering problems, *force majeure* events, unanticipated cost increases and delays in obtaining government approvals and sanctions, any of which could give rise to delays, cost overruns or the termination of a plant's construction. The failure to complete construction as planned, or in accordance with agreed specifications, higher costs, lower returns on capital and/or reduced earnings, any of which could materially and adversely affect our business and results of operations. We could also be required to draw additional funds from our other businesses or external sources. In addition, if we are unable to complete our Jegurupadu Phase II and the GPL power project facilities, we may not be able to recover our investment from these projects. Because these facilities have not yet been completed, they have no operating history. As a result, we cannot assure you that they will be as profitable as we have anticipated, or at all. If any facility is not as profitable as we have anticipated, it could have a material adverse effect on our business and our results of operations.

In certain cases, including the termination of our PPAs, APDISCOMs has the option to buy-out our power generating facilities.

As per the terms of the PPAs, if we default on certain of our obligations, APDISCOMs has the option to purchase our projects at the purchase price specified in the relevant PPA. For more detail in this Prospectus on the buy-out provisions, please refer to “Our Business Section” on page 71. If any such Buy-out were to occur, it would have a material adverse affect on our business and results of operations.

If our facilities do not meet operating performance requirements and agreed norms as set out in our PPAs, or otherwise do not operate as planned, we may incur increased costs and penalties and our revenues may be adversely affected.

The operation of power plants involves many operational risks, including the breakdown or failure of generation equipment or other equipment or processes, labour disputes, fuel interruption and operating performance below expected levels. However, our PPAs require us to guarantee certain minimum performance standards, such as plant availability and generation capacity to APDISCOMs. In addition, the tariffs we charge to APDISCOMs are arrived at assuming a certain heat rate and other agreed norms. If our facilities do not meet the required performance standards, APDISCOMs will not reimburse us for any increased costs arising as a result of our plants’ failure to operate within the agreed norms, which in turn may affect our results of operations. In addition to the performance requirements specified in our power purchase and other agreements, national and state regulatory bodies and other statutory and government mandated authorities may from time to time impose minimum performance standards upon us. Failure to meet these requirements could expose us to the risk of penalties. In addition, we may not receive certain agreed-upon incentives which may adversely affect our revenues. For example, since fiscal 2003, APDISCOMs has not paid the incentives on Notional generation to the extent of Notional Generation that we are entitled to receive under our PPA for Jegurupadu Phase I.

Jegurupadu Phase I, Jegurupadu Phase II and GPL power project primarily rely on us for their O&M services and any failure by us to operate these plants at the agreed norms could have an adverse affect on us as well as our power plants.

Jegurupadu Phase I facility primarily relies on us for their Operation and Maintenance (“**O&M**”) services under the long-term O&M agreements to ensure that the facilities satisfy the required performance standards and operate within the agreed norms. Jegurupadu Phase II and GPL power project are yet to start operations and would rely on us for their O&M services on becoming operational. We can provide no assurance that we would be able to continue to run these facilities as per the required performance standards and operate within the agreed norms. Any such failure will adversely affect our results of operations. This in turn may also result in lost revenues, increased costs and/or penalties for Jegurupadu Phase I, Jegurupadu Phase II and GPL power projects.

In addition, as our shareholding structure is different from the shareholding structures of the companies that operate on plants, in the case of any payment of liquidated damages or penalties by any of our operating companies, the shareholders of the holding company may be adversely affected.

We may not be able to establish new off-take arrangements for our Jegurupadu Phase I, Jegurupadu Phase II and GPL power project facilities after the expiration of their respective PPAs on terms acceptable to us or at all.

Our PPA with APDISCOMs in relation to our Jegurupadu Phase I facility expires in 2015. Our PPAs for our Jegurupadu Phase II and GPL power project facilities will expire in 15 years from COD. However, we expect that the useful life of each facility will be significantly longer. Although each of these PPAs may be extended by mutual consent, APDISCOMs is under no obligation to do so, and we cannot ensure that APDISCOMs will extend their PPAs with us. It is likely that any decision in this regard by APDISCOMs will depend upon a variety of factors, some of which are beyond our control, including the demand for power, the availability of alternative sources of supply and the competitiveness of the various potential power producers. Accordingly, we cannot assure you that, once the existing PPAs expire, we will be able to establish new off-take arrangements for our facilities on terms acceptable to us, or at all, which could adversely affect our business and results of operations.

After the expiry of our PPAs, we are required to make substantial capital investments in our plants.

All of our plants are run on long-term PPAs which expire over of period of 15 to 18 years. On the expiry of these PPAs, if these plants are not bought out by APDISCOMs and we continue to operate these plants, we will have to make substantial capital investments in these plants in order to earn future commercial benefits from them. We cannot ensure you that we would be able to raise capital for funding these refurbishments on attractive terms or at all. In addition, we may not be able to obtain the anticipated benefit from the capital investments made by us in these plants. If any of these events occur, our results of operations may be adversely affected.

An accident could occur if we handle any of the dangerous materials used in our business improperly.

The nature of our business requires us to work with highly flammable and explosive materials such as naphtha, natural gas and HSD. Despite compliance with requisite safety requirements and standards, our operations are subject to hazards associated with handling of such dangerous materials. If improperly handled or subjected to unsuitable conditions, these materials could hurt our employees or other persons, cause damage to our properties and harm the environment. This could subject us to significant disruption in our business, legal and regulatory activities and impose significant costs and liabilities, which could adversely affect our results of operations.

Our power business is subject to extensive government regulation and changes in these regulations or in their implementation could disrupt our operations and adversely affect our results of operations.

Our power business is subject to extensive government regulation by, among others, the Ministry of Environment and Forests and the State Pollution Control Board. To conduct our business, we must obtain various licenses, permits and approvals. Even when we obtain the required licenses, permits and approvals, our operations are subject to continued review and the governing regulations and their implementation are subject to change. We cannot assure you that we will be able to obtain and comply with all necessary licenses, permits and approvals required for our plants, or that changes in the governing regulations or the methods of implementation will not occur. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

We are subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. We expect that environmental laws will continue to become stricter. Compliance with current and future environmental regulations may require substantial capital expenditure and, in certain cases, may require the closing down of non-complying plants. We may be required to bear additional expenditure for establishment of additional infrastructure for monitoring pollution impact and effluent discharge. We could be subject to substantial civil and criminal liability and other regulatory consequences if any environmental hazard is found at the site of any of our power stations, or if the operation of any of our power stations results in any contamination of the environment. The commencement of environmental actions against us or the imposition of any penalties or fines on us as a result of such contamination could have a material adverse effect on our business prospects and results of operations.

The location of our power facilities is concentrated and social disruption affecting our sites could have a material adverse effect on our business, financial position and results of operations.

Both of our Jegurupadu facilities and our GPL power project facility are located in the same district. Our Jegurupadu facility, including the proposed expansion of the facility, is located at Jegurupadu, Andhra Pradesh and our GPL power project facility is located at Peddapuram, Andhra Pradesh, which is 60 kms away from the Jegurupadu facility. Any significant social disruption at any one of these locations or within the State of Andhra Pradesh, even on a short term basis, could impair one or several of our facilities' ability to meet their obligations under their respective power purchase and other agreements on a timely basis, which could have a material adverse effect on our business and results of operations.

Changes in technology may impact our business by making our power plants less competitive or obsolete.

Our future success will depend in part on our ability to respond to technological advances and emerging power generation industry standards and practices on a cost-effective and timely basis. Changes in technology and high fuel costs may make other generation plants more competitive than ours or may require us to make additional capital expenditures to upgrade our facilities. In addition, there are other technologies that can produce electricity, most notably fuel cells, microturbines, windmills and photovoltaic (solar) cells. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and the trading price of our equity shares could be adversely affected.

GVKPIL, GIL and GPL have debt agreements which contain restrictive covenants, placing significant limitations on them.

The debt agreements of GVKPIL, GIL and GPL contain restrictive covenants, which, among other things, restrict their ability to raise additional equity, incur additional debt, pay dividends, make investments, engage in transactions with affiliates, create liens, sell assets or acquire facilities or other businesses. As such, the lenders of GIL and GPL have the option to take over management control of GIL and GPL if there are defaults on their debt obligations. The loan agreements of Jegurupadu Phase I and Phase II also contain covenants that permit the lenders to convert their debt into equity in the event of default by GIL.

We have substantial borrowings, which if accelerated, could have a material adverse impact on our business and results of operations.

As of September 30, 2005, the total borrowings of GIL were Rs. 7598.00 million, of GPL were Rs. 7221.00 million and of our Company were Rs. 1342.00 million. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow produced by our business. If we fail to meet our debt service obligations, our lenders could declare us in default under the terms of our borrowings and accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we would have sufficient resources to repay these borrowings and maintain the operations of our facilities without disruption. Accordingly, any such acceleration would have a material adverse effect on our cash flows, business and results of operations.

Our success depends largely 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 industry 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 services of our senior management personnel or key employees could adversely affect our business, results of operations and financial condition. Further, we do not maintain ‘key man’ life insurance policies, senior members of our management team or other key personnel.

We currently enjoy certain tax benefits, which may not be available to us in the future

As per the provisions of Section 80IA of the Income Tax Act, 1961, we are eligible to benefit from 100% of the profits and gains for a period of 10 consecutive assessment years at our option out of 15 years beginning from the year in which the undertaking begins to operate such facility. This benefit is available subject to fulfillment of certain conditions prescribed under Section 80IA and no benefit under this section shall be allowed with respect to any undertaking for the assessment year beginning on April 1, 2006 and subsequent years. As such, no income tax exemption will be available for our GPL power project facility, unless an amendment is made to the existing regulations. As part of the terms of the PPA, income tax payable by us is part of the tariff paid to us by APDISCOMs, and therefore the risks associated with the loss of income tax benefits are not material. However, in the event that there are any amendments to the PPA, the non-availability of such income tax benefits may adversely affect our results of operations.

Any future issuance of equity shares by us or the issue of ESOPs may dilute your shareholding and adversely affect the trading price of the Equity Shares.

Any future issuance of our Equity Shares by us or the issue of ESOPs may dilute your shareholding, in our Company and could adversely affect the trading price of our Equity Shares and could impact our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

Additionally, in order to consolidate our equity holding we may issue shares of GVKPIL to the shareholders of GIL in consideration for their shareholding in GIL. Our Board on September 10, 2005 passed a resolution, subject to regulatory and statutory approvals, granting their in-principle approval to issue Equity Shares to Golden Palm Limited, Mauritius and Vintage Investments Limited, Mauritius (both being a part of AIF) in consideration for transfer of their shareholding in GIL to our Company. Any future issuance of our Equity Shares to any shareholder of GIL, which would be subject to the approval of our Board, our shareholders, SEBI Guidelines and applicable law, may dilute your shareholding and adversely affect the trading price of our Equity Shares.

Our growth strategy involves the acquisition, development and construction of new power plants, which will require substantial resources and capital commitments and involves significant risks

Apart from the Jegurupadu Phase II and GPL power project facilities which are under construction, our growth strategy involves the acquisition, development and construction of large power plants. We, together with other companies in our Promoter Group, are currently analyzing a number of new potential projects in the power sector, including hydropower, thermal and wind power projects. We expect our Promoter Group to develop these projects to the point of financial viability and to subsequently inject these assets into our project portfolio, subject to applicable regulations and approval by our Board of Directors. Our success in developing a particular project is contingent upon, among other things, the negotiation of satisfactory engineering, procurement and construction, fuel supply and PPAs, receipt of required governmental permits and the timely implementation and satisfactory completion of construction without cost overruns. We may not be successful in accomplishing any of these tasks or may not be able to do so on a timely basis. Further, the development of a power project may require us to expend significant resources for preliminary engineering, obtaining permits and legal and other expenses before we can determine whether a project is feasible, economically attractive or capable of being financed. We cannot assure you that we will be successful in developing new facilities and any failure to do so could have a material adverse effect on our business, prospects and results of operations.

As part of our power sector growth strategy, we may seek to acquire businesses, technologies and products, but we may fail to complete such acquisitions or realize the anticipated benefits of such acquisitions and may incur costs that could negatively impact our business.

In the future, we may acquire other businesses, technologies and products that we believe are a strategic fit with our business. For example, from time to time we consider expanding our generation capacity by acquiring existing generating plants owned by others. Although we may attempt to minimize the risks associated with such an acquisition by conducting an investigation of the facility and related matters, our investigation may not uncover all material risks associated with such an acquisition, some of which may entail significant costs or expose us to liability. It is possible that that we may not be able to identify suitable acquisition or investment opportunities, or if we do that we may not complete such transactions on terms commercially acceptable to us or at all. If we undertake any transaction of this sort, we may not be able to successfully integrate any businesses, products, technologies or personnel that we might acquire without a significant expenditure of operating, financial and management resources, if at all. Further, we may fail to realize the anticipated benefits of any acquisition. Future acquisitions could dilute our shareholders' interest in us and could cause us to incur substantial debt, expose us to contingent liabilities and could negatively impact our business, business prospects and results of operations.

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

After the completion of the Offer, our Promoters will own, directly and indirectly, approximately 65% of our outstanding Equity Shares. As a result, our Promoters 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 Promoters as our controlling shareholder could conflict with our interests or the interests of our other shareholders. As a result our Promoters may take actions with respect to our business that may conflict with our interests and the interests of our other investors.

Our new projects are subject to a number of other contingencies.

Our new projects are subject to a number of contingencies, including changes in laws and regulations, governmental actions, delays in obtaining permits or approvals, volatility in global prices of crude oil and other fuels, accidents, natural calamities and other factors beyond our control. Contracts for construction and other activities relating to the projects are awarded to external contractors at different times during the course of these projects. In addition, most of our projects are dependent on external contractors, including for construction, delivery, commissioning, as well as the supply and testing of equipment. However, we cannot assure you that the performance of external contractors will meet the required specifications or performance parameters. If the performance of these contractors is inadequate in terms of the requirements, this could result in incremental cost and time overruns, which in turn could adversely affect our expansion plans.

An inability to manage growth effectively could disrupt our business and reduce our profitability.

We, together with other companies in our Promoter Group, are currently analyzing a number of new projects in the power sector. We expect that our growth strategy, which includes investing in new power plants 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. In particular, continued expansion increases the challenges involved in financial and technical management, recruitment, training and retaining sufficient skilled technical and management personnel, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. An inability to manage such growth could disrupt our business, reduce our profitability and adversely affect our results of operations and financial condition.

We cannot assure you that we will be able to obtain the financing we need to pursue our growth strategy on terms acceptable to us, or at all.

Our growth strategy requires continued access to capital on acceptable terms for the success of our growth strategy of developing new power plants. We have so far been able to arrange for the financing of our all our facilities. We cannot assure you that market conditions and other factors will permit future project and acquisition financings on terms acceptable to us. Our ability to arrange for financing on a substantially non-recourse basis and the costs of such capital are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of current projects and other laws that are conducive to our raising capital in this manner. Our attempts to consummate future financings may not be successful or on favourable terms and failure to obtain financing on terms favourable to us could have a material adverse effect on our business prospects and results of operations.

Our brand "GVK" is owned by our Promoter in his individual capacity and we have entered into a trademark license agreement with him for its usage.

The brand and trademark 'GVK' and the associated logo are owned by our Promoter, Mr. G.V.K.Reddy, who has also filed for the registration of the trademark and the logo in his personal capacity. By an agreement dated October 14, 2005, G.V.K.Reddy has granted our Company, GIL and GPL the non-exclusive right to use the trademark and logo in their ordinary course of business upon a consideration to be mutually agreed. The agreement is revocable at the option of Mr. G.V.K.Reddy or can be terminated upon our Company, GIL and GPL ceasing to be affiliates or upon an event of default; consequently, we cannot assure you of the uninterrupted use and enjoyment of the trademark or logo. Loss of the rights to use the trademark and the logo may affect our reputation, goodwill, business and our results of operations.

We are dependent on our Promoters and Promoter Group companies to develop new investment opportunities for us.

We expect our Promoters Group to develop new projects in the power and infrastructure sectors to the point of financial viability and to subsequently inject these assets into our project portfolio. These new projects are expected to be initially developed and funded by the Promoters in their individual capacity. There can be no assurance that the Promoters will develop these projects or contribute these new projects into our project portfolio. Any such failure could lead to a conflict of interest between us and our Promoters and may have a material adverse affect on our growth prospects, our results of operation and the trading price of our equity shares.

Disagreements among our principal shareholders may adversely affect our business.

Our Promoters (along with the members of their family) are the largest shareholders of the GVK and exercise significant influence over the management and operations of various affiliated companies, including us. There can be no assurance that our promoters will be able to agree amongst themselves on critical matters affecting us. Any such disagreements may adversely affect our ability to execute our business strategy or to operate our business. This may further result in the delay or prevention of significant corporate actions that could be beneficial for our shareholders or us.

We have not entered into any definitive agreements to utilize the proceeds of the Issue.

The objects of the Issue have not been appraised by any bank or financial institution. The deployment of funds as stated in the section titled "Objects of the Issue" on page 47 is entirely at the discretion of our Board of Directors and is not subject to monitoring by any independent agency. All the figures included under the "Objects of the Issue" are based on our own estimates. There has been no independent appraisal of the projects.

There may be changes to the regulatory framework, including the introduction of the provisions of the Electricity Act that could adversely affect our business, results of operations and competitiveness.

The statutory and regulatory framework for the Indian power sector has changed significantly in recent years and the impact of these changes is unclear. There are likely to be more changes in the next few years. The Electricity Act puts in place a framework for reforms in the power sector, but in many areas the details and timing are yet to be determined. The Electricity Act, which came into force in June 2003, removes certain licensing requirements for power generators, provides for open access to transmission and distribution networks and removes restrictions on the right to build captive generation plants, which could result in increased competition for us. These reforms provide opportunities for increased private sector involvement power generation. Furthermore, there could be additional changes in terms of tariff policies, the unbundling of the SEBs, restructuring of companies in the power sector, open access and parallel distribution, and licensing requirements for, and tax incentives applicable to, companies in the power sector. In addition, the new Government that was formed in May 2004 has announced in its "Common Minimum Programme" that it plans to undertake a review of the Electricity Act. We presently do not know what the nature or extent of this review will be, and cannot assure you that such review will not impact on our financial condition and results of operations. For a discussion on the regulatory framework of the electricity industry in India, see the sections entitled “The Power Industry in India—Regulatory Framework” and “Regulations and Policies” on pages 62 and 89 of this Prospectus.

Our costs of compliance with environmental laws are significant and the failure to comply with new environmental laws could adversely affect our results of operations.

We are subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental regulation of industrial activities in India is becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental, pollution regulations, we may be required to spend significant amounts on, among other things, environmental monitoring, pollution control equipment and emission management. We may also be required to bear additional expenditure for establishment of additional infrastructure, such as laboratory facilities for monitoring pollution impact and effluent discharge. Our PPAs do not permit us to pass through increased costs attributable to new environmental laws, and as a result, such additional costs may adversely affect our results of operations. In addition, failure to comply with environmental laws may result in the assessment of penalties and fines against us by regulatory authorities. The commencement of environmental actions against us or the imposition of any penalties or fines on us as a result thereof could have a material adverse effect on our business prospects and results of operations.

We, our Subsidiary and Associate Company are involved in certain legal proceedings and claims.

We have filed an appeal before the Commissioner of Central Excise against the order of the Assistant Commissioner Central Excise directing us to deposit a service tax of Rs. 2.7 million. Additionally, we have also received an order from the Service Tax authorities demanding service tax estimated at Rs. 5.16 million including estimated penalty, on the revenues of the Company for the period up to March 31, 1999.

GIL is party to one litigation in respect of taxation filed by it in the Supreme Court. GIL is also party to ten disputes including one arbitration matter, *inter alia*, in respect of disputes with APDISCOMs and the GOAP in respect of the terms of the PPA, charges for the provision of electricity.

GPL is a party to three legal proceedings one of which relates to a dispute with the APDISCOMs and the GOAP in respect of the terms of the PPA.

Our Promoters, Promoter Group Companies and our Directors are not involved in any legal proceedings.

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 affect on our business and profitability.

For further details see “Outstanding Litigation and Material Developments” on page 270 of this Prospectus.

As at September 30, 2005, GIL had contingent liabilities as disclosed in our statements of assets and liabilities as per our restated unconsolidated financial statements.

Contingent Liabilities not provided for:	**Rs. in millions**
a) On account of guarantees issued by banks	842
b) On account of Inland Letter of Credit	80
c) Claims against the Company not acknowledged as debts in respect of Service Tax	49
Total	**971**

We have applied for the renewal, or have not yet received, certain statutory clearances and approvals in relation to our business.

We have applied for the renewal of certain statutory approvals, including those in relation certain tax certificates in relation to GIL and GPL, and a factory license for GIL. For more details, please refer to the section entitled "Government Approvals" on page 273 of this Prospectus.

Some of the entities promoted by our promoters have incurred losses in the last fiscal years.

Details of the losses incurred by them for in financial year ending March 2003, 2004 and 2005 are as given below:

Amount in Rs. '000

Sr. No.	**Company**	**FY 2003**	**FY 2004**	**FY 2005**
1	Green Woods Land Holding (P) Ltd.	NA	-7	16
2	Pace Construction (P) Limited	887	-22	-17
3	SR Finance (P) Ltd.	7	-2	12
4	Raghavendra Finance (P) Limited	7	-1	14
5	Fresenius Intraven (P) Limited	-0.5	-0.5	3,486
6	Parthasarathy Airconditioned Tourists (P) Limited.	-0.4	-0.7	3,490
7	Indira Construction	3,473	-120	-106
8	GVK Energy Holding (P) Limited	NIL	-190	-110
9	Blue Streak Land Holding (P) Limited	-7	-18	NA
10	Bowstring Project and Investment (P) Limited	NA	NA	-10
11	Metro Architect and Contractors (P) Limited.	NA	-6	-10
12	Altitude Design and Development (P) Limited	NA	NA	-5
13.	Transoceanic Projects Limited	NA	NA	-220

Risks Associated with India

We are subject to various Indian taxes and also receive certain tax benefits offered by the GoI and the GOAP. Our profitability may decrease due to any adverse change in the general tax policies or if the tax benefits were reduced or withdrawn.

Taxes and other levies imposed by the GoI or the GOAP and that may affect the power sector include customs duties, electricity duty, entry tax, income tax and other levies.

For more details on the direct taxes, please refer to the section entitled "Statement of Possible Tax Benefits" beginning on page 56 of this Prospectus**.**

We currently take advantage of various income tax exemptions and deductions, which are applicable to companies engaged in power sector activities, some of which are only available for a specified duration. The loss or unavailability of these benefits would increase our income tax obligations to the extent not reimbursed by APDISCOMs and have a material adverse effect on our after tax profits and cash flow.

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

We derive all of our revenues from India. All of our electricity generating facilities and other assets are located in India and all of our officers and directors live in India. Our operations and financial results, and the market price and liquidity of our Equity Shares, may be affected by changes in the GoI's policies, including taxation. Social, ethnic, political, economic or other developments in or affecting India could also adversely affect our business.

Since achieving independence in 1947, India has had a mixed economy with a large public sector and an extensively regulated private sector. GoI and state governments have in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand or reduce the number of employees and have determined the allocation of raw materials and foreign exchange available to businesses. Since 1991, GoI has significantly relaxed most of these restrictions. Nonetheless, the role of GoI and state governments in the Indian economy as producers, consumers and regulators, remains significant in ways that directly affect the electricity industry and us. The present government, which was formed after the Indian parliamentary elections in April-May 2004, is a coalition government. The new government may follow policies different from those of prior governments, which could directly and adversely affect our business and our industry. In addition, any political instability in India will adversely affect the Indian economy and the Indian securities markets in general, which could also adversely 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 our operations, 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.

Any downgrading of India's debt rating by an international rating agency could negatively impact our business.

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

Depreciation of the Rupee against foreign currencies may have an adverse effect on our results of operations.

As of September 30, 2005, we had foreign currency borrowings (Rupee equivalent) of approximately Rs.6807.46 million denominated principally in Japanese Yen, U.S. dollars and Euros, while substantially all of our revenues are denominated in Rupees. Out of this, GIL had foreign currency borrowings (Rupee equivalent) of Rs.2647.86 million, out of which Rs.466.90 million was attributable to Jegurupadu Phase I and Rs.2180.96 million was attributable to Jegurupadu Phase II. The amount of foreign currency borrowings (Rupee equivalent) attributable to GPL power project is Rs.4159.60 million. Accordingly, any depreciation of the Rupee against these currencies will increase the Rupee cost to us of servicing and repaying our foreign currency borrowings. Since the current tariff regulations allow us to pass through certain foreign exchange fluctuations through our tariffs, we do not currently hedge our foreign currency exposure. If, as a result of future changes in tariff regulations, we are unable to recover the costs of foreign exchange variations through our tariffs, we may be required to use hedging arrangements, which may not fully protect us from foreign exchange fluctuations.

We may be subject to economic, regulatory, political and military uncertainties in India and surrounding countries.

In the early 1990s, India experienced significant inflation, low growth in gross domestic product and shortages of foreign currency reserves. Since 1991, GoI has pursued policies of economic liberalization, and has provided significant tax incentives and relaxed certain regulatory restrictions in order to encourage foreign investment in specified sectors of the economy, including the power sector. We cannot assure you that these liberalization policies will continue. Various factors, including a collapse of the present coalition government due to the withdrawal of support of coalition members, could trigger significant changes in India's economic liberalization and deregulation policies, disrupt business and economic conditions in India generally and negatively impact our business in particular. Our financial performance and the market price of our Equity Shares may be adversely affected by changes in inflation rates, exchange rates and controls, interest rates, Government of India policies (including taxation policies), social stability or other political, economic or diplomatic developments affecting India.

Force majeure events, terrorist attacks and other acts of violence or war involving India, the United States or other countries could adversely affect the financial markets, result in a loss of investor confidence and adversely affect our business, results of operations, financial condition and cash flows.

Certain events that are beyond our control, including the recent tsunami, or seismically generated sea wave capable of considerable destruction, which affected several parts of South and South East Asia, including India and Sri Lanka on December 26, 2004 and terrorist attacks, such as the ones that occurred in New York and Washington, D.C., on September 11, 2001 and New Delhi on December 13, 2001, and other acts of violence or war (including civil unrest, military activity and hostilities among neighbouring countries, such as between India and Pakistan), which may involve India, the United States or other countries, may adversely affect worldwide financial markets and could lead to global economic recession. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Furthermore, any of these events could lower confidence in India as an outsourcing base in the global economy. Any such event could adversely affect our financial performance or the market price of the Equity Shares.

The price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to 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, market conditions specific to the power sector in India, developments relating to the United States and India and volatility in the Indian Stock Exchanges and securities markets elsewhere in the world.

Notes to Risk Factors

- The book value per Equity Share is Rs. 1,526.11 as at March 31, 2005 and Rs. 17.99 as at September 30, 2005 as per our restated unconsolidated financial statements under Indian GAAP.

- The net worth of our Company is Rs. 53.41 million as at March 31, 2005 and Rs 1,097.75 million as at September 30, 2005, as per our restated unconsolidated financial statements under Indian GAAP.
- Public issue of 8,275,556 Equity Shares of Rs. 10 each, all of which is a fresh issue of Equity Shares, at a price of Rs. 310 for cash aggregating Rs. 2565 million.
- The average cost of acquisition of our Equity Shares by our Promoters, is Rs. 3.59. The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amount paid by them to acquire the Equity Shares issued by us including the issue of bonus shares to them. For details please see the section titled “Capital Structure” beginning on page 41 of this Prospectus.
- The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be allotted 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 and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, upto15% of the Issue would be allocated to Non-Institutional Bidders and upto 35% 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.
- For related party transactions, the nature and value of the transactions involved are as follows:

Rs. in millions

	For six months ended September 30, 2005	**March 31, 2005**
Operating and maintenance services	65.94	73.21
Investments	2071.47	22.00
Receivables	28.22	2.17
Payables	-22.00	-22.00

For details, please refer to the section entitled “Related Party Transactions” on page 186 of this Prospectus.

- Our Company changed its name from Jegurupadu Operating and Maintenance Company Ltd. to GVK Power & Infrastructure Ltd. on July 13, 2005. Though the Company has changed its name, it is carrying on its operations and maintenance business.
- Our Promoters and Directors are interested in our Company by virtue of their shareholding in our Company. See “Capital Structure” and “Our Management” on page 107 of this Prospectus.
- Other ventures promoted by our Promoters are interested to their extent of their shareholding in GVKPIL. See “Capital Structure” and “Our Management” on page 41 and 107 of this Prospectus.
- We have executed Operations and Maintenance Agreements with GIL, our Subsidiary, for Phase I and Phase II on April 1, 2005 and October 14, 2005, respectively, and with GPL, our Associate Company on September 15, 2005. See “Our Business” on page 71 of this Prospectus.
- Investors may note that in case of over-subscription in the Issue, allotment to QIB, Non Institutional bidders and retail bidders shall be on a proportionate basis. For more information, see “Basis of Allotment” on page 304 of this Prospectus.
- Investors are free to contact the BRLMs for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- Investors are advised to refer to the paragraph entitled “Basis for Issue Price” on page 54 of this Prospectus.

SECTION III - INTRODUCTION

Recent Developments

GPL

For meeting our equity contribution requirement till the closure of the Issue, we have taken a bridge finance of Rs. 600 million from IL&FS. An amount of Rs. 300 million has been sanctioned by IL&FS by their letter dated October 10, 2005 and an another Rs. 300 million was sanctioned on November 23, 2005. The bridge loan was disbursed on October 21, 2005 and on December 8, 2005. We have utilized the funds from the bridge loan to make an equity investment in GPL such that our stake in GPL will increase from the current stake of 38.38% to 45.33%. The bridge loan has been secured by (i) a charge on certain immoveable properties, and (ii) by a cross-security on the security provided by us in respect of a Rs. 700 million term loan from IL&FS which includes the property on which our corporate office is situated and on the Equity Shares of our Promoters initially pledged to IL&FS and on the Equity Shares alloted to our Promoters by way of a bonus issue in August 2005. The Equity Shares allotted to our Promoters by way of a bonus issue has been pledged in favour of IL&FS on December 6, 2005. The above Equity Shares will be released from the pledge upon repayment of the birdge loans from the proceeds of the Issue.

The bridge loan has been secured by (i) a charge of certain immoveable properties, and (ii) by a cross-default on the security provided by us for the term loan from IL&FS which includes the property on which our corporate office is situated and on the Equity Shares of our Promoters initially pledged to IL&FS and on the Equity Shares allotted to our Promoters by way of a bonus issue in August 2005. The above security has been extended to the additional loan of Rs. 300 million. The Equity Shares allotted to our Promoters by way of a bonus issue has been pledged in favour of IL&FS on December 6, 2005.

Our other equity partners in GPL, Maytas, NCC and IJM have also contributed their equity contribution to the power project in GPL As a result GVKPIL holds 45.33%, Maytas holds 17.51% shareholding, NCC holds 14.28% and IJM holds 22.79% in GPL.

Gautami Power Limited (“GPL”), a subsidiary of GVKPIL is developing a 464 MW combined cycle power plant. GPL requires an infusion of equity amounting to at least Rs.470 million immediately in order to meet its commitments under the Foreign Letter of Credit falling due on February 16, 2006. The amount payable under this Letter of Credit is USD 29.8 million (INR 1,390 million). On the infusion of equity amounting to Rs.470 million, GPL can draw the balance sum of Rs.920 million as debt from the lenders for the above payment falling due on February 16, 2006. GVKPIL proposes to borrow an amount of Rs.470 million and infuse into GPL as equity contribution. This additional sum borrowed along with the sums already borrowed will be repaid out of the IPO proceeds. In the event GVKPIL avails this borrowing prior to receipt of the net proceeds from the IPO and utilises it to infuse equity into GPL, the equity funding in GPL will reduce and the repayment of borrowings will increase by a corresponding amount from the proceeds of this IPO.

GIL

Reasons for the delay of commissioning of Phase-II power project of GVK Industries Limited from December 2005 to middle of February 2006:

The commissioning tests could not be completed as programmed earlier due to insufficient vacuum built up in the Steam Turbine and the Condenser and unfavourable grid frequency conditions which did not allow the synchronization and running of the unit in parallel with the grid. As a result the necessary changes in the unit are being carried out such that the programmed Performance Acceptance Tests can be carried out by the middle of February 2006.

The shareholders of GIL at the AGM on October 22, 2005 have approved the change of name from GIL to GVK Power (Jegurupadu) Limited. The change of name will be made effective only upon GIL filing the relevant documents with the Registrar of Companies, Hyderabad and the Registrar of Companies, Hyderabad issuing a fresh certificate of incorporation. GIL has on date not made an application to the Registrar of Companies, Hyderabad.

SUMMARY

Business Overview

GVK Power & Infrastructure Limited ("GVKPIL") is the holding company of the power businesses of GVK and also provides operations and maintenance services to its power assets. GVKPIL presently owns a 53.96% stake in GIL, which has two power plants: (i) the operational 216 MW Jegurupadu Phase I, and (ii) the 220 MW Jegurupadu Phase II project, to be comissioned by mid February 2006. In addition, GVKPIL currently owns a 45.33% equity stake in GPL, which is developing a 464 MW combined cycle power plant that is expected to be comissioned by September 2006. GVKPIL will increase its ownership in GPL to 51% by subscribing to the equity of GPL as part of its equity contribution in the project using a portion of the net proceeds of the IPO.

Jegurupadu Phase I is a 216 MW mixed fuel combined cycle power plant at Jegurupadu, Andhra Pradesh. Jegurupadu Phase I commenced operations in the open cycle mode in August 1996 and in the combined cycle mode in June 1997. It was among the first independent power projects in India to commence operations and was, furthermore, the first independent private power project in India to be financed by the IFC. GIL is also developing a 220 MW dual fuel combined cycle power plant at Jegurupadu ("Jegurupadu Phase II"), which is scheduled to commence operations by mid February 2006. In addition, GPL is developing a 464 MW dual fuel combined cycle power plant located in Peddapuram, near Kakinada in Andhra Pradesh, which is scheduled to be in commercial operations by September 2006. Once the Jegurupadu Phase II and GPL power project become operational, the total capacity of our three power plants will be 900 MW. All three plants are IPPs and supply, or will supply, their entire output to APDISCOMs under long-term PPAs and obtain their fuel supplies from government-owned fuel suppliers under long-term fuel supply contracts.

History and background of GVK

GVK is a diversified business group with interests in a wide range of businesses including power, roads, urban infrastructure, bioscience, hotels and manufacturing. In recent years, GVK has increasingly focused on the power and infrastructure sectors, which it has identified as its core business areas for future growth. Apart from the projects in the power sector, in the infrastructure sector, GVK has constructed the Jaipur-Kishangarh Expressway project, which is a segment of the Golden Quadrilateral National Highway Development Project of GoI.

Mr. G.V. Krishna Reddy, the Chairman of GVK, is a first generation entrepreneur who established GVK four decades ago.

Recently, we undertook a corporate restructuring plan with the intention that GVKPIL become a holding company of the power projects promoted by other GVK companies, namely GIL and GPL.

Competitive strengths

- *Substantial operating experience:* We were among the first IPPs in India. Our Jegurupadu Phase I facility has been in operation for over eight years. Over these years, we have become familiar with the operations of these facilities and we believe that our experience should help us ensure the continuity of our operations. We also believe that we are less likely to encounter the types of difficulties that new operators of power plants experience in India and the industry.

- *Quality and strength of execution:* We have an established track record in terms of our ability to meet project targets on time. We have considerable experience in the successful development and execution of new projects, such as the completion of the Jegurupadu Phase I facility. Similarly, GIL's Jegurupadu Phase II and the GPL power project are expected to commence operations in mid February 2006 and September 2006, respectively. We believe that our expertise in project implementation provides us with significant competitive advantages in an industry where substantial expansion is expected in the foreseeable future.

- *Assured revenues:* Each of our generation facilities has an assured source of revenue under a take-or-pay PPA with APDISCOMs, under which APDISCOMs is required to pay for the plant's output at an agreed PLF, regardless of whether or not APDISCOMs actually takes delivery of the power generated. APDISCOMs has been regularly releasing the payments to us on the due date of payment. This is corroborated by the fact that for the past six months, APDISCOMs has been consistently availing the rebate of 2.5% that it is entitled to, provided the bill is paid within the due date of payment.

  The tariffs we are paid under our Jegurupadu Phase I PPA are structured to cover the Fixed Costs of operating the plant, interest, depreciation and to provide for a 16% return on equity. The tariff for Jegurupadu Phase I is also protected against fluctuations in foreign exchange rates with respect to the foreign currency debt service obligations. APDISCOMs' payment obligations to us under these PPAs are secured by letters of credit, escrow arrangement and state government guarantee covering all of APDISCOMs' payment obligations.

- *Strength of our off-taker:* Our off-taker, APDISCOMs has never defaulted on its monthly payment obligations to us. It is recognized as the number one off-taker among all the power distribution companies in India. *(Source: CRISIL / ICRA Report dated March 2005).*

- *Low Tariff:* The tariff under the PPA for Jegurupadu Phase I is on a two-part basis that entitles GIL to recover all its costs and to a post-tax return on equity of 16%. As the tariff is on a two-part basis, the amount of fixed charges payable by APDISCOMs to GIL will progressively reduce. However, this will not affect the profitability of GIL, since GIL continues to recover its return on equity and incentives throughout the term of the PPA. Due to a progressive reduction in the tariff to be paid by APDISCOMs to GIL, GIL is likely to be in a favourable position in the merit order dispatch by APDISCOMs going forward.

- *Strong managerial experience and training:* We have sound managerial experience in the power sector in India. We promote a professional management culture that allows management to execute our objectives effectively. Further, we also place considerable emphasis on the continuous training and development of our personnel in order to attract and retain high quality employees. We frequently send our key personnel for training abroad to gain the best know-how available. We allocate ongoing resources in pursuit of such training objectives.

- *Low operating costs at our facilities*: We expect to benefit from economies of scale through the use of shared facilities between Jegurupadu Phase I and Jegurupadu Phase II. These shared facilities include using the approach roads to the projects, sharing the use of the demineralised plant capacity, raw water storage reservoir and potable water, staff quarters, and the administrative building and the compound walls. These economics of scale have helped us to reduce our tariff, which improves our position in the merit order dispatch.

- *Ecologically sound practices:* We have consistently demonstrated our commitment to remain at the forefront of ecologically sound practices. Our Jegurupadu Phase I facility was selected by the IFC as one of the world's model power plants in 2000. Our plant was also awarded a 'gold star' rating from TERI, signifying world-class performance in environment, health and safety in 2002.

Strategy

- *Continuing to invest in the expansion of generation capacity*: Once the Jegurupadu Phase II and GPL power project is operational, we expect to have an aggregate of 900 MW of power generating capacity situated in two locations and we intend to increase our generating capacity by either expanding our existing plants or constructing additional power stations in our current location and other locations across India, thereby increasing our market share. We intend to locate the new plants close to either demand centres or fuel sources, in order to balance the need to generate at the lowest cost with the ability to bring electricity to market effectively.

- *Securing access to long-term supplies of fuel:* We constantly review the possibility of securing quality fuel from various sources. In this regard, we have signed initial MOUs with various potential gas suppliers.

- *Expanding further into operations and maintenance*: We intend to offer fee based O&M services by capitalizing on our experience of operating and maintaining power projects. We expect substantial capacity enhancement in the power generation sector in India and will aggressively market our capabilities as an O&M service provider, both within and beyond the Promoter Group

- *Capitalizing upon opportunities presented by the EA 2003*: The EA 2003 is designed to open generation, transmission and supply, power trading and distribution businesses to competition. It is intended to give larger users the freedom to choose their source of power supply. By producing competitively priced power, we plan to win new customers and retain existing clients as we continue to monitor and selectively capture opportunities therein. We would also explore opportunities available in power trading, as and when they arise.

- *Identifying new investment opportunities:* We are actively focused on becoming a diversified power and infrastructure player. We, together with other GVK companies, are currently analyzing a number of new potential projects in the power sector, including hydropower, thermal and wind power projects, which will diversify our fuel mix and revenue sources. In addition, we may invest in other infrastructure sectors, such as toll roads and airports, in the future. We expect GVK to develop these projects to the point of financial viability and to subsequently inject these assets into our project portfolio, subject to applicable regulations and approval by the respective board of directors.

Industry Overview

See the section titled "The Power Industry in India" on page 62 of this Prospectus.

SELECTED FINANCIAL INFORMATION

The following tables sets forth the selected historical unconsolidated financial information of GVKPIL, GIL and GPL derived from their restated and audited unconsolidated financial statements for the fiscal years ended March 31, 2003, 2004, 2005 and for the six months ended September 30, 2005, all prepared in accordance with Indian GAAP, the Companies Act, and SEBI guidelines, and restated as described in the auditor's reports of S.R.Batliboi & Associates., Chartered Accountants for GVKPIL; Brahmayya & Co., Chartered Accountants for GIL and GPL., included in the section titled "Financial Information" on page 189 of this Prospectus and should be read in conjunction with those financial statements and notes thereon.

GVK POWER & INFRASTRUCTURE LIMITED

Summary Statement of Assets and Liabilities, as restated

(Amounts in Rs.'000)

	For six months ended	As at March 31,		
	September 30, 2005	2005	2004	2003
Fixed Assets				
Gross block	441	441	441	441
Less: Accumulated depreciation	319	306	280	254
Net block	**122**	**135**	**161**	**187**
Investments	**1,874,555**	**891,817**	**-**	**-**
Deferred Tax Asset	**861**	**735**	**657**	**536**
Current Assets, Loans and Advances				
Sundry debtors	25,719	2,174	13,085	12,118
Unbilled revenues	6,114	2,004	7,308	14,650
Cash and bank balances	568,897	1,366	17,182	10,369
Loans and advances	4,124	1,192	1,185	1,394
Total	**604,854**	**6,736**	**38,760**	**38,531**
Total	**2,480,392**	**899,423**	**39,578**	**39,254**
Liabilities and Provisions				
Secured loans	700,000	700,000	-	-
Unsecured loans	642,000	142,000	-	-
Current liabilities and provisions	40,641	4,009	3,167	2,678
Total	**1,382,641**	**846,009**	**3,167**	**2,678**
Networth	**1,097,751**	**53,414**	**36,411**	**36,576**
Represented by:				
Equity share capital	53,200	350	350	350
Share application money pending allotment	1,002,052	-	-	-
Reserves and surplus				
General reserves	-	20,071	20,071	17,522
Profit and loss account	42,499	32,993	15,990	18,704
Net Worth	**1,097,751**	**53,414**	**36,411**	**36,576**

Summary Statement of Profits and Losses, as restated

(Amounts in Rs.'000)

	For six months ended September 30, 2005	Years ended March 31,		
		2005	2004	2003
Income				
Fees and Billable expenses :				
Operating fees	20,104	38,691	38,802	40,364
Incentive fees	6,142	1,484	1,626	27,258
Fees for technical services	20,000	-	-	-
Billable expenses	19,690	33,034	30,901	31,998
Other income	51,336	1,321	2,295	867
Total Income	**117,272**	**74,530**	**73,624**	**100,487**
Expenditure				
Personnel expenses	10,409	19,283	16,948	17,120
Operating expenses	10,542	14,495	15,662	15,393
Financial expenses	37,969	8,833	-	-
Depreciation	13	26	26	26
Total Expenditure	**58,933**	**42,637**	**32,636**	**32,539**
Profit before tax	**58,339**	**31,893**	**40,988**	**67,948**
Current tax	16,099	14,968	14,946	25,180
Deferred tax	(126)	(78)	550	(210)
Fringe benefit tax	81	-	-	-
Taxes of earlier year	-	(635)	-	-
Net Profit after tax	**42,285**	**17,638**	**25,492**	**42,978**

G V K INDUSTRIES LIMITED

Summary of Profit and Loss Account, as restated

(Rs. in Million)

	For six months ended September 30, 2005	For the year ended March 31,		
		2005	2004	2003
Income				
Income from sale of electrical energy	1,377	2,970	3,072	3,180
Other Income	8	77	50	30
Total	**1,385**	**3,047**	**3,122**	**3,210**
Expenditure				
Fuel	674	1,383	1,397	1,289
Employees' remuneration and benefits	33	56	47	41
Generation, administration & Other expenses	264	395	402	436
Depreciation	257	507	506	506
Interest and finance charges	56	156	259	352
Total	**1,284**	**2,497**	**2,611**	**2,624**
Profit before Tax and Prior period adjustments	101	550	511	586
Adjustments relating to Prior period (net)	(256)	-	(25)	(1)
Profit / (Loss) before tax	**(155)**	**550**	**486**	**585**
Provision for Taxation:				
Current tax	.	14	15	19
Earlier years	-	(12)	28	-
Deferred tax liability / (Asset)	(1,030)	41	(42)	40
Net Taxation	**(1,030)**	**43**	**1**	**59**
Net Profit after tax as per audited statement of accounts (A)	**875**	**507**	**485**	**526**
Impact of Prior Period Adjustments (B)	**256**	**(182)**	**(2)**	**(26)**
Impact of Deferred tax liability (C)	**(992)**	**214**	**(93)**	**148**
Net Profit, as restated (A+B+C)	**139**	**539**	**390**	**648**
Surplus at the beginning	2,810	2,567	2,177	1,825
Balance available for appropriation	**2,949**	**3,106**	**2,567**	**2,473**
Dividend	131	262	-	262
Tax on dividend	18	34	-	34
Balance carried to Balance Sheet	**2,800**	**2,810**	**2,567**	**2,177**

Summary of Assets and Liabilities, as restated

(Rs. in Millions)

	For six months September 30, 2005	For the years ended March 31, 2005	2004	2003
Fixed Assets (A)				
Gross Block	10,092	10,078	10,050	10,034
Less: Accumulated Depreciation	4,347	4,091	3,579	3,069
Net Block	5,745	5,987	6,471	6,965
Capital Work-in-Progress	6,539	5,989	812	63
Sub-total (A)	**12,284**	**11,976**	**7,283**	**7,028**
Investments (B)	40	-	-	-
Current Assets, Loans and Advances (C):				
Inventories	222	228	222	210
Sundry Debtors	770	861	850	867
Cash and Bank balances	345	950	484	452
Other Current Assets	20	16	13	13
Loans and Advances	292	255	309	280
Sub-total (C)	**1,649**	**2,310**	**1,878**	**1,822**
Less: Liabilities & Provisions(D):				
Secured Loans	6,793	6,379	2,962	2,857
Unsecured Loans	805	1,100	427	407
Deferred Tax Liability	252	290	463	412
Current Liabilities and Provisions	704	1,089	213	552
Sub-total (D)	**8,554**	**8,858**	**4,065**	**4,228**
NET WORTH (A+B+C-D)	**5,419**	**5,428**	**5,096**	**4,622**
Net Worth Represented by:				
Share Capital (E)	2,620	2,620	2,620	2,620
Reserves and Surplus (F)	2,800	2,810	2,567	2,177
Capital Reserve (G)	2	2	2	2
Miscellaneous Expenditure (to the extent not written off or adjusted) (H)	3	4	93	177
NET WORTH (E+F+G-H)	**5,419**	**5,428**	**5,096**	**4,622**

GAUTAMI POWER LIMITED

Summary of Assets and Liabilities, as restated

(Rs. In Millions)

	As at			
	For six months ended September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003
Fixed Assets (A)				
Gross Block	332	292	90	16
Less: Accumulated Depreciation	3	2	1	1
Net Block	329	290	89	15
Capital Work-in-Progress	7,394	2,152	391	102
Sub-total (A)	**7,723**	**2,442**	**480**	**117**
Investments (B)	**38**	**261**	-	-
Current Assets, Loans & Advances (C)				
Inventories	-	-	-	-
Sundry Debtors	-	-	-	-
Cash and Bank balances	167	139	21	34
Other Current Assets	891	600	451	395
Loans and Advances	155	150	97	88
Sub-total (C)	**1,213**	**889**	**569**	**517**
Less: Liabilities & Provisions(D):				
Secured Loans	7,221	1,819	-	-
Unsecured Loans	-	-	-	172
Deferred Tax Liability	-	-	-	-
Deferred revenue on account of	-	-	-	-
Advance against Depreciation	-	-	-	-
Development Surcharge Fund	-	-	-	-
Current Liabilities and Provisions	124	144	29	26
Sub-total (D)	**7,345**	**1,963**	**29**	**198**
NET WORTH (A+B+C-D)	**1,629**	**1,629**	**1,020**	**436**
Net Worth Represented by:				
Share Capital & Share application (E)	1,734	1,734	1,030	438
Reserves and Surplus (Adjusted) (F)	-	-	-	-
Miscellaneous Expenditure (to the extent not written off or adjusted) (G)	105	105	10	2
NET WORTH (E+F-G)	**1,629**	**1,629**	**1,020**	**436**

THE ISSUE

Equity Shares offered Fresh Issue	 8,275,556 Equity Shares
Of which GIL Retail Public Shareholder Portion	 413,778 Equity Shares
Net Issue to the Public	7,861,778 Equity Shares
Of which: Qualified Institutional Buyers portion Of which: Available for allocation to Mutual Funds Balance for all QIBs including Mutual Funds	 At least 3,930,889 Equity Shares (allotment on a proportionate basis) Up to 196,544 Equity Shares (available for allocation on a proportionate basis) At least 3,734,345 Equity Shares (allotment on a proportionate basis)
Non Institutional portion	Upto 1,179,267 Equity Shares (allocation on a proportionate basis)
Retail portion	Upto 2,751,622 Equity Shares (allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	15,368,889 Equity Shares
Equity Shares outstanding after the Issue	23,644,445 Equity Shares
Objects of the Issue	For more information, please refer to the section titled "Objects of the Issue" on page 47 of this Prospectus.

GENERAL INFORMATION

Registered office

GVK Power & Infrastructure Limited
R 540, New Rajender Nagar,
New Delhi, 110 060 India
Tel: +91 11 2874 3563
Fax: +91 11 2874 4391
Web site: www.gvk.com
Registration No: 55-135142

Corporate office

GVK Power & Infrastructure Limited
'Paigah House', 156-159, Sardar Patel Road,
Secunderabad 500 003
Tel: +91 40 2790 2263
Fax: +91 40 2790 2665
Web site: www.gvk.com

For changes in our incorporation details please see "History and Corporate Structure" on page 95 of this Prospectus.

Board of Directors

Sr. No.	Name, Designation, Occupation	Age	Address
1.	G. V. Krishna Reddy Chairman and Managing Director Executive Director *Industrialist*	68	6-3-250, Road No.1, Banjara Hills Hyderabad – 500 034
2.	G. Indira Krishna Reddy Director *Business*	61	6-3-250, Road No.1, Banjara Hills, Hyderabad – 500 034
3.	G. V. Sanjay Reddy Director *Entrepreneur*	41	6-3-1089/A, Raj Bhavan Road, Somajiguda Hyderabad – 500 082
4.	Somanadri Bhupal Director *Business*	49	6-3-250/A, Road No.1, Banjara Hills, Hyderabad – 500 034
5.	A. Ramakrishna Director Independent Non Executive Director *Advisor*	65	'Anmol', M-6 Old No: M-29 Anna Nagar East Chennai 600 102
6.	Dr. Abid Hussain Director Independent Non Executive Director *Retd IAS*	78	237 Sector 15-A Noida 201301
7.	K. N. Shenoy Director Independent Non Executive Director *Advisor*	74	Varsav Plaza 12-Jaya Mahal Main Road, Bangalore 560 046
8.	P. Abraham Director Independent Non Executive Director *Retd I.A.S*	66	D-71, Nivedita Kunj R.K.Puram, Sector 10 New Delhi 110 022

For more details, please refer to the section titled "Our Management" on page 107 of this Prospectus.

Company Secretary and Compliance Officer
P. V. Rama Seshu
GVK Power & Infrastructure Limited
'Paigah House', 156-159, Sardar Patel Road,
Secunderabad 500 003
Tel: +91 40 2790 2663 Fax: +91 40 2790 2665
Web site: www.gvk.com Email: gvkpilinvestors@gvk.com

Investors can contact the compliance officer in case of any pre-issue or post-issue related problems such as non-receipt of the letters of allotment, credit or allotted shares in the respective beneficiary account, refund orders etc.

Domestic Legal Counsel to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.
201, Midford House, Midford Garden,
Off M.G. Road, Bangalore 560 001
Tel: +91 80 2558 4870 / 5112 4950
Fax: +91 80 2558 4266

Amarchand & Mangaldas & Suresh A. Shroff & Co.
1-10-20/2B, 4th FloorPooja Edifice, Chickoti Gardens
Begumpet, Hyderabad 500 016
Tel: +91 40 5533 6622 / 5533 7666
Fax: +91 40 5549 2727

Domestic Legal Counsel to the BRLMs

Crawford Bayley & Co.
State Bank of India Building, 4th Floor
N.G.N. Vaidya Marg,
Fort, Mumbai 400 023
Tel: +91 22 2266 3713
Fax: + 9122 2266 0968

International Legal Counsel

Jones Day
31/F Edinburgh Tower
The Landmark, 15 Queen's Road
Central, Hong Kong
Tel: (852) 2526 6895
Fax: (852) 2868 5871

BRLMs

JM Morgan Stanley Private Limited
141, Maker Chambers III, Nariman Point,
Mumbai 400 021. India
Contact Person: Purti Vijaywargiya
Tel: +91 22 5630 3030
Fax: +91 22 5630 1924
Email: gvkipo@jmmorganstanley.com
Website: www.jmmorganstanley.com

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar, 229, Nariman Point,
Mumbai 400 021. India
Contact Person: Anup Agarwal
Tel: +91 22 5634 1100
Fax: +91 22 2282 6632
Email: gvk.ipo@kotak.com
Website: www.kotak.com

Co Manager

Canara Bank
Capital Market Services Branch
11 Homji Street, Mumbai.
Contact Person: T Muralidharan
Tel: 91 22 2267 7405/06
Fax: 9122-22677404
Email: mbdcomcity@canbank.co.in
Website: www.canbankindia.com

Syndicate Members

JM Morgan Stanley Financial Services Private Limited
141, Maker Chambers III, Nariman Point,
Mumbai 400 021
Tel: +91 22 5504 3184
Fax: +91 22 5654 1511
Contact Person: Deepak Vaidya
E-mail: deepak.vaidya@jmmorganstanley.com
Website: www.jmmorganstanley.com

Kotak Securities Limited
Bakhtawar, 1st Floor, 229, Nariman Point
Mumbai 400 021, India
Tel: +91 22 5634 1100
Fax: +91 22 5630 3927
Contact Person: Ulhas Sawant
E-mail: ulhas.sawant@kotak.com
Website: www.kotak.com

Registrar to the Issue

Karvy Computershare Private Limited
Karvy House, 46 Avenue 4
Street No. 1, Banjara Hills
Hyderabad 500 034, India
Tel: (91 40) 2331 2454
Fax: (91 40) 2331 1968
Email: gvk.ipo@karvy.com
Website: www. karvycomputershare.com
Contact Person: Murali Krishna

Statutory Auditors of GVKPIL

S.R.Batliboi & Associates
205, 2nd Floor
Ashok Bhoopal Chambers
S.P.Road, Secunderabad 500 003
Tel: +91 40 2789 850
Tel: +91 40 2789 851

Auditors of the Subsidiary and the Associate Company

Brahmayya & Co.,
403-404, Fourth Floor,
Golden Green Apartments,
Erramanzil Colony,
Hyderabad 500 082
Tel: +91 40 2337 0002
Fax: +91 40 2337 9988

Bankers to the Issue

Standard Chartered Bank
90, M G Road, Fort,
Mumbai – 400 001.
Contact Person: Jubin Mehta
Tel: +91 9848054000 / 040-23397197

UTI Bank Ltd.
6-3-879/B, Greenlands, Begumpet Road,
Hyderabad – 500 016.
Contact Person: K. Srinivas
Tel: +91- 9885446688 / 040-23405182

Kotak Mahindra Bank Ltd.
36-38A, Nariman Bhavan,
227, Nariman Point,
Mumbai – 400 021.
Contact Person: S B Raichur
Tel: +91 9884011678/ 044-28581838

Canara Bank
Capital Market Services Branch
11 Homji Street, Mumbai.
Contact Person: T Muralidharan
Tel: 91 22 2267 7405/06

ICICI Bank Ltd
Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai – 400 001
Contact Person: Sidhartha S Routray
Tel: +91 9820348519/022-22655285.

HDFC Bank Ltd
Maneckji Wadia Building, Ground Floor,
Manikmotwane Marg, Fort,
Mumbai – 400 023
Contact Person: Kripa Kalro
Tel: + 91 9324029657.

Bankers to the Company

HDFC Bank Limited
Suryodaya Building, Begumpet Branch,
Hyderabad 500 016
Tel: + 91 40 57766614
Fax: +91 40 2776615

ICICI Bank Limited
Door No: 7-28/32 Jupudi Complex
T Nagar, Rajahmundry 533 101
Tel: +91 883 2435435
Fax: +91 883 2435801

Standard Chartered Bank
6-3-1090, Raj Bhavan Road,
Somajiguda, Hyderabad 500 082
Tel: + 91 40 23397197
Fax: +91 40 23397008

State Bank of India
Industrial Finance Branch
Somajiguda, Hyderabad 500 082
Tel: + 91 40 23410853
Fax: +91 40 23403862

Statement of *Inter-Se* Allocation of Responsibility

The responsibilities and co-ordination for various activities in this Issue are as under:

No.	Activities	Responsibility	Coordinator
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.	JMMS, KMCC	JMMS
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	JMMS, KMCC	JMMS
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	JMMS, KMCC	KMCC
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Advertising Agency and Bankers to the Offer	JMMS, KMCC	KMCC
5.	Preparation of Road show presentation	JMMS, KMCC	KMCC
6.	International Institutional Marketing strategy ● Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company	JMMS, KMCC	KMCC
7.	Domestic institutions / banks/ mutual funds marketing strategy ● Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company	JMMS, KMCC	JMMS
8.	Retail / HNI marketing strategy ● Finalise centres for holding conference for brokers etc. ● Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Offer material ● Finalise collection orders	JMMS, KMCC	JMMS
9.	Pricing and QIB allocation	JMMS, KMCC	JMMS
10.	The post bidding activities including management of escrow accounts, co-ordinate non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Offer activities for the Offer will involve essential follow up steps, which include the finalisation of trading and dealing of instruments and dispatch of certificates and demat of delivery of shares, with the various agencies connected with the work such as the Registrar(s) to the Offer and Bankers to the Offer 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	JMMS, KMCC	KMCC

Credit Rating

As this is an issue of Equity Shares there is no credit rating for this Issue.

Trustees

As this is an issue of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines.

Address of the relevant ROCs

Our Company was incorporated on December 2, 1994 as Jegurupadu Operating & Maintenance Company under the Companies Act in the National Capital Territory of Delhi. The Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi is located at:

B Block, Paryavaran Bhavan
CGO Complex, Lodi Road,
New Delhi 110 003
Tel: +91 11 2436 2780
Fax: +91 112436 4570
E-mail: rocdel.sb@sb.nic.in

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date without assigning any reason therefor.

Book Building Process

Book building refers to the process of collection of Bids from investors, within the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. The Book Running Lead Managers;
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the stock exchange (s) and eligible to act as Underwriters. The BRLMs appoints the Syndicate Members;
4. Escrow Collection Bank(s); and
5. Registrar to the Issue.

We will comply with the SEBI DIP Guidelines for this Issue. In this regard, we have appointed the BRLMs to procure subscriptions to the Issue.

Pursuant to recent amendments to SEBI DIP Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Please refer to the section entitled “Terms of the Issue” on page 284 of this Prospectus for more details.

The process of Book Building under SEBI Guidelines though not new, 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 Amount (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid" on page 288);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid-cum-Application Form (see section titled "Issue Procedure - 'PAN' or 'GIR' Number" on page 301 of this Prospectus); and
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	**FEBRUARY 2, 2006**
BID/ISSUE CLOSES ON	**FEBRUARY 7, 2006**

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 as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date.

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 advertised at least one day prior to the Bid /Issue Opening Date.

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 the Bidding Period/Issue Period not exceeding 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 the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the 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)

(Rs. In million)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten
JM Morgan Stanley Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021 Tel : +91 22 5630 3030 Fax : +91 22 5630 1924 Email : **gvkipo@jmmorganstanley.com** Website: www.jmmorganstanley.com	**4137628**	**1282.66**
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021 Tel : +91 22 5634 1100 Fax : +91 22 2282 6632 Email : **gvk.ipo@kotak.com** Website: www.kotak.com	**4137628**	**1282.66**

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten
Canara Bank Capital Market Services Branch 11 Homji Street, Mumbai. Tel: +91 - 022-22677405/06 Fax: 9122 2267 7404 Email: mbdcomcity@canbank.co.in Website: www.canbankindia.com	**100**	**0.031**
JM Morgan Stanley Financial Services Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021	**100**	**0.031**
Kotak Securities Limited Bakhtawar, 1st Floor, 229, Nariman Point, Mumbai 400 021, India.	**100**	**0.031**

The above Underwriting Agreement is dated February 10, 2005.

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 SEBI Act or registered as brokers with the stock exchange (s). Our IPO Committee, at their meeting held on 2005, have accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

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

CAPITAL STRUCTURE

(Rs. except share data)

		Aggregate value at Nominal Value	Aggregate Value at Issue Price
A.	**Authorised Capital**		
	50,000,000 Equity Shares of Rs. 10 each	500,000,000	
B.	**Issued, Subscribed and Paid-Up Capital before the Issue**		
	15,368,889 Equity Shares of Rs. 10 each*	153,688,890	
C.	**Present Issue in terms of this Prospectus**		
	8,275,556 Equity Share of Rs. 10 each fully paid up	82,755,560	2,565,422,360
	Of which		
	GIL Retial Public Shareholder Portion	413,778	
	Net Issue to the Public	7,861,778	
E.	**Post Issue paid up Equity Share Capital**		
	23,644,445 Equity Shares of Rs. 10 each	236,444,450	
F.	**Share Premium Account**		
	Before the Issue	1,461,436,130	
	After the Issue	2,482,666,800	

* The Issue in terms of this Prospectus has been authorized pursuant to a resolution approved by the Board of Directors on October 14, 2005 and by our shareholders at an extra-ordinary general meeting on October 14, 2005.

a) The initial authorised share capital of Rs. 1,000,000 was enhanced to Rs. 20,000,000 pursuant to the resolution of the shareholders of our Company at an extra-ordinary general meeting on February 24, 2005.

b) The authorised share capital of Rs. 20,000,000 was enhanced to Rs. 100,000,000 pursuant to the resolution of the shareholders of our Company at an extra-ordinary general meeting on April 21, 2005.

c) 5,285,000 equity shares were issued as fully paid-up bonus shares pursuant to the resolution by the shareholders of our Company at the EGM on August 22, 2005 approving a bonus in the ratio of 151:1.

d) The authorised share capital of Rs. 100,000,000 was enhanced to Rs. 500,000,000 pursuant to the resolution of the shareholders of our Company at the annual general meeting held on September 9, 2005.

Notes to the Capital Structure

1. Share Capital History of our Company:

Date of Allotment (1)	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of Consideration	Reasons for Allotment	Cumulative Paid-up Capital (Rs.)	Cumulative Share Premium (Rs. in million)
December 2, 1994	1	10	10	Cash	Subscribers to the Memorandum	10	NIL
December 2, 1994	1	10	10	Cash	Subscribers to the Memorandum	20	NIL
September 10, 1996	8	10	10	Cash	Allotment to JOMC Mauritius	100	NIL
January 18, 1997	20,990	10	10	Cash	Allotment to JOMC Mauritius	210,000	NIL
June 18, 1997	14,000	10	10	Cash	Allotment to Triumph Investments Limited	350,000	Nil
August 27, 2005	5,285,000	10	10	Other than cash	Bonus issue in the ratio 151:1	53,200,000	Nil

Date of Allotment [(1)]	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of Consideration	Reasons for Allotment	Cumulative Paid-up Capital (Rs.)	Cumulative Share Premium (Rs. in million)
October 14, 2005	2,476,194	10	155.41	Cash	Preferential allotment to certain Promoters, Promoter Group Companies and others*		
	7,572,695	10	155.44	Cash	Preferential allotment to Transoceanic Projects Ltd.	1,536,888,900	1,461,436,130
Total	**15,368,889**						

* Includes G.V. Krishna Reddy, G Indira Krishna Reddy, GVK Petrochemicals Pvt Ltd, GVK Capital & Finance Limited, GVK Infrastructure Holdings Pvt Ltd, GVK Energy Holdings Pvt. Ltd. and other erstwhile shareholders of GIL and GPL. For further details see "History and Corporate Structure" on page 95 of this Prospectus.

2. Promoters Contribution and Lock-in:

Name of Promoter	Date on which fully paid up Equity Shares were acquired/ transferred	Nature of payment of consideration	Par Value (Rs.)	Number of Equity Shares of Rs. 10 each	Acquisition Price per Equity Share (Rs.)	Lock–in period (years)*
G.V. Krishna Reddy	February 16, 2005	Cash	10	7,000[1]	286#	Three
	August 27, 2005	Bonus	10	1,057,000[2]		
G. Indira Krishna Reddy	February 16, 2005	Cash	10	7,000[1]	286#	Three
	August 27, 2005	Bonus	10	1,057,000[2]		
G. V. Sanjay Reddy	February 16, 2005	Cash	10	3,500[1]	286#	Three
	August 27, 2005	Bonus	10	528,500[2]		
G. Aparna Reddy	February 16, 2005	Cash	10	3,500[1]	286#	Three
	August 27, 2005	Bonus	10	528,500[2]		
Somanadri Bhupal	February 16, 2005	Cash	10	3,500[1]	286#	Three
	August 27, 2005	Bonus	10	528,500[2]		
Shalini Bhupal	February 16, 2005	Cash	10	3,500[1]	286#	Three
	August 27, 2005	Bonus	10	528,500[2]		
Krishna Ram Bhupal	February 16, 2005	Cash	10	1,750[1]	286#	Three
	August 27, 2005	Bonus	10	264,250[2]		
Shriya Bhupal	February 16, 2005	Cash	10	1,750[1]	286#	Three
	August 27, 2005	Bonus	10	264,250[2]		
G. Mallika Reddy	February 16, 2005	Cash	10	1,750[1]	286#	Three
	August 27, 2005	Bonus	10	264,250[2]		
G. Keshav Reddy	February 16, 2005	Cash	10	1,750[1]	286#	Three
	August 27, 2005	Bonus	10	264,250[2]		

1. Equity Shares have been pledged with IL&FS as security for a term loan of Rs. 700 million and have also been pledged to IL&FS, in event of a cross default, pursuant to the Rs. 300 million bridge loan.

2. Equity Shares have been provided as security for the term loan of Rs. 700 million and also in the event of a cross default under the Rs. 300 million bridge loan and have been pledged in favour of IL&FS on December 6. 2005

   The Equity Shares referred to in (1) and (2) will be released from pledge upon repayment of the loans from the proceeds of the IPO.

* Commencing from the date of the Allotment of the Equity shares in the Issue.

\# Acquisition of shares by the Promoters from JOMC, Mautitius and Triumph Investments Limited on February 16, 2005. These equity shares were initially allotted to JOMC, Mauritius in 1994, 1996 and 1997 and to Triumph Investments Limited in 1997.

The locked in Equity Shares held by the Promoter, as specified above, can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided the pledge of shares is one of the terms of the sanction of the loan..

In terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter Group or to new promoters 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In terms of Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than Promoters, prior to the Issue may be transferred to any other person holding the Equity 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Other than as stated above, the entire pre-Issue issued Equity Share capital of the Company (comprising of 15,368,889 Equity Shares) will be locked in for the period of one year from the date of allotment of Equity Shares in this Issue.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with SEBI Guidelines, as amended from time to time.

3. The list of shareholders of our Company and the number of Equity Shares held by them is as under:

(a) Our top ten shareholders and the number of Equity Shares of Rs.10 each held by them as on the date of filing this Prospectus with SEBI is as follows :

S. No.	Name of Shareholders	No. of Equity Shares	Percentage shareholding
1.	GVK Infrastructure Holding Private Ltd	7,572,695	49.27
2.	GVK Energy Holdings P Ltd	2,043,311	13.30
3.	G. V. Krishna Reddy	1,119,272	7.28
4.	G. Indira Krishna Reddy	1,068,419	6.95
5.	G. Aparna Reddy	532,000	3.46
6.	Shalini Bhupal	532,000	3.46
7.	G. V. Sanjay Reddy	532,000	3.46
8.	Somanadri Bhupal	532,000	3.46
9.	Metro Architect and Contractors Pvt Ltd	330,255	2.15
10.	G. Keshav Reddy	266,000	1.73
11.	G. Mallika Reddy	266,000	1.73
12.	Shriya Bhupal	266,000	1.73
13.	Krishnaram Bhupal	266,000	1.73

(b) Our top ten shareholders and the number of Equity Shares of Rs.10 each held by them 10 days prior to the date of filing this Prospectus with SEBI is as follows:

S. No.	Name of Shareholders	No. of Equity Shares	Percentage shareholding
1.	Transoceanic Projects Ltd	7,572,695	49.27
2.	GVK Energy Holdings P Ltd	2,043,311	13.30
3.	G. V. Krishna Reddy	1,119,272	7.28
4.	G. Indira Krishna Reddy	1,068,419	6.95
5.	G. Aparna Reddy	532,000	3.46
6.	Shalini Bhupal	532,000	3.46
7.	G. V. Sanjay Reddy	532,000	3.46
8.	Somanadri Bhupal	532,000	3.46
9.	GVK Infrastructure Holding P Ltd	330,255	2.15
10.	G. Keshav Reddy	266,000	1.73
11.	G. Mallika Reddy	266,000	1.73
12.	Shriya Bhupal	266,000	1.73
13.	Krishnaram Bhupal	266,000	1.73

(c) Our top ten shareholders and the number of equity shares held by them two years prior to date of filing of this Prospectus with SEBI is as follows:

Sl. No.	Name of Shareholders (a)	Number of Equity Shares of Rs. 10 each (as on October 21, 2003)	Percentage shareholding (as on October 21, 2003)
1.	JOMC, Mauritius.	21,000	60%
2.	Triumph Investments Limited	14,000	40%

4. Shareholding pattern of our Company before and after the Issue: The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue

Shareholder Category	Equity Shares owned before the Issue		Equity Shares owned after the Issue	
	No. of shares	%	No. of shares	%
Promoter				
G V Krishna Reddy*	1,119,272	7.28	1,119,272	4.73
G Indira Krishna Reddy*	1,068,419	6.95	1,068,419	4.52
G Aparna Reddy	532,000	3.46	532,000	2.25
Shalini Bhupal	532,000	3.46	532,000	2.25
G V Sanjay Reddy*	532,000	3.46	532,000	2.25
Somanadri Bhupal*	532,000	3.46	532,000	2.25
G Keshav Reddy	266,000	1.73	266,000	1.12
G Mallika Reddy	266,000	1.73	266,000	1.12
Shriya Bhupal	266,000	1.73	266,000	1.12
Krishnaram Bhupal	266,000	1.73	266,000	1.12
Sub-total (A)	**5,379,691**	**34.99**	**5,379,691**	**22.75**
Promoter Group				
GVK Infrastructure Holding Pvt. Ltd	7,572,695	49.27	7,572,695	32.03
GVK Energy Holdings P Ltd	2,043,311	13.3	2,043,311	8.64
Metro Architects and Contractors Pvt ltd.	330,255	2.15	330,255	1.40
GVK Capital and Finance Ltd	1,896	0.01	1,896	0.01
GVK Petrochemicals P Ltd	20,086	0.13	20,086	0.08
Sub-total (B)	**9,968,243**	**64.86**	**9,968,243**	**42.16**
Total Promoter and Promoter Group Holdings (A+B)	**15,347,934**	**99.85**	**15,347,934**	**64.91**
Others (C)	**20,955**	**0.15**	**20,955**	**0.09**
Total Pre-Isse share capital (A+B+C)	**15,368,889**	**100.00**		
Issue			**8,275,556**	**35.00**
Total post issue share capital			**23,644,445**	**100.00**

* Promoter Directors

5. None of our Directors and Key Managerial Personnel hold equity shares in the Company, other than as set out below:

Director	No. of Equity Shares	Pre-Issue %	Post Issue %
G.V. Krishna Reddy	1,119,272	7.28	4.73
G. Indira Krishna Reddy	1,068,419	6.95	4.52
G.V. Sanjay Reddy	532,000	3.46	2.25
Somanadri Bhupal	532,000	3.46	2.25

6. Our Company, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of our Company from any person, other than as disclosed in this Prospectus.

7. Other than set out in "Capital Structure- Notes to Capital Structure- Share Capital History of the Company" our Promoters have not been issued equity shares for consideration other than cash.

8. The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be allotted 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 and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, upto 15% of the Net Issue would be allocated to Non-Institutional Bidders and upto 35% of the Net 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 any other category at the sole discretion of our Company in consultation with the BRLMs.

9. A total of up to 5% of the Issue i.e., 413,778 Equity Shares, has been reserved for allocation to the GIL Retail Public Shareholders on a proportionate basis, subject to valid Bids being received at or above the Issue Price and subject to the maximum Bid in this portion being Rs. 100,000. Only GIL Retail Public Shareholders as on 302 would be eligible to apply in this Issue under the GIL Retail Public Shareholder Portion. GIL Retail Public Shareholders may bid in the Net Issue to the public portion as well and such Bids shall not be treated as multiple Bids. Undersubscription, if any, in the Reservation for GIL Retail Public Shareholders, would first be allowed to be met with spill over from the Retail Portion and thereafter from any of the other categories, at our discretion, in consultation with the BRLMs in the manner detailed in the section titled "Issue Procedure" on page 288 of this Prospectus.

10. **One of our Promoter Group companies, Transoceanic Projects Ltd holding 7,572,695 equity shares have transferred its holding as under:**

Transferor	Transferee	Number of Equity Shares	Price Per Equity Share (Rs.)	Date of Transfer
Transoceanic Projects Ltd	GVK Infrastructure Holdings Pvt Ltd	7,242,440	17.99	January 10, 2006
Transoceanic Projects Ltd	Metro Architects and Contractors Pvt Ltd	330,255	17.99	January 10, 2006

11. Our Board of Directors on September 10, 2005 passed a resolution, subject to regulatory and statutory approvals, granting their in-principle approval to issue Equity Shares to Golden Palm Limited, Mauritius and Vintage Investments Limited, Mauritius (both being a part of the AIF) in consideration for transfer of the entire shareholdings held by them in GIL, in favour of the Company. GIL has issued letters dated September 30, 2005 to Golden Palm Limited, Mauritius and Vintage Investments Limited, Mauritius conveying its no-objection under the provisions of Press Note 1 dated January 12, 2005 to Golden Palm Limited, Mauritius and Vintage Investments Limited, Mauritius acquiring such number of equity shares in the Company in consideration for their transfer of their respective entire shareholding in GIL. GIL has also conveyed its no-objection to Golden Palm Limited, Mauritius and Vintage Investments Limited, Mauritius approaching the necessary regulatory authorities as required to seek their consent for the acquisition of shares in the Company. We have not executed any agreements or taken any definitive steps to issue and allot any equity shares to Golden Palm Limited, Mauritius and Vintage Investments Limited, Mauritius or to any other shareholder of GIL. Any issue of shares pursuant to the aforesaid resolution would be subject to the approval of our Board, our shareholders, SEBI Guidelines and applicable law.

12. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.

13. The Company has not instituted any employee stock option scheme till date.

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

15. Our Company has availed of a bridge loan of Rs. 600 million from IL&FS for a tenure of six months at an interest of 9% per annum. See section titled "Objects of the Issue" on page 47 of this Prospectus.

16. Except as disclosed herein, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Shares issued have been listed.

17. We presently do not intend or propose to alter our capital structure for six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
18. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for bonus shares out of free reserves.
19. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
20. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearest multiple of 20 while finalizing the basis of allotment.
21. As on December 31, 2005 the total number of holders of Equity Shares is 31.

OBJECTS OF THE ISSUE

The objectives of the Issue are:

- To contribute part of the equity required by GPL to establish a 464 MW Dual Fuel Combined Cycle Plant located in the State of Andhra Pradesh;
- Repayment of bridge finance availed for funding the equity of GPL Power Project;
- Repayment of the short term and long term debt of GVKPIL;
- General Corporate Purpose; and
- Achieving the benefits of listing of our Equity Shares.

The net proceeds of the Issue, after deducting all Issue related expenses, are estimated to be Rs. 2407.53 million.

The main objects and objects incidental or 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.

The above fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution except for the GPL power project that has been independently appraised by Power Finance Corporation Ltd.

The following table summarizes the intended use of proceeds:

(Rs. in million)

Objects	Amount
Equity investment in GPL for setting up a 464 MW power plant	952.95
Repayment of bridge finance availed for funding the equity of GPL Power Project	600
Repayment of short term and long term debt in GVKPIL	820
General Corporate Purposes	35.00
Issue Expenses	157.47

Pending the deployment of funds towards the various objects of the Issue, the funds would be deployed in liquid instruments such as Bank Deposits, Units and other securities issued by Unit Trust of India, short term debt securities including securities issued by the Government of India or affiliated entities, including Inter Corporate Deposits and Commercial Paper issued by well rated companies, Public Sector Bonds, Mutual Funds and other interest bearing securities as may be approved by the Board of Directors or a Committee thereof. Such transactions would be at the prevailing commercial rates at the time of investment.

Depending on the actual Issue proceeds, the Company may reduce the repayment of the bridge finance and / or short term and long term debt.

Capitalization of GPL:

GVKPIL currently owns a 45.33% stake in the current equity share capital of Rs. 2,792.11 million of GPL as on December 31, 2005, which is developing a 464 MW dual fuel combined cycle power plant at Peddapuram in Andhra Pradesh that is expected to be comissioned by September 2006. The power plant dual fuel (gas and HSD) combined cycle plant will consist of two 13E2 Alstom Gas Turbine Generators, one Steam Turbine Generator and two Heat Recovery Steam Generators.

Major Business Contracts

GPL has executed a Power Purchase Agreement ("**PPA**") with Power Distribution Companies of Andhra Pradesh ("**APDISCOMs**") in relation to GPL power project on June 18, 2003 valid for a period of 15 years and renewable by mutual consent. As part of the PPA, the payment from APDISCOMs is supported by a three-tier credit support mechanism, i.e., Letter of Credit, Escrow Account and State Government Guarantee. GPL has also executed a GSA for supply of 1.96 mmscmd with GAIL on October 9, 2000. The Gas Supply Agreement ("**GSA**") is valid until December 31, 2020. GPL has also executed an O&M Agreement with GVKPIL to operate and maintain the GPL power project. The agreement is for a period of 15 years, expiring on 2021 and is renewable by mutual consent.

For details of these projects, please see "Our Business" on page 71 of this Prospectus

In accordance with the provisions of the GPL SHA, GVKPIL will additionally subscribe to the equity share capital of GPL such that it owns 51% of the final equity share capital of GPL of Rs. 4,350.00 million. The additional equity contribution by GVKPIL is estimated to be Rs. 1,552.95 million. Of the total equity contribution, GVKPIL has taken a bridge loan of Rs. 600 million from IL&FS to meet the immediate equity contribution requirement of GPL. Depending on the actual Issue proceeds, the company may reduce the repayment of the above bridge loans taken from IL &FS. The remaining equity infusion of Rs. 952.95 million will be met from the proceeds of this Issue.

Project Site

The project is located in Industrial Development Area, Peddapuram which is 1.5 kms from ADB road (Asian Development Bank road) which connects to Kakinada port and Rajanagaram, ultimately connecting to National Highway-5. This is 4 kms from Samalkot mandal in East Godavari District. This project is in the Krishna-Godavari Basin which is a major source of natural gas supply in the state of Andhra Pradesh. The plant is spread over 259.72 acres and is located just 15 kms from the Kakinada Port.

Project Cost

Total cost of the project is Rs. 14,500 million. The cost per MW of installed capacity works out to Rs. 31.25 million per MW. The project cost has been appraised by the Power Finance Corporation Limited, which is also the lead in the consortium of thirteen lenders to the project. T.R.Chaddha & Co., Chartered Accountants and Lahmeyer International (India) Pvt Ltd have been appointed on behalf of the consortium of lenders to the project as their Lender's Financial Advisor and .Lender's Engineer, respectively, to monitor the project.

The Company has awarded an Engineering, Procurement & Construction (EPC) Contract to a consortium of Alstom (Switzerland) Limited and Alstom Projects India Limited. The value of these contracts entered into is as follows:

Supplies (CIF) – CHF 143.829 mns (Equivalent in INR.5007.38 mns)

Supplies (Ex-Works) – Rs.3,041.80 mns

Supplies (Services) – Rs.1,733.58 mns

The Non-EPC Contract for Rawwater reservoir, Roads & culverts, Canal water pump house, Storm water drains, Administrative Building & Canteen Building etc., has been awarded to Nagarjuna Construction Company Limited for a total value of Rs.912.70 mns.

The financial closure for the project was achieved on June 30, 2004 and the Notice to Proceed was issued to the EPC contractor on July 1, 2004. The break-up of the total approved project cost and the amount spent till December 31, 2005 is as follows:

(Rs. in million)

Description	**Approved Project Cost**	**Amount Spent till December 31, 2005**
Land	95.35	95.35
Site Development	203.10	165.68
Preliminary Expenses	20.00	20.00
EPC Off-shore CIF	5,007.38	4,625.58**
EPC ex-works	3,041.80	1,987.21
EPC Services	1,733.58	747.31
Taxes and Duties	1,102.52	1,096.06
Non-EPC	912.70	705.64
Startup Expenses	52.80	-
Construction Power & Water	20.00	6.24
Consultancy and Engineering	232.00	197.80
Pre-operative Expenses	329.00	328.97
Operator's Training & Mobilization	40.00	-
Construction Insurance	120.00	66.84
Financing charges, deposits and margin money	1380.99	711.20
Contingency	208.82	-
Total	**14,500.04**	**10,753.88***

**As certified by M/s. V.G. Rao & Associates, Chartered Accountants, by their letters dated January 3, 2006.*

**Includes Rs.3,297.53 millions of Usance Credit availed from Standard Chartered Bank, Mauritius who will be paid by a drawdown on the term loans in the months of January and February 2006.

Schedule of Implementation

Activity	Commencement Date	Completion Date
Plant, Machinery & Building		
- EPC Contract	July 2004	September 2006
- Non-EPC Contract	March 2004	April 2006
Commercial Operation	September 26, 2006	

Funding Requirement for the project:

The following table details the estimated expenditure:

(Rs. in million)

Approved Cost	Expenditure incurred as of December 31, 2005	Estimated expenditure for Fiscal 2006 (From January 2006 to March 2006)	Estimated expenditure for Fiscal 2007
14,500	10,753.88*	2,241.28	1,504.84

**As certified by M/s. V.G. Rao & Associates., Chartered Accountants, by their letters dated January 3, 2006.*

Source of Funds:

The proposed GPL power plant has been financed by a mix of equity and debt in the ratio of 30:70. A detailed description of the financing plan is as follows:

(Rs. in million)

	Rupee Sources	Foreign Currency Sources (USD million)	Foreign Currency Sources in equivalent Rs. million (Exch rate used 1 USD=Rs. 46)	Total
Equity				
Sponsors / Promoters	4,350			4,350
Total Equity	4,350			4,350
Debt				
Rupee term loans	8,770			8,770
Foreign Currency Loan		30	1,380	1,380
Total Debt	8,770	30	1,380	10,150
Total	**13,120**	**30**	**1,380**	**14,500**

Equity Component:

(Rs. in million)

	Amount infused up to December 31, 2005	Estimated additional equity infusion in fiscal 2006 and 2007	Total
GVKPIL	1,265.55	952.95	2,218.50
Others	1,526.56	604.94	2,131.50
Total	**2,792.11**	**1,557.89**	**4,350.00**

Out of the total Equity of Rs.1,265.55 million infused by the GVK, Rs.665.55 million has been brought in from the personal sources of Mr. GVK Reddy. The balance of Rs.600 millions has been infused by borrowing from IL&FS. Depending on the actual Issue proceeds, the company may reduce the repayment of the above bridge loans taken from IL &FS.

As on December 31, 2005 GVKPIL has contributed 45.33% of the equity share capital of GPL. The other shareholders of GPL, i.e., IJM, Maytas and NCC have contributed 22.79%, 17.51% and 14.28%, respectively, of the equity share capital of GPL. GVKPIL has contributed Rs. 600 million as equity in the project by availing a bridge loan from IL&FS. The remaining equity contribution of Rs. 952.95 million to be made by GVKPIL will be met from the proceeds of the Issue.

Debt Component:

Out of the total debt of Rs.10,150 million, rupee term loans amounting to Rs.3,948 million and foreign currency loans equivalent to Rs.972 million were availed as of December 31, 2005. Further, GPL has availed of an usance facility from Standard Chartered Bank, Mauritius amounting to Rs.3,297 million who will be paid by a drawdown on the Term Loans in the months of January and February 2006. The important terms and conditions of the banks/ institutions alongwith the amount utilized as on December 31, 2005 are as under*:*

Rupee Loans					**Rs. in Millions**
Sr. No.	**Name of the Lender**	**Sanctioned Amount**	**Outstanding as on December 31, 2005**	**Rate of Interest per annum**	**Repayment Schedule**
1	Power Finance Corporation Ltd	2,900	1,306	9%	40 quarterly Instalments
2	Small Industries Development Bank of India	700	315	9%	43 quarterly Instalments
3	Oriental Bank of Commerce	400	181	9%	43 quarterly Instalments
4	State Bank of Bikaner & Jaipur	400	181	9%	43 quarterly Instalments
5	State Bank of Hyderabad	400	181	9%	43 quarterly Instalments
6	State Bank of Mysore	250	111	9%	43 quarterly Instalments
7	Canara Bank	650	299	9%	43 quarterly Instalments
8	Indian Overseas Bank	300	136	9%	43 quarterly Instalments
9	Federal Bank Ltd	200	89	9%	43 quarterly Instalments
10	Bank of Baroda	750	337	9%	43 quarterly Instalments
11	Union Bank of India	800	361	9%	43 quarterly Instalments
12	Indian Bank	200	82	9%	43 quarterly Instalments
13	Allahabad Bank	120	54	9%	43 quarterly Instalments
14	State Bank of India	700	315	9%	43 quarterly Instalments
	Total	**8,770**	**3,948**		
Foreign Currency Loans		Rupee Equivalent (1 USD = Rs. 46)			
15	Bank of Baroda	920	648	3M Libor+ 250BP + 50BP	43 quarterly Instalments
16	Canara Bank	460	324	3M Libor + 400BP	43 quarterly Instalments
Vehicle Loans					
18	ICICI Bank Ltd	5	4	5%	35 monthly Instalments
19	HDFC Bank Ltd	1	-	5%	36 monthly Instalments
	Total	**10,156**	**4,924**		

The above loans are secured by:

(i) *Pari passu* first charge by mortgage of deposit of title deeds of Immovable properties in respect of project land.

(ii) *Pari passu* first charge in the form of hypothecation of all movable assets of the project both present and future except specified receivables on which first charge would be given to working capital lenders.

(iii) *Pari passu* first charge/assignment/security interest on/of all the rights, titles interest and benefits and all licenses permit, approvals and consents in respect of the project.

(iv) Pledge of shares of the Company held by the GVK, IJM through its affiliate, Maytas, and NCC representing 51% of the paid up equity capital.(v) Vehicle loans are secured by vehicles acquired from loans

(vi) The Foreign Currency Usance Facility is secured against letter of credit issued by Canara Bank in favour of Alstom (Switzerland) Limited.

Sources of Funding of our Balance Fund Requirements:

The balance of the fund requirement for the project are to be met through a combination of the proceeds of the Issue, equity infusion by other shareholders and amounts not drawn by us against existing debt facilities.

Details of major Plants and Machineries are as follows:

Details of Plant & Machinery	
Name of the Machinery	**Description**
Turbogenerator	Two gas turbines Type 13E2 ALSTOM make machines, One no. Steam turbine generator.
HRSGs	Two unfired HRSGs of triple pass namely HP, IP & LP.
Water Steam Cycle System	Main steam system, feed water system, condensate system, Bypass system (100% HP/IP/LP), Blow down system, Chemical dosing system, Associated electrical and control systems.
HRSG stacks	2 main stacks with continuous emission monitoring system.
Main cooling water system and auxiliary cooling water system.	Cooling tower, CW pump, closed cooling water pumps, piping, valves, CW treatment plant.
Water treatment plant	Pre-treatment plant, DM water plant, chemical treatment plant, piping, electricals and controls.
Effluent treatment plant	Effluent pumps, monitoring system, electrical control system, piping.
Canal water system	Canal water pumps including electricals and controls & raw water pipes, valves, etc.
Electrical system	400kV switchyard, Generator Transformers, 6.6kV switchgear, cabling, LT switchgear DC system, UPS system, etc.
Control & Instrumentation	ALSPA 320 DCS plant control system, ABB Egatrol 8 Gas turbine control system, TGCP320 Steam turbine control system, control panels, video screens, field instruments, cables, local control panels, etc.
Civil & structural works	All civil and structural works of main plant and offsite building including foundations, piping, cable trenches, racks and internal roads, etc.
Other Plant & Equipment	Cranes, air compressor, air conditioning and ventilation and fire fighting system.
Raw water reservoir	Water storage capacity of 11 lakhm^3 (statutory requirement)

Government and Environmental Clearances:

All the government and environmental clearances required for the project has been received. The Government approvals for the project are described in the section titled “Government Approvals” on page 273 of this Prospectus.

Repayment of Bridge Finance

For meeting our equity contribution requirement till the closure of the Issue, we have taken a bridge finance of Rs. 600 million from IL&FS. An amount of Rs. 300 million has been sanctioned by IL&FS by their letter dated October 10, 2005 and an another Rs. 300 million was sanctioned on November 23, 2005. The bridge loan was disbursed on October 21, 2005 and on December 8, 2005. We have utilized the funds from the bridge loan to make an equity investment in GPL such that our stake in GPL will increase from the current stake of 38.38% to 45.33%. The bridge loan has been secured by (i) a charge on certain immoveable properties, and (ii) by a cross-security on the security provided by us in respect of a Rs. 700 million term loan from IL&FS which includes the property on which our corporate office is situated and on the Equity Shares of our Promoters initially pledged to IL&FS and on the Equity Shares allotted to our Promoters by way of a bonus issue in August 2005. The Equity Shares allotted to our Promoters by way of a bonus issue has been pledged in favour of IL&FS on December 6, 2005. The above Equity Shares will be released from the pledge upon repayment of the birdge loans from the proceeds of the IPO.

Details of the loans are as follows:

Bank	Nature of the loan	Rate of Interest	Amount (Rs. in mns)	Tenure
IL&FS	Term Loan	9% per annum	300	6 months.
IL&FS	Term Loan	10% per annum	300	6 months

Depending on the actual Issue proceeds, the company may reduce the repayment of the above bridge loans taken from IL &FS. **Repayment of Debt in GVKPIL**

GIL was originally promoted by the GVK and CMS USA. GIL has two power plants: (i) the operational 216 MW Jegurupadu Phase I, and (ii) the 220 MW Jegurupadu Phase II project, to be comissioned by mid of February 2006. For details of these projects, please see "Our Business" on page 71 of this Prospectus.

GVKPIL was originally promoted by GVK and CMS USA in the ratio 40:60. In February 2005, CMS USA's stake in GIL was acquired by GVKPIL. GVKPIL contracted a debt of Rs. 820 million, for this buy-out.

As of September 30, 2005, the total short-term and long-terms loans outstanding in GVKPIL aggregated to Rs. 820 million.

Details of the loans are as follows:

Bank	**Nature of the loan**	**Rate of Interest**	**Amount** *(Rs. in million)*	**Tenor**
IL&FS	Secured Long Term Loan	9% per annum	700*	7 years (repayable annually)
IndusInd Bank Limited	Unsecured Loan	6.5% per annum	120	2 years

*The loan has been secured by the property on which our corporate office is situated, the pledge of 35,000 Equity Shares held by our Promoters, and 23.75% of the total equity of GIL. The bonus shares issued to our Promoters in August 2005 have been pledged to IL&FS as security for the loan.

Depending on the actual Issue proceeds, the company may reduce the repayment of the above term loans taken from IL &FS and IndusInd Bank Limited. We will approach the lenders after the completion of this Issue for pre-payment of the above loans.

General corporate purposes:

Our long-term goal is to expand our power generation and infrastructure capabilities throughout the country. In addition to continued investments in our existing facilities, we intend to expand our power generation capacities by exploring viable acquisition opportunities. Accordingly, we intend to use a part of the net proceeds towards such growth plans. While this would be a component of our long-term strategy we are on constant look out for good opportunities, we do not at present have any material transaction in progress in this area. Our management, in accordance with the policies of the Board, will have the flexibility in utilizing these proceeds.

Benefits of Listing

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

Issue Expenses:

The expenses for the Issue include among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees payable to the stock exchanges. The estimated Issue expenses are as follows:

(Rs. in million)

Activity	**Expenses**
Lead management, underwriting and selling commission	76.96
Advertising and Marketing expenses	25.00
Printing and stationery	25.47
Others (Registrars fee, legal fee, listing fee, etc.)	30.04
Total estimated Issue expenses	157.47

Interim Use of Proceeds:

Pending any use as described above, we intend to invest the proceeds of this Issue in high quality, interest/dividend bearing short-term/long-term liquid instruments including deposits with banks for the necessary duration. These investments would be authorized by our Board or a duly authorized committee thereof.

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. Also, we will disclose the utilization of the proceeds of the Issue in the notes to the accounts of the financial statement of GPL.

No part of the proceeds of the Issue will be paid by us as consideration to our Promoters, our Directors, Key Management Personnel or companies promoted by our Promoters except in the usual course of business.

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

- GVK Power & Infrastructure Limited ("GVKPIL") is a holding company of the power businesses of the GVK and provides operations and maintenance services to its power assets.
- The Jegurupadu Phase 1 facility has been in operation for over eight years. Over these years we have become familiar with the operation of these facilities and believe that we have gained valuable experience in developing power plants that should help ensure the continuity of our operations on an ongoing basis.
- We have an established track record in terms of our ability to meet targets in a timely fashion. We have experience in the development and successful execution of new projects and the completion of the Jegurupadu Phase 1 facility evidences this claim.
- Our management has extensive experience in the design, engineering, manufacture, marketing and maintenance of power plants.

Quantitative Factors

GVKPIL has historically been an operation and maintenance company, with very little historical financial information. It is the holding company of the power assets of GVK. (In September, 2005, GIL became a subsidiary of GVKPIL and GVKPIL currently owns 45.33% of GPL which will become a subsidiary post the Issue.) Hence we have considered only standalone historical financials of GVKPIL in this section for the calculation of various ratios. As a result, GVKPIL's financials cannot be compared to those of pure power generating companies in India. Accordingly, the price per share of the issue is based on the future growth strategy of GVKPIL, rather than on the current earnings. Investors must evaluate GVKPIL taking into consideration the earnings of GVKPIL post consolidation of its holding in GIL and GPL and based on its consolidated growth strategy.

Adjusted Earning per Share (EPS)

Financial Period	EPS based on restated financial statements (Rs)	
	Standalone	Weight
Year ended March 31, 2003	7.16	1
Year ended March 31, 2004	5.83	2
Year ended March 31, 2005	3.20	3
Weighted Average	**4.74**	

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.

(2) The face value of each equity share is Rs 10.

(3) EPS (not annualized) for the six months period ending September 30, 2005 was Rs. 7.95.

Peer Group(2) P/E(1) (standalone)

(i) Highest 23.9

(ii) Lowest 9.8

(ii) Peer Group Average 14.4

(1) *Source : Capital Markets (Dec 19, '05 – Jan 1, '06)*

(2) Peer Group includes Tata Power, NTPC, GIPCL, Neyveli Lignite, Reliance Energy, CESC, Torrent Power, Jaiprakash Hydro Power Limited

(3) There are no comparable Operations and Maintenance companies in the power sector in India.

Price Earnings Ratio (P/E Ratio)

a) Based on the year ended March 31, 2005 EPS based on standalone restated financial statements is Rs 3.20, P/E based on year ended March 31, 2005 EPS, based on standalone restated financial statements is 81.3, at the lower end of the price band and P/E based on year ended March 31, 2005 EPS, based on standalone restated financial statements is 96.9, at the upper end of the price band.

Return on Networth

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

Financial Period	RoNW (%)	Weight
Year ended March 31, 2003	104.11	1
Year ended March 31, 2004	85.21	2
Year ended March 31, 2005	31.83	3
Weighted Average	**61.67**	

Minimum Return on Total Net Worth post-Issue to maintain pre-Issue EPS is 1.17%.

Note:

(1) The RoNW 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.

Net Asset Value (NAV) per equity share: NAV per equity share represents shareholders' equity less miscellaneous expenses as divided by weighted average number of equity shares.

(i) NAV per Equity Share as at March 31, 2005 Rs. 1526.11

(ii) NAV per Equity Share After Issue 177.47

(iii) Issue Price 310

Financial Period	NAV per equity share (Rs.)	Weight
Year ended March 31, 2003	1045.03	1
Year ended March 31, 2004	1040.31	2
Year ended March 31, 2005	1526.11	3
Weighted Average	**1283.99**	

Comparison with other listed companies: (1)

FY 2005	EPS (Rs.)	P/E (x)	RONW (%)	Book Value (Rs.)
GVK	**3.2**		**31.8**	**10.04**
Peer Group				
Tata Power	18.3	21.3	7.5	259.3
NTPC	6.7	14.4	14.9	51.1
GIPCL	6.7	10.1	19.9	55.4
Neyveli Lignite	7.0	9.8	16.7	45.8
Reliance Energy	22.6	23.9	10.0	291.8
CESC	17.6	11.4	12.5	177.2
Torrent Power. SEC	42.1	9.8	18.8	249.9
Jaiprakash Hydro	0.9	-	9.2	11.4
Peer Group Average	15.2	14.4	13.7	142.7

(1) Source : Capital Markets (Dec 19, '05 – Jan 1, '06)

The BRLMs believe that the Issue Price of Rs. 310 is justified in view of the above qualitative and quantitative parameters. See the section titled "Risk Factors" on page 11 of this Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report on page 189 of this Prospectus to have a more informed view.

STATEMENT OF POSSIBLE TAX BENEFITS

We hereby confirm that the information provided below states the possible tax benefits available to GVK Power & Infrastructure Limited ('the Company') and its shareholders under the current tax laws 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 relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed below 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 and 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.

For S. R. Batliboi & Associates
Chartered Accountants

Per
Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

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

(A) Benefits to the Company Under Income-Tax Act, 1961 ('the Act'):

1. Under section 10(23G) of the Act, the Company will be eligible to claim exemption on any income by way of dividends (other than dividends exempt under section 10(34) of the Act), interest or long-term capital gains from investments made by way of shares in specified power companies referred to in sub-section (4) of section 80IA of the Act and which satisfies the prescribed conditions.

2. Under section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after April 1st, 2003 by domestic companies) received on the shares of any company is exempt from tax.

3. Under section 10(35) of the Act, any income received from units of a Mutual Fund specified under section 10(23D) of the Act, is exempt from tax.

4. Under section 10(38) of the Act, any long-term capital gains arising to a shareholder from transfer of long-term capital asset, being equity shares in a company or a unit of an equity oriented fund (i.e. if the shares or units are held for more than twelve months) would not be liable to tax in the hands of the shareholder, if the following conditions are satisfied:

   a) The transaction of sale of such equity share or unit is entered into on or after 1st October, 2004;

   b) The transaction is chargeable to securities transaction tax.

5. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains, if any, will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition. The indexed cost of acquisition / improvement adjusts the cost of acquisition/ improvement by the cost inflation index, as prescribed from time to time.

6. Under section 54EC of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer. However, if the company 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 to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by the National Bank for Agriculture and Rural Development (NABARD), National Highways Authority of India (NHAI), National Housing Bank (NHB), Rural Electrification Corporation Limited (RECL) and Small Industries Development Bank of India (SIDBI).

7. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains on the transfer of listed securities or units will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of six months after the date of such transfer and held for a period of at least twelve months. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -

   a) the issue is made by a public company formed and registered in India;

   b) the shares forming part of the issue are offered for subscription to the public.

8. Under section 111A of the Act, short-term capital gains (i.e., if the shares are held for a period not exceeding twelve months), arising on sale of listed equity shares are taxed at the rate of 10% (plus applicable surcharge and cess) in cases where securities transaction tax has been levied.

9. Under section 112 of the Act, long-term capital gains, are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and cess), without indexation benefit, at the option of the Company in cases where securities transaction tax is not levied.

10. Under section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under section 115JB of the Act for any assessment year commencing on or after April 1st, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 5 years succeeding the year in which the MAT credit is allowed.

(B) Benefits to the Company under Indirect Tax Laws.

11. In view of the changes brought about in the service tax law vide Finance Act, 2005, 'production or processing of goods for or on behalf of the client' will be taxable as business auxiliary services. Further, the scope of maintenance and repair services has also been expanded to cover the services of maintenance or management of immovable property in addition to services provided in relation to maintenance or repair of equipment.

    The Company has entered into a service agreement to provide operating and maintenance services to the power plant owned by GVK Industries Limited. In relation to the services provided by the Company to GVK Industries Limited, under the above agreement, the provisions of the service tax law may get attracted and the Company may be liable to pay service tax on the receipts from GVK Industries Limited.

    In view of the services provided by the Company being classified as a taxable output service, the Company will be eligible to claim CENVAT credit of service tax paid on any input services availed and setoff against the service tax liability on services rendered to the Company.

(C) Benefits to the Shareholders of the Company under the Income-Tax Act, 1961:

Resident Shareholders

12. Under section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the Company is exempt from tax.

13. Under section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity share in a company will not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

    a) The transaction of sale of such equity share is entered into on or after 1st October 2004;

    b) The transaction is chargeable to such securities transaction tax.

14. Under section 88E of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

15. Under section 48 of the Act, if the Company's shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(36) and section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition. The indexed cost of acquisition / improvement adjusts the cost of acquisition / improvement by the cost inflation index, as prescribed from time to time.

16. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains arising on the transfer of a long term capital asset will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer. However, if the Company 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 to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by the National Bank for Agriculture and Rural Development (NABARD), National Highways Authority of India (NHAI), National Housing Bank (NHB), Rural Electrification Corporation Limited (RECL) and Small Industries Development Bank of India (SIDBI).

17. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains on the transfer of listed securities or units will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of six months after the date of such transfer and held for a period of at least twelve months. Eligible public issue means issue of equity shares which satisfies the following conditions, namely

    a) the issue is made by a public company formed and registered in India;

    b) the shares forming part of the issue are offered for subscription to the public.

18. Under section 54F of the Act, long-term capital gains (in cases not covered under section 10(36) and section 10(38) of the Act) arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempt from tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and 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.

19. Under section 111A of the Act, short-term capital gains (i.e. if shares are held for a period not exceeding twelve months), arising on transfer of an equity share, are taxed at the rate of 10% (plus applicable surcharge & cess) in cases where securities transaction tax has been levied.

20. Under section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation as provided in the second proviso to section 48. However, in case of listed securities or units the amount of such tax could be limited to 10% (plus applicable surcharge and cess) without indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.

Non-Resident Indians / Non Residents Shareholders (Other than FIIs and Foreign venture capital investors)

21. Under section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after April 1st, 2003) received by a non-resident Indian shareholder (i.e. an individual being a citizen of India or person of Indian origin who is not a 'resident') on the shares of the company is exempt from tax.

22. Under section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

    a) the transaction of sale of such equity share is entered into on or after 1st October 2004;

    b) the transaction is chargeable to securities transaction tax.

23. Under section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

24. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains arising on the transfer of a long term capital asset will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer. However, if the company 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 to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by the NABARD, NHAI, NHB, RECL and SIDBI.

25. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains on the transfer of listed securities or units will be exempt from capital gains tax if the capital gains are invested in shares of an Indian company forming part of an eligible public issue, within a period of six months after the date of such transfer and held for a period of at least twelve months. Eligible public issue means issue of equity shares which satisfies the following conditions, namely

    a) the issue is made by a public company formed and registered in India;

    b) the shares forming part of the issue are offered for subscription to the public.

26. Under section 54F of the Act, long-term capital gains arising to an individual or HUF on transfer of shares of the company will be exempt from tax, if the net consideration from such shares is used for purchase of residential house property within a period of one year before and 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.

27. Under section 111A of the Act, short-term capital gains (i.e. if the shares are held for a period not exceeding twelve months), arising on sale of listed equity shares are taxed at the rate of 10% (plus applicable surcharge and cess) in cases where securities transaction tax has been levied.

28. Under section 112 of the Act, long-term capital gains (i.e. if shares are held for a period exceeding twelve months), arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge and cess). However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and cess), without indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.

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

a) Under section 115E of the 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 twelve months, shall be concessionally taxed at the flat rate of 10% (plus applicable surcharge and cess).

b) Under provisions of section 115F of the Act, long-term capital gains arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall 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 shall be proportionately reduced. The amount so exempted shall 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 Act, Non-Resident Indians are not required to file a return of income under section 139(1) of the Act, if their only income is income from foreign exchange 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 Act.

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

30. Under section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the double tax avoidance agreement ('tax treaty') entered between India and the country of fiscal domicile of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

Foreign Institutional Investors (FIIs)

31. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the company is exempt from tax.

32. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long-term capital asset being an equity share in a company or a unit of an equity oriented fund would not be liable to tax in the hands of the investor if the following conditions are satisfied:

    a) The transaction of sale of such equity share is entered into on or after 1st October, 2004;

    b) The transaction is chargeable to securities transaction tax as explained below.

33. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from such taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains,

34. The income by way of short-term capital gains / long-term capital gains realized by FIIs on sale of shares in the company would be taxed at 30% / 10% respectively, as per section 115AD of the Act. (However, in respect of short term capital gains referred to in section 111A the tax rate applicable will be 10%). The benefit of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable to a FII.

35. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gain (in cases not covered under section 10(36) and section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer for a period of at least three years. However, if the assessee 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 to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by NABARD, NHAI, NHB, RECL and SIDBI.

36. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(36) and section 10(38) of the Act) on the transfer of listed shares of the Company will be exempt from capital gains tax if the capital gains are invested in shares forming part of an eligible public issue of an Indian company within a period of 6 months after the date of such transfer and such are held for a

period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely

a) the issue is made by a public company formed and registered in India;

b) the shares forming part of the issue are offered for subscription to the public;

There is a legal uncertainty over whether the benefit under this section can be extended to shares forming part of the offer for sale by the selling shareholders. It may be relevant to note that the CBDT has clarified vide its Circular no. 7/ 2003 dated September 5, 2003, that the term 'public issue' in the context of section 10(36) of the Act shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

37. Under 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 non-resident. Thus, a non-resident can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

Venture Capital Companies/Funds

38. Under section 10(23FB) of the Act, all venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

Mutual funds

39. Under section 10(23D) of the Act, any income of Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Mutual Funds authorised by the Reserve Bank of India, subject to the conditions specified, would be exempt from income tax.

(D) Benefits to shareholders of the company under the Wealth Tax Act, 1957

40. Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence, shares are not liable to wealth tax.

(E) Benefits to shareholders of the company under the Gift Tax Act, 1958.

41. Gift made after 1st October 1998 is not liable for any gift tax, and hence, gift of shares of the Company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2005.
2. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.
3. The stated benefits will be available only to the sole/first named holder in case the share are held by joint holders.
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
5. 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.

SECTION IV: ABOUT THE ISSUER COMPANY

THE POWER INDUSTRY IN INDIA

Unless otherwise indicated, all financial and statistical data in the following discussion is derived from the Ministry of Power's Annual Report (2002-2003 and 2004-2005), the Central Electricity Authority's General Review (2000-2001) and Executive Summary (March 2005) and the Planning Commission (Power and Energy Division) Annual Report on the working of the State Electricity Boards and Electricity Departments (2001-2002). 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.

OVERVIEW

The power industry in India has been characterized by peak power and energy shortages. In fiscal 2004 and 2005, demand for electricity exceeded supply on an average by an estimated 7.1% and 7.3% respectively in terms of total requirements and 11.2% and 11.7% respectively in terms of peak demand requirements. Although power generation capacity has increased substantially in recent years, it has not kept pace with the growth in demand or the growth of the economy generally. According to the United Nations, India has one of the lowest electricity consumption levels in the world, at 355 units per capita in 2000, due in part to unreliable supply and inadequate distribution networks. This contrasts with 827 units per capita in China, 1,878 units per capita in Brazil and 12,331 units per capita in the United States, in 2000.

Historically, state and central government entities played the dominant roles in the development of the Indian power industry. However, capacity growth did not keep pace with demand, due to inadequate investment and the poor financial health of the SEBs. However in recent years, in light of persistent shortages, the Government has taken significant action to restructure the industry and attract investment. This has included measures to restructure the SEBs and improve their financial health. In addition, the Government has liberalised policies relating to the generation and distribution sectors.

History

At the time of independence in 1947, India had power generating capacity of a meagre 1,362 MW. Power was not available in villages or rural areas, and only a few urban centres had electricity. Generation and distribution of power was carried out primarily by private utility companies.

After independence, electricity was made subject to the concurrent jurisdiction of the state and central governments, although Parliament was given the ability to exercise pre-emptive power. The Electricity (Supply) Act, 1948 of India (the "Electricity Supply Act") created the institutional framework under which the industry was developed, which framework was not substantially modified until the recent passage of the Electricity Act, 2003 (the "EA 2003 ").

The Supply Act led to the creation of the SEBs—state government agencies with the sole responsibility for generation, transmission and distribution of electricity within each state. Most states established SEBs; the smaller states and Union Territories, established Electricity Departments ("EDs") to manage and operate power systems. As of March 31, 2004, the SEBs own or control approximately 58% of India's total generating capacity and have substantial control of most of the distribution assets.

The Ministry of Power (the "MoP") and the Ministry of Non-Conventional Energy Sources of the Government are primarily responsible for the development of the power industry in the country. The MoP is responsible for overseeing India's power industry. Its duties include perspective planning, policy formulation, monitoring the implementation of power projects, training and manpower development and the administration and enactment of legislation in regard to thermal and hydro power generation, transmission and distribution. In the mid 1970s, it was recognized that relying solely on the SEBs for power development was leading to power shortages and large inter-state imbalances, particularly in light of the uneven distribution of coal and hydroelectric resources throughout the country. To supplement the efforts of the states, the central Government increased its role in the generation and transmission of power. NTPC and National Hydro Power Corporation Ltd. ("NHPC") were created in 1975 by the central Government to establish thermal and hydro generating plants and to install associated interregional transmission systems. In the same year, the CEA was established in its present form to develop a uniform national power policy. Additional power generating companies were established later. In 1992, the central entity known today as the Power Grid Corporation of India Limited ("POWERGRID") was established to construct, operate and maintain inter-state and interregional transmission systems. These entities are collectively referred to as the Central Power Sector Utilities ("CPSUs") and are directly accountable to the MoP. The other companies under the direct control of the MoP are the Power Finance Corporation ("PFC") and the Rural Electrification Corporation. The Power Trading Corporation of India Limited ("PTC") was formed in 1999 to allow surplus power supplies to be efficiently traded to utilities with deficit power supplies. PTC is promoted by NTPC, POWERGRID, NHPC, and PFC.

Recent Developments

To supplement public sector investment, the Government took steps in 1991 to attract private investment in the power industry. The Government 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 Government 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 Government 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 Act, 2003

The Electricity Act, 2003 was approved by the Indian Parliament in May 2003 and notified with effect from June 2003. The EA 2003 is a central unified legislation and seeks to replace the multiple legislations that governed the Indian electricity sector. The EA 2003 consolidates all the existing legislations 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 89 of this Prospectus

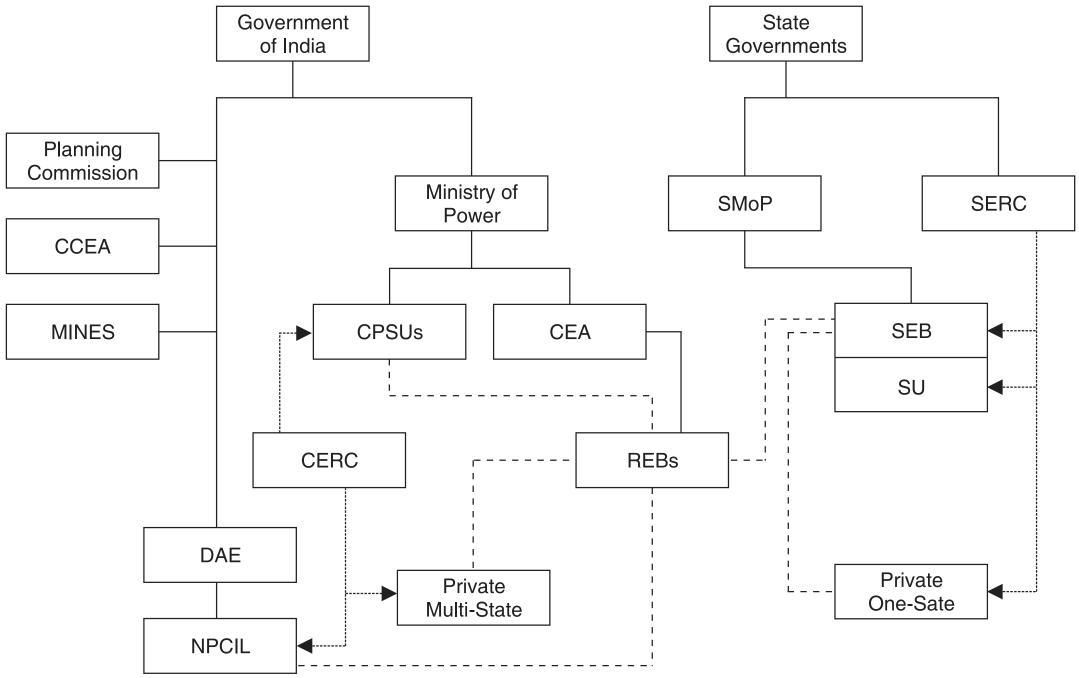
REGULATORY CONTROL

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 State Electricity Boards at the State level, which are responsible for ensuring that the supply, transmission and distribution of electricity in such states is done in the most economical and efficient manner. These State Electricity Boards 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 State Electricity Boards 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 State Electricity Boards and their State Electricity Regulatory Commissions.

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

Power Industry Organization

GENERATION, CONSUMPTION AND DISTRIBUTION

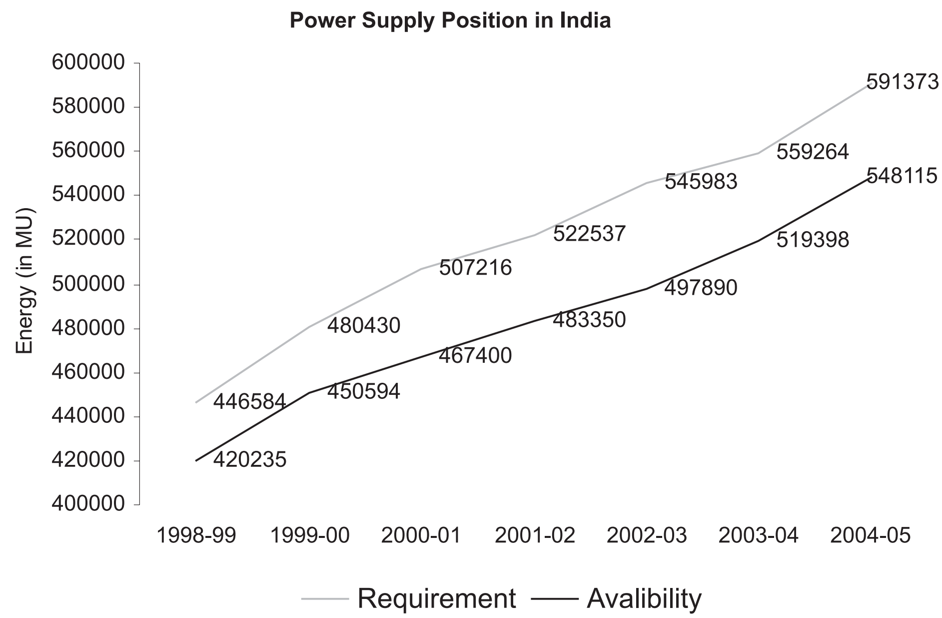
Power Supply Position in India

FY 2005

Region	Requirement (MU)	Availability (MU)	Surplus / Deficit (-) (MU)	Surplus / Deficit (-) (%)
Northern	175498	159358	-16140	-9.2
Western	204048	181010	-23038	-11.3
Southern	147672	145395	-2277	-1.5
Eastern	57036	55678	-1358	-2.4
North-Eastern	7119	6674	-445	-6.3
All-India	591373	548115	-43258	-7.3

Source: CEA Executive Summary, March 2005

1998-99 to 2004-05



Source: Ministry of Power Annual Report, 2004-2005

Data for FY05 has been taken from the CEA Executive Summary, March 2005

GENERATION

Installed Generation Capacities (FY 2001- FY 2005) by Generation

As of March 31	Thermal (% of total)	Installed Capacity (in MW)	Hydro (% of total)	Installed Capacity (in MW)	Wind (% of total)	Installed Capacity (in MW)	Nuclear (% of total)	Installed Capacity (in MW)
2001	71.2%	72355	24.7%	25142	1.2%	1269	2.8%	2860
2002	71.0%	74550	25.0%	26269	1.4%	1507	2.6%	2720
2003	71.0%	76607	24.9%	26910	1.6%	1736	2.5%	2720
2004	69.6%	77969	26.3%	29500	1.7%	1870	2.4%	2720
2005	68.3%	80902	26.1%	30936	2.5%	2980	2.3%	2770

Source: CEA Executive Summary, March 2005

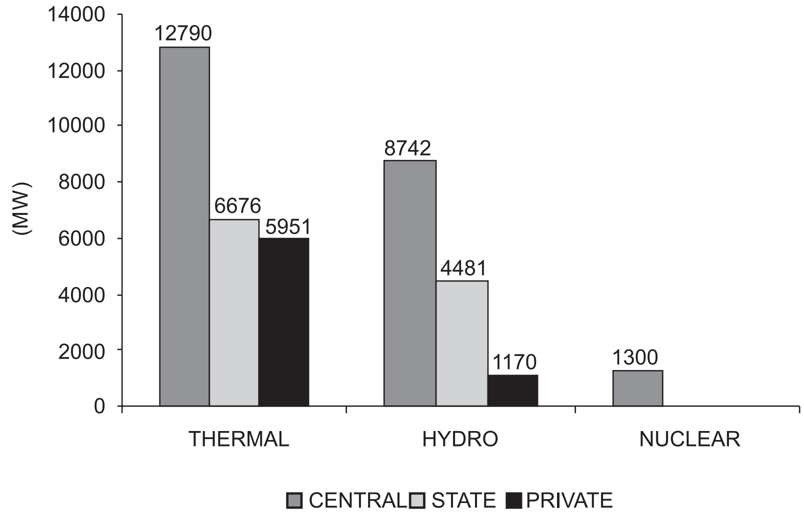
Installed Generation Capacities by Sector (as on 31st January 2005)

	Thermal (MW)	Hydro (MW)	Wind (MW)	Nuclear (MW)	Total (MW)
State	41736	23510	69	0	65315
Centre	29467	5749	0	2720	37935
Private	8999	876	2420	0	12295

Source: Ministry of Power

Capacity Addition Programme, Ninth Plan

The Ninth Plan targeted a capacity addition of 40,245 MW, of which 24.4% was to come from hydro capacity, 73.4% was to come from thermal capacity, and 2.2% was to come from nuclear capacity. MoP estimates indicate that only around 19,251 MW, or 48% of the planned capacity addition, were added in the aggregate during the Ninth Plan.



Source: Ministry of Power, 2002-2003 Annual Report

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.

Capacity Utilization

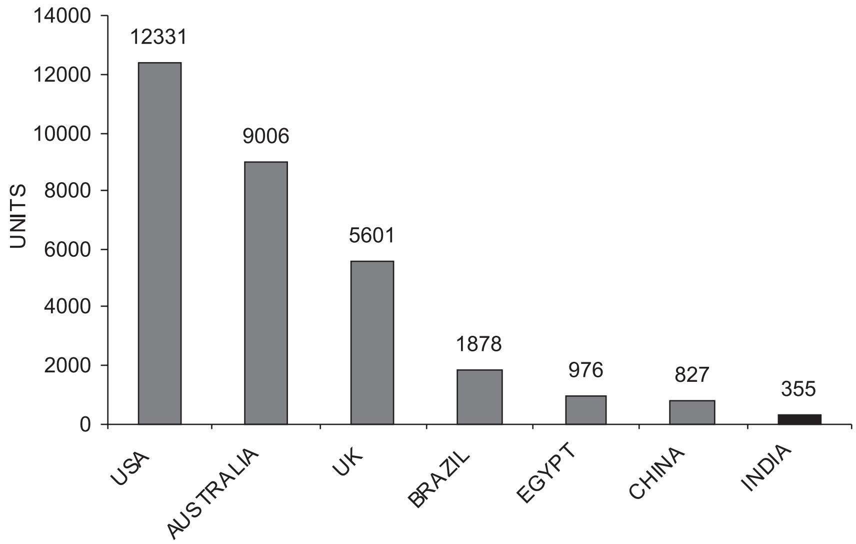
Capacity utilization in the Indian power sector, as measured by the plant load factor (“PLF”) of generating plants is low. However, the PLF for coal-fired plants has increased from 63.0% in fiscal 1996 to 72.7% in fiscal 2004.

PLF varies significantly across ownership segments. Coal-fired generating plants owned by SEBs operated at an average PLF of around 68.4% in fiscal 2004, while those owned by private utilities and CPSUs operated at a PLF of 80.4% and 78.7%, respectively, during the same period.

CONSUMPTION

Per capita consumption of electricity in India was 606 KWH / Year in 2004-05. Although electricity generation capacity has increased substantially in recent years, the demand for electricity in India is still substantially higher than the available supply. In fiscal 2005, India faced an energy shortage of approximately 7.3% of total energy requirements and 11.7% of peak demand requirements.

Per Capita Electricity – Consumption in 2000



Source: U.N. Development Programme, Human Development Indicators 2003

TRANSMISSION AND DISTRIBUTION

In India, the T&D system is a three-tier structure comprising regional grids, state grids and distribution networks. The distribution network and the state grids are owned and operated by SEBs or state governments through SEBs. Most of the inter-state transmission links are owned and operated by POWERGRID. In order to facilitate the transfer of power between neighbouring states, state grids are interconnected to form regional grids. There are five regional grids, which have been constituted as follows:

- Northern region grid which comprises Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttaranchal and Uttar Pradesh;
- Eastern region grid which comprises Bihar, Orissa, Sikkim and West Bengal;
- Western region grid which comprises Dadra and Nagar Havelli, Daman and Diu, Chhattisgarh, Goa, Gujarat, Madhya Pradesh and Maharashtra;
- Southern region grid which comprises Andhra Pradesh, Karnataka, Kerala, Pondicherry and Tamil Nadu; and
- North-Eastern region grid which comprises Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura.

Because peak demand does not occur simultaneously in all states, situations may arise in which there is surplus of power in one state while another state faces a deficit. The regional grids facilitate transfers of power from a power surplus state to a power deficit state. The grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants. The regional grids are to be gradually integrated to form a national grid, whereby surplus power from a region could be transferred to a region facing power deficits, thereby facilitating a more optimal utilization of the national generating capacity. At present the national grid has a capacity of 8,500 MW and POWERGRID expects to achieve grid capacity of 30,000 MW by fiscal 2010.

The transmission and distribution losses in our country, which were around 15% up to 1966-67, increased gradually to 23.28% by 1989-90. After a brief spell of reduction in T & D losses to 21.13% (1994-95) there has been an upswing and the losses now stand at 33.98% during 2001-02 and 32.54% for 2002-03.

REFORM STATUS

KEY DEVELOPMENTS

- In 1991, to supplement public sector investment, the Government 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. As a consequence, since 1991, a total capacity of around 7400 MW from 37 private power plants has so far been commissioned. Another capacity of around 4500 MW from 12 projects is reported to be under construction.
- However, these reforms still did not address the poor financial health of the SEBs, and power shortages persisted. Transmission and distribution ("T&D") losses, estimated to be 32.9% on average for the nation in fiscal 2001, were especially high, due to inadequate metering, obsolete equipment, and theft.
- In 2001, the Government introduced the Accelerated Power Development and Reforms Programme ("APDRP") 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 modernization.
- In order to improve the financial health of the SEBs, the Government 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 Ministry of Power has also stated a goal 'Mission 2012: Power for All' to achieve objective of having reliable, quality power at optimum cost that is commercially viable to achieve a GDP growth rate of 8%.
- There has been a 35% reduction in SEB losses since FY01, generation companies are now recovering 100% of their dues and capacity addition during the Tenth Plan is expected to be 92% of target.
- The Government has announced major policy initiatives like National Electricity Policy and Draft National Tariff policy.

RECENT POLICY INITIATIVES

Mega Power Projects

In October 1998, the Government announced a policy aimed at utilizing economies of scale and producing power at the most economical locations. Under this policy, subject to satisfying certain conditions, thermal power projects with a capacity of 1,000 MW and above (or hydro projects with a capacity of 500 MW and above) and selling power to more than one state are granted "mega power project" status, and allowed certain fiscal benefits, such as the duty-free import of capital goods and a ten-year income tax holiday. Mega power projects in both the public and private sectors can avail of the benefits of this policy. An Inter-Institutional Group (IIG) comprising senior representatives from the lenders and Ministry of Power has been constituted to jointly appraise such projects and facilitate financial sanction in a time bound fashion. Eleven power projects with a total capacity of about 4000 MW have since achieved financial closure and eight more projects with a total capacity of about 10,000 MW are being pursued for early financial closure, possibly by the first quarter of 2005-06. A Green Channel has been constituted in the Ministry of Power to facilitate statutory clearances for the developers.

Accelerated Power Development and Reforms Programme

To improve the condition of the SEBs, the Government launched a combination of regulatory and development initiatives. In 2001, the Government initiated the APDRP to provide financial assistance to the states for undertaking renovation and modernization programs for thermal and hydro power stations and to strengthen and improve the sub-transmission and distribution network. The Government earmarked a total of Rs. 400 billion for the programme during the Tenth Plan. The programme includes investment components and incentive components.

Under the investment component of APDRP, the Government provides financial assistance to the states to strengthen and upgrade their sub-transmission and distribution networks. The Government through concessional loans meets half of the cost of such projects, with the balance arranged by the states as counterpart funding from financial institutions. However, for states in the northeastern region, Jammu & Kashmir, Himachal Pradesh, Uttaranchal and Sikkim, the Government provides financial assistance for up to 100% of the project cost.

Under the incentive component, the MoP makes a grant to the states of 50% of the SEB's actual cash loss reductions year-over-year. This component has been introduced to motivate the SEBs and utilities to reduce their financial losses.

Scheme for One Time Settlement of Outstanding Dues

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

- the securitisation 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;
- 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;
- 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

- Power Generation Strategy with focus on low cost generation, optimization of capacity utilization, controlling the input cost, optimisation of fuel mix, Technology upgradation and utilization of Non Conventional energy sources
- Transmission Strategy with 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 / gadgets.
- Communication Strategy for political consensus with media support to enhance the general public awareness.

POWER TRADING

The EA 2003 recognized power trading as a distinct activity from generation, transmission, and distribution. Power trading involves the exchange of power from suppliers with surpluses to suppliers with deficits. Seasonal diversity in generation and demand, as well as the concentration of power generation facilities in the fuel-rich eastern region of India, has created ample opportunities for trading of power. Recent regulatory developments include the announcement of rules and provisions for open access and licensing related to inter-state trading in electricity. Under the rules notified, the regulatory intention is the promotion of competition. Several entities have started trading operations or have applied for trading licenses. Current participants in the power trading business include, among others, PTC, NTPC's subsidiary NTPC Vidyut Vyapar Nigam Limited and the Tata Power Trading Company Private Limited.

ANDHRA PRADESH

The Andhra Pradesh State Electricity Board was unbundled in 1998, to form the Andhra Pradesh Power Generating Company (APGENCO) and the Transmission Corporation of Andhra Pradesh (APTRANSCO). This was a sequel to Government's reforms in power sector to unbundle the activities relating to generation, transmission and distribution of power. All the generating stations owned by erstwhile Andhra Pradesh State Electricity Board (APSEB) were transferred to the control of APGENCO. APGENCO is one of the pivotal organizations of Andhra Pradesh, engaged in the business of power generation. Apart from operation and maintenance of the power plants it has undertaken the execution of the ongoing and new power projects scheduled under capacity addition programme and is taking up renovation and modernization works of the old power stations. The installed capacity of APGENCO as on March 31, 2005 is 6,580.9 MW comprising 2,992.50 MW Thermal, 3,586.4 MW Hydro and 2 MW Wind power stations, and contributes about half the total energy requirement of Andhra Pradesh. APGENCO is third largest power generating utility in the country next to NTPC and Maharashtra. It's installed hydro capacity of 3586.4 MW is the highest among the country. APGENCO achieved a high PLF of 89.7% for the year ended March 31, 2005.

In 2001, four Distribution Companies (DISCOMs) were incorporated as wholly owned subsidiaries of AP Transco. The state government has also enacted a legislation to prevent and penalize the theft of power. The present focus of AP Transco, and the DISCOMs, is on reducing T&D losses, increasing revenues and improving the quality of power supply. Recently CRISIL and ICRA jointly published ratings of SEBs and Power Utilities based on certain external parameters like contribution of the state government in matters such as subsidiaries and addition to generation capacity, implementation of the EA 2003 and tariff order and internal parameters like business risk in terms of availability factor, plant load factor, transmission losses, financial risk in terms of level of receivables and creditors and the availability to service debt. Based on the above parameters Andhra Pradesh was ranked no. 1.

The state of AP also stood 3rd in the list of approved projects commissioned across the country.

Key historical statistics on the electricity sector in the state is as under:

FY	Units	1999	2000	2001	2002	2003
Installed capacity	MW	5,893	5,908	5,909	6,209	6,669
Total available capacity	MW	7,342	7,512	7,974	9,056	10,329
T&D losses	%	38	37	33	29	26
Energy shortage	%			8	9	7
Peak shortage	%			15	20	19
Per capita consumption	KWh	480	500	483.	n.a.	520
Average tariff	Rs./kWh	1.65	1.75	2.11	1.52	2.54
No. of consumers	mn	10.9	11.6	13.3	14	14.7

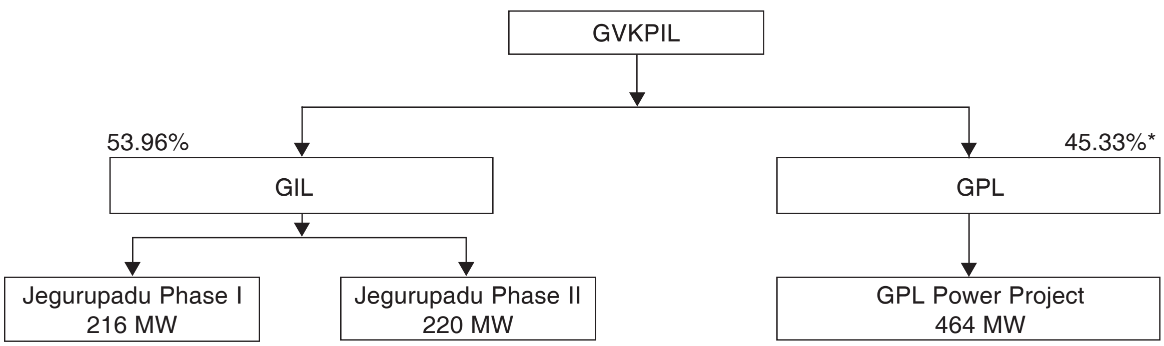
Source: Crisinfac

OUR BUSINESS

Introduction

GVK Power & Infrastructure Limited ("GVKPIL") is the holding company of the power businesses of GVK and also provides operations and maintenance services to its power assets. GVKPIL presently owns a 53.96% stake in GIL, which has two power plants: (i) the operational 216 MW Jegurupadu Phase I, and (ii) the 220 MW Jegurupadu Phase II project, to be comissioned by mid February 2006. In addition, GVKPIL currently owns a 45.33% equity stake in GPL, which is developing a 464 MW combined cycle power plant that is expected to be comissioned by September 2006. GVKPIL will increase its ownership in GPL to 51% by subscribing to the equity of GPL as part of its equity contribution in the project using a portion of the net proceeds of the IPO.

The following chart outlines our current structure:



(* to be increased to 51% by COD)

Jegurupadu Phase I is a 216 MW mixed fuel combined cycle power plant at Jegurupadu, Andhra Pradesh. Jegurupadu Phase I commenced operations in the open cycle mode in August 1996 and in the combined cycle mode in June 1997. It was among the first independent power projects in India (*Source: IFC*) to commence operations and was, furthermore, the first independent private power project in India to be financed by the IFC. GIL is also developing a 220 MW dual fuel combined cycle power plant at Jegurupadu ("**Jegurupadu Phase II**"), which is scheduled to commence operations by middle of February 2006. In addition, GPL is developing a 464 MW dual fuel combined cycle power plant located in Peddapuram, near Kakinada in Andhra Pradesh, which is scheduled to be in commercial operations by September 2006. Once the Jegurupadu Phase II and GPL power project become operational, the total capacity of our three power plants will be 900 MW. All three plants are IPPs and supply, or will supply, their entire output to (Power) Distribution Companies of Andhra Pradesh ("**APDISCOMs**") under long-term Power Purchase Agreements ("**PPAs**") and obtain their fuel supplies from government-owned fuel suppliers under long-term fuel supply contracts.

History and background of GVK

GVK is a diversified business group with interests in a wide range of businesses including power, roads, urban infrastructure, bioscience, hotels and manufacturing. In recent years, GVK has increasingly focused on the power and infrastructure sectors, which it has identified as its core business areas for future growth. Apart from the projects in the power sector, in the infrastructure sector, GVK has constructed the Jaipur-Kishangarh Expressway project, which is a segment of the Golden Quadrilateral National Highway Development Project of GOI.

Mr. G.V. Krishna Reddy, the Chairman of GVK, is a first generation entrepreneur who established GVK four decades ago.

Recent Restructuring

Recently, a corporate restructuring plan was undertaken by us with the intention that GVKPIL become a holding company of the power projects promoted by other GVK companies, namely GIL and GPL.

GIL was originally promoted in 1992 by the GVK and CMS (USA). The Asian Infrastructure Fund (through Golden Palm Limited and Vintage Investments Limited) subscribed to 29.75% of the equity share capital of GIL in 1993. In September 1995, IFC made an equity investment in GIL aggregating to 10%. In 2005, GVKPIL acquired CMS's (USA) 33.16% stake in GIL. Additionally, GVKPIL purchased from our Promoters and other GVK companies their equity shares in GIL, thereby aggregating GVKPIL's shareholding in GIL to 53.96%. For further details see "History and Corporate Structure" on page 95 of this Prospectus.

GPL was originally incorporated by Satyam Constructions Private Limited (name subsequently changed to Maytas Infra Private Limited) in 1996. Subsequently, IJM Corporation Berhard (Malayasia) joined as strategic equity partner. In 2000 NCC

Power Corporation Limited, another IPP based in Andhra Pradesh, merged with Gautami Power Private Limited through a Scheme of Amalgamation. As a result of the merger the shareholders of GPL were Maytas Infra Private Limited along with their affiliates, IJM Corporation Berhard (Malayasia) through its subsidiary and NCC Power Corporation Limited. In July 2003, the Promoters through GVK Energy Holdings Private Limited (originally GVK Power Private Limited) became a strategic equity partner in GPL and assumed the responsibility of implementing the power project and also contributed to the equity of the project. In October 2005, GVKPIL purchased the equity shares of GPL held by the Promoters and other GVK Companies, thereby acquiring 38.38% of the equity share capital of GPL. Further, GVKPIL availed of bridge loans in October 2005 and November 2005, which were used to infuse further capital in GPL, thereby increasing GVKPIL's stake to 45.33%. This equity stake is proposed to be increased to 51% through the infusion of part of the IPO proceeds. See "History and Corporate Structure" on page 95 of this Prospectus for further details.

Competitive strengths

- *Substantial operating experience:* We were among the first IPPs in India. Our Jegurupadu Phase I facility has been in operation for over eight years. Over these years, we have become familiar with the operations of these facilities and we believe that our experience should help us ensure the continuity of our operations. We also believe that we are less likely to encounter the types of difficulties that new operators of power plants experience in India and the industry.

- *Quality and strength of execution:* We have an established track record in terms of our ability to meet project targets on time. We have considerable experience in the successful development and execution of new projects, such as the completion of the Jegurupadu Phase I facility. Similarly, GIL's Jegurupadu Phase II and the GPL power project are expected to commence operations in middle of February 2006 and September 2006, respectively. We believe that our expertise in project implementation provides us with significant competitive advantages in an industry where substantial expansion is expected in the foreseeable future.

- *Assured revenues:* Each of our generation facilities has an assured source of revenue under a take-or-pay PPA with APDISCOMs, under which APDISCOMs is required to pay for the plant's output at an agreed PLF, regardless of whether or not APDISCOMs actually takes delivery of the power generated. APDISCOMs has been regularly releasing the payments to us on the due date of payment. This is corroborated by the fact that for the past six months, APDISCOMs has been consistently availing the rebate of 2.5% that it is entitled to, provided the bill is paid within the due date of payment.

  The tariffs we are paid under our Jegurupadu Phase I PPA are structured to cover the Fixed Costs of operating the plant, interest, depreciation and to provide for a 16% return on equity. The tariff for Jegurupadu Phase I is also protected against fluctuations in foreign exchange rates with respect to the foreign currency debt service obligations. APDISCOMs' payment obligations to us under these PPAs are secured by letters of credit, escrow arrangement and state government guarantee covering all of APDISCOMs' payment obligations.

- *Strength of our off-taker:* Our off-taker, APDISCOMs has never defaulted on its monthly payment obligations to us. It is recognized as the number one off-taker among all the power distribution companies in India. *(Source: CRISIL / ICRA Report dated March 2005).*

- *Low Tariff:* The tariff under the PPA for Jegurupadu Phase I is on a two-part basis that entitles GIL to recover all its costs and to a post-tax return on equity of 16%. As the tariff is on a two-part basis, the amount of fixed charges payable by APDISCOMs to GIL will progressively come. However, this will not affect the profitability of GIL, since GIL continues to recover its return on equity and incentives throughout the term of the PPA. Due to a progressive reduction in the tariff to be paid by APDISCOMs to GIL, GIL is likely to be in a favourable position in the merit order dispatch by APDISCOMs going forward.

- *Strong managerial experience and training:* We have sound managerial experience in the power sector in India. We promote a professional management culture that allows management to execute our objectives effectively. Further, we also place considerable emphasis on the continuous training and development of our personnel in order to attract and retain high quality employees. We frequently send our key personnel for training abroad to gain the best know-how available. We allocate ongoing resources in pursuit of such training objectives.

- *Low operating costs at our facilities*: We expect to benefit from economies of scale through the use of shared facilities between Jegurupadu Phase I and Jegurupadu Phase II. These shared facilities include using the approach roads to the projects, sharing the use of the demineralised plant capacity, raw water storage reservoir and potable water, staff quarters, and the administrative building and the compound walls. These economics of scale have helped us to reduce our tariff, which improves our position in the merit order dispatch.

- *Ecologically sound practices:* We have consistently demonstrated our commitment to remain at the forefront of ecologically sound practices. Our Jegurupadu Phase I facility was selected by the IFC as one of the world's model power plants in 2000. Our plant was also awarded a 'gold star' rating from TERI, signifying world-class performance in environment, health and safety in 2002.

Strategy

- *Continuing to invest in the expansion of generation capacity*: Once the Jegurupadu Phase II and GPL power project is operational, we expect to have an aggregate of 900 MW of power generating capacity situated in two locations and we intend to increase our generating capacity by either expanding our existing plants or constructing additional power stations in our current location and other locations across India, thereby increasing our market share. We intend to locate the new plants close to either demand centres or fuel sources, in order to balance the need to generate at the lowest cost with the ability to bring electricity to market effectively.
- *Securing access to long-term supplies of fuel:* We constantly review the possibility of securing quality fuel from various sources. In this regard, we have signed initial MOUs with various potential gas suppliers.
- *Expanding further into operations and maintenance*: We intend to offer fee based Operations and Maintenance ("**O&M**") services by capitalizing on our experience of operating and maintaining power projects. We expect substantial capacity enhancement in the power generation sector in India and will aggressively market our capabilities as an O&M service provider, both within and beyond the Promoter Group
- *Capitalizing upon opportunities presented by the Electricity Act, 2003 ("**EA 2003**")*: The EA 2003 is designed to open generation, transmission and supply, power trading and distribution businesses to competition. It is intended to give larger users the freedom to choose their source of power supply. By producing competitively priced power, we plan to win new customers and retain existing clients as we continue to monitor and selectively capture opportunities therein. We would also explore opportunities available in power trading, as and when they arise.
- *Identifying new investment opportunities:* We are actively focused on becoming a diversified power and infrastructure player. We, together with other GVK companies, are currently analyzing a number of new potential projects in the power sector, including hydropower, thermal and wind power projects, which will diversify our fuel mix and revenue sources. In addition, we may invest in other infrastructure sectors, such as toll roads and airports, in the future. We expect GVK to develop these projects to the point of financial viability and to subsequently inject these assets into our project portfolio, subject to applicable regulations and approval by the respective board of directors.

GVK Power & Infrastructure Ltd.

Introduction

GVK Power & Infrastructure Limited (earlier known as Jegurupadu Operating & Maintenance Company ("JOMC)") was originally incorporated on December 2, 1994 in New Delhi as a private company with unlimited liability and engaged in the business of operating and maintaining power plants. GVKPIL is the O&M contractor for the power plants of GIL and GPL. As on March 31, 2005, GVKPIL's total revenues and profit after tax were Rs.74.53 million and Rs.17.64 million, respectively.

Power Assets

The following table outlines certain principal features of the power generating facilities of our Subsidiaries (GPL will become a Subsidiary prior to its Commerical Operation Date ("**COD**"), which is expected to occur in September 2006)

Facility	**Existing Jegurupadu facility - Phase I**	**Proposed Jegurupadu facility- Phase II**	**Proposed Peddapuram facility**
Owner	GVK Industries Limited	GVK Industries Limited	Gautami Power Limited
Specifications			
Installed Capacity	216 MW	220 MW	464 MW
Type	Mixed fuel (natural gas and Naphtha) Gas turbines; 3 8C ABB Gas Turbines, 1 Steam Turbine Generator and 3 Heat Recovery Steam Generators	Dual fuel (natural gas and HSD) Gas turbines; 1 13E2 Alstom Gas Turbine; 1 Steam Turbine Generator and 1 Heat Recovery Steam Generator	Dual fuel (natural gas and HSD), Gas Turbines: 2 13E2 Alstom Gas Turbine Generators, 1 Steam Turbine Generator and 2 Heat Recovery Steam Generators
COD	June 1997	Mid-Februray	September 2006.
Financial Information			
Approved Capital Cost/ Project Cost	Rs. 8,160.00 million	Rs. 7,203.70 million	Rs. 14,500.00 million

Facility	Existing Jegurupadu facility - Phase I	Proposed Jegurupadu facility- Phase II	Proposed Peddapuram facility
Debt to Equity Ratio	70:30 (94% of the debt on this project had been repaid as on September 30, 2005)	100% debt financed	70:30
PPA			
Off-taker	APDISCOMs	APDISCOMs	APDISCOMs
Term Expires	18 years from COD	15 years from COD	15 years from COD
Minimum Take or Pay Quantity (as % of PLF)	68.49%	85% (includes 5% of Committed Incentive Energy)	85% (includes 5% of Committed Incentive Energy)
Fuel Supply Agreement			
Supplier	GAIL and BPCL	GAIL	GAIL and BPCL
Term Expires	GAIL - December 2007 BPCL - January 2007	December 2019	December 2020
O&M Agreement			
Contractor	GVKPIL	GVKPIL	GVKPIL
Term Expires	March 2015	January 2021	December 2021

A. Jegurupadu Phase I - 216 MW Power Project, Jegurupadu, Andhra Pradesh

Introduction

Jegurupadu Phase I is owned by GIL. Jegurupadu Phase I is a 216 MW mixed fuel combined cycle power plant, situated at Jegurupadu in the East Godavari District of Andhra Pradesh.

The plant commenced open cycle operations in August 1996 and combined cycle operations in June 1997. The project operates as a baseload station selling all its output to APDISCOMs under an 18 year PPA and has a fuel supply agreement with GAIL for natural gas and BPCL for naphtha. We currently own 53.96% of GIL.

The following table sets forth Jegurupadu Phase I's performance details for the last five years:

Particulars	For the Year ended March 31,				
	2005	2004	2003	2002	2001
Plant Availability Factor (%)	98.1	96.1	98.5	98.4	96.1
Plant Load Factor (%)	75.3	80.1	84.4	85.5	88.1
Units generated (million KWh)	1,419.9	1,507.7	1,586.1	1,607.2	1,659.6
Units sold (million kWh)	1,386.7	1,476.4	1,555.3	1,574.5	1,624.4
Heat Rate (Kcal/kWh)	2,039	2,046	2,001	1,989	1,976
Variable Charge (fuel cost) (Rs./kWh)	1.0*	0.9*	0.8	0.8	0.8
Fixed Charges** (Rs./kWh)	1.3	1.3	1.3	1.4	1.4
Total Tariff (Rs./kWh)	2.3	2.2	2.1	2.2	2.2

* The increase in variable charges was due to an increase in the price of natural gas.

** Inclusive of Incentive.

For the six months period ended September 30, 2005, our plant availability factor was 94.3%, our plant load factor was 68.7%, our variable charge was Re.1 per kwh and our fixed charge was Rs. 1.3 kwh.

Due to shortage of natural gas in the State of Andhra Pradesh over the last five years, the natural gas made available to us from GAIL has been reduced. As a result, while Plant Availability Factor ("PAF") has remained constant, PLF has gone down. The reduction in PLF leads to an increase in station heat rate, over and above the agreed station heat rate as per the terms of the PPA, thereby leading to increased costs.

Power Generation Process:

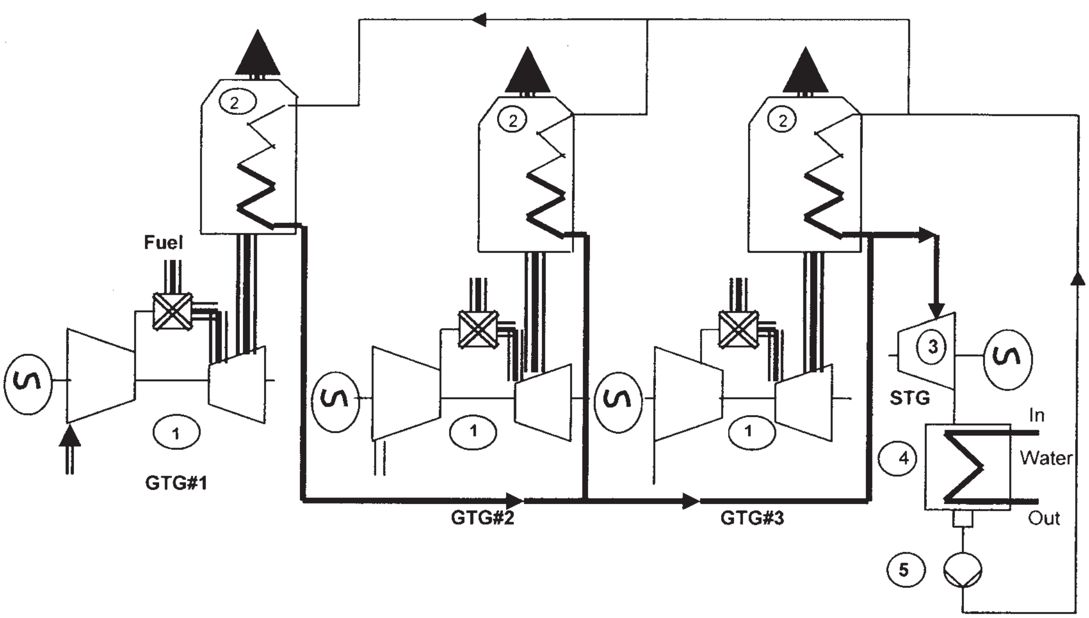
Jegurupadu Phase I is configured to operate on a combined cycle mode and can operate using either naphtha or natural gas, or both (mixed fuel). The plant has three gas turbine generators and one steam turbine generator, all manufactured by ABB, with a gross power output of approximately 216 MW.

A combined cycle gas turbine power plant is an efficient method of generating electricity using natural gas or liquid fuel. The gas turbines can fire a wide range of fuels, from natural gas, which is a clean fuel, to high speed diesel (HSD) and naphtha. The gas turbine consists of a compressor, combustor and turbine sections. Fuel is injected into the combustion chamber through fuel nozzles. Atmospheric air drawn and compressed by the compressor, is mixed with the fuel and ignition takes place in the combustion chamber. The hot gas from the combustion chamber, at high pressure and temperature, is expanded over the gas turbine blades generating mechanical power to drive the electrical alternator, thereby producing electrical energy. If required water is injected into the combustion chamber to keep nitrogen oxide emission levels within permissible limits.

Exhaust from the gas turbine is at a very high temperature, approximately 540°C and, therefore, contains a significant amount of heat energy. The exhaust from the gas turbine is led to the Heat Recovery Steam Generators ("HRSG"), which converts feed water into steam using the heat energy from the gas turbine exhaust. The steam is expanded in the steam turbine, which is connected to an electrical alternator to produce electrical power. If not for this recovery in the HRSG, approximately 30% of the total energy input into the gas turbine would be released to the atmosphere and wasted. The HRSG recovers this energy, which is converted into electrical power in the steam turbine generator. HRSG exhaust gas is of low temperature, having released its energy to produce steam, and is dispersed into the atmosphere through exhaust stacks. The exhaust steam from the steam turbine is condensed in a water cooled surface condenser and the condensate is then pumped back into the HRSG for recycling.

The power produced in the facility's generators is stepped-up to the required transmission voltage and evacuated to the local grid through transmission lines. A significant advantage of CCPP's is that the generation units can be installed in stages and installation of multiple generating units facilitate part load operation complying with dispatch requirements.

PROCESS DIAGRAM FOR JEGURUPADU PHASE-I



Simplified flow diagram of a combination of gas turbine /steam turbine power plant

1. Gas Turbine Generator
2. Heat Recovery Generator
3. Steam Turbine Generator
4. Condenser
5. Pumps

Power Purchase Agreement

We sell the electricity generated by our plant to APDISCOMs under a long-term PPA, entered into on April 19, 1996 valid for a period of 18 years and renewable by mutual consent for another 15 years. Under the terms of the PPA, APDISCOMs is required to take-or-pay all of the electricity generated by our plant, provided that we operate the power station at a PLF of at least 68.49% in a tariff year. The tariff payable by APDISCOMs is based on a two-part structure, which consists of a fixed charge and variable charge. The monthly fixed charge includes the following:

1. Interest on debt, which is actual interest on the approved debt component. Interest payable on our foreign currency loan is determined at the prevailing exchange rates;
2. Return on equity at the rate of 16% on the approved equity component;
3. Interest on working capital based on the normative parameters at the prevailing interest rate charged by SBI;
4. Depreciation as per the rates under the Electricity Supply Act, limited to 90% of the value of the asset;
5. O&M expenses at the rate of 2% of the approved project cost, indexed to inflation;
6. Foreign exchange variation for debt repayment; and
7. Insurance premiums at the rate of 1% of the approved project cost, subject to actuals.

The variable charge component of the tariff includes the cost of fuel, the cost of transportation, minimum fuel off-take charges and all statutory duties, taxes, cesses and levies applicable thereon.

The formula for computing the variable charges under the tariff is as given below:

EUD x {(10hC) /G(100-A)}, where;

EUD = Energy units delivered in kWh;

h = Station Heat Rate of 2000 kilo Cal/kWh;

G = GCV of gas in kilo Cal/Standard Cubic Meter;

C = Rs. cost of gas per 1000 Standard Cubic Meter; and

A = Auxilliary consumption which is 3% of generation.

The PPA also provides for payment of incentives for power generation exceeding 68.49% of PLF and penalties in the event that the PLF falls below this threshold. Where PLF is greater than 68.49% (including Notional Generation) in any tariff year, an incentive payment of 0.525% of the equity is payable for every percentage increase in the PLF above 68.49%. However, incentives will be payable for a PLF above 85% only on actual generation and not on Notional Generation. If the PLF in any tariff year is below 68.49%, then the fixed charges for such tariff year will be determined by multiplying the fixed charges by the actual PLF for such tariff year, divided by the minimum PLF of 68.49%.

Income tax payable by us excluding tax on our incentives is reimbursed by APDISCOMs to GIL, provided that such reimbursement shall not exceed the actual taxes paid by GIL during such tariff year.

Although we are eligible for incentives up to a PLF of 85%, APDISCOMs has since fiscal year 2003 made payments to us only for actual generation. As a result of such non payments, we have filed a claim against APDISCOMs at the High Court of Andhra Pradesh to recover such dues.

Payment Mechanism

Payments due from APDISCOMs under the PPA are supported by a three-tier credit support mechanism as listed below:

- *Letter of Credit (LC):* For the payments due under the PPA, APDISCOMs shall open an Irrevocable Revolving Letter of Credit for an amount equal to monthly billing including taxes on income and incentives computed at 85% PLF. In the usual course, payment is received from APDISCOMs through the LC mechanism. In the event of non-payment through the LC mechanism, we have recourse to an escrow arrangement.
- *Escrow Arrangement:* Under the terms of the escrow agreement, APDISCOMs deposits all collections from certain identified collection centers into an escrow account established for the benefit of Jegurupadu Phase I. The amount required to be deposited in the escrow account on a monthly basis equals the monthly billing amount computed at a PLF of 100%. APDISCOMs is entitled to use the funds available in this account, so long as there is no default in the payment mechanism. In the event of a payment default, APDISCOMs is prohibited from utilizing funds available in the escrow account. The money so accumulated in the account is then available to GIL for payment of its bills.
- *State Government Guarantee*: This is the third level of credit enhancement mechanism. The GOAP guarantee covers all obligations of APDISCOMs under the PPA.

Buy-out Mechanism

The PPA provides for the purchase of the project by APDISCOMs pursuant to a buy-out notice.

The buy-out price is determined according to the reasons for termination. The termination can result from an APDISCOMs purchase option following a GIL default or a GIL sale option following an APDISCOMs default. The buy-out price is determined based on the following elements:

a) Discounted cash flow value over the remainder of the term of the PPA;

b) Construction period value;

c) Terminal value;

d) Total debt amount;

e) Transfer taxes; and

f) Transfer costs.

Operations and Maintenance

The Jegurupadu Phase I plant is operated and maintained by GVKPIL pursuant to an O&M Agreement. Under the O&M Agreement, GVKPIL is responsible for all aspects of the O&M of the plant, including operating the plant's various units and systems, developing and implementing the plant's maintenance program and providing the necessary personnel and training to fulfill its obligations. In consideration of these services, GIL is required, on a monthly basis, to reimburse GVKPIL for its expenses and to pay GVKPIL a quarterly base fee and an annual incentive fee for operating the plant above a certain level of PLF, as stipulated in the O&M Agreement. The fees are calculated as follows:

Base Fees:	
Up to PLF of 70%	Rs. 19.50 million p.a.
From 71% to 75%	For each 1% PLF increase, the base fees shall increase by an additional amount of Rs. 3.90 million.
Incentive Fees:	
Between PLF of 76% to 80%	For each additional percentage point increase, the incentive fee shall increase by an amount of Rs. 2.45 million.
Between 81% - Up to 85%	For each additional percentage point increase, the incentive fee shall increase by an amount of Rs. 3.16 million (in addition to the above).
Between 86% - Up to 95%	For each additional percentage point increase, the incentive fee shall increase by an amount of Rs. 4.00 million (in addition to the above)

The O&M Agreement requires GVKPIL to fulfill certain minimum performance standards with respect to plant availability, heat rate and annual operating budget. The O&M Agreement runs for a period of 10 years, expires in 2015 and is renewable by mutual consent.

Financing arrangements

The cost of the setting up Jegurupadu Phase I was Rs. 10,252.31 million. This was financed with debt of Rs. 7,362.76 million, Equity of Rs. 2,620.00 million and internal accruals of Rs. 269.55 million**.** As on September 30, 2005, over 94% of this debt had been repaid and the entire debt for Jegurupadu Phase I is expected to be repaid by June 2007. As part of our financing arrangements, all of our lenders have step in rights wherein in case of a default by us under the financing document, the lenders are entitled to step into the project and enforce all the rights of GIL, including the escrow account, which were set up as part of the security mechanism in our PPA. Also, all of our project assets have been mortgaged to the lenders and GVKPIL has also pledged part of its equity stake in favour of the lenders of Jegurupadu Phase I.

The original capital cost approved under the PPA was Rs. 8,160.0 million, including a Rupee component of 3,538.67 million, a DM component of 229.75 million and a USD component of 10.39 million. The approved capital cost of Rs. 8,160.0 million, was arrived at considering an exchange rate of USD 1 = Rs. 31.50 and DM 1 = Rs. 18.69. As per the provisions of PPA, the capital cost has to be recomputed upon the completion of the project and the tariff payable is determined based on the completed capital cost. The completed capital cost of the project of Rs. 10,252.31 million was submitted by GIL to APDISCOMs and Central Electricity Authority ("CEA") in May 1998 for approval. The increase in capital cost was mainly due to foreign exchange fluctuations, increases in the rate of customs duty on import of plant machinery, increases in connection with making the plant 100% naphtha compliant and additional expenses incurred due to delay in receiving the counter guarantee from the GoI. APDISCOMs appointed CRISIL to examine and determine the completed capital cost and CRISIL appointed M/s K.S. Iyer & Co, Chartered Accountants, Mumbai for verification of the books of accounts of GIL in this connection. We understand that CRISIL has submitted its report on completed capital cost to APDISCOMs. However, the approval for completed capital cost has still not been received and we have instead been receiving a tariff based on capital cost of Rs. 8,160.00 million and not Rs. 10,252.31 million. We have filed a claim against the CEA for approval of the completed capital cost. See “Outstanding Litigation and Material Developments” on page 270 of this Prospectus for further details.

Fuel supply

GIL entered into a Gas Supply Contract dated 16 February 1993 with GAIL, which expires in December 2007. The allocated gas supply is 0.9 mmscmd on a firm basis and 0.15 mmscmd on a fall back basis. The plant currently operates only on natural gas in line with the directions of APDISCOMs and has received gas of an average of 0.92 mmscmd, 0.89 mmscmd and 0.83 mmscmd from GAIL for the years 2003, 2004 and 2005 respectively. Since the plant has a mixed fuel firing capability, GIL also entered into a naphtha supply Agreement with BPCL, which expires in 2007. The allocated naphtha supply of 750 mt per day is sufficient to run the plant at 100% PLF.

Water supply

In the power generation process, water is required for generation of steam, which in turn is fed into the steam turbines for generation of power. The average water requirement for Jegurupadu Phase I is 7,200m^3 per day. The Irrigation Department of GOAP has accorded permission to GIL for drawal of 18.5 cubic feet per second (“cusecs”) (45,261 m^3 per day) of water upstream from the Dowleshwaram barrage across the Godavari river. A raw water pipeline of 500 mm carries water from the Godavari river to the plant reservoir. The plant reservoir can hold the water requirement of the plant for 60 days use in case of maintenance works being carried out by the Irrigation Department to the irrigation canal. This shut down normally happens during the summer for 45 days.

Power evacuation

The power generated at 11kV in the plant is stepped up to 220kV by generator transformers. Interconnection with APDISCOMs is at 220kV via a switchyard at the plant site. Power is evacuated through two 220kV transmission lines to the sub-stations of APTRANSCO.

Jegurupadu Phase I has been in operation for over eight years and all required operational insurance policies are in place. GIL has taken an Industrial All Risk Policy (IAR) covering all its project assets. The policy covers the risk of physical damage to the assets as well as business interruption risks, i.e., loss of profit. Apart from the above, the following policies are also in place:

1. Public Liability Policy;
2. Plantation Policy;
3. Mediclaim Policy;
4. Personal Accident Policy;
5. Vehicle Insurance Policy;
6. Stores and Spares Policy; and
7. Residential Colony Policy.

We believe that the above policies are adequate to cover all material risks. As part of the security being offered to the lenders in our loan agreements, all the above policies have been assigned to our project lenders.

B. Jegurupadu Phase II – 220 MW Power Project, Jegurupadu, Andhra Pradesh

Introduction

In 1998, the GOAP granted permission to GIL to expand its existing 216 MW Jegurupadu Phase I facility. Based on the gas allocation of 1.1 mmscmd, GIL is in the process of setting up a dual fuel combined cycle power plant with a 220 MW capacity at its Jegurupadu site.

In May 2000, the GOAP announced a policy to support only those natural gas-based IPPs that could match the tariff and station heat rate of GPL (another power generating facility of GVK), which had the lowest tariff and was made the benchmark tariff for the short gestation projects in the State of Andhra Pradesh. GIL not only agreed to the above terms, but also reduced the fixed charge component of the tariff by three paise due to certain infrastructure facilities being shared with Jegurupadu Phase I.

Since the proposed power generating facility is to be constructed within the premises of the existing Jegurupadu Phase I facility, certain infrastructure facilities are to be shared between Jegurupadu Phase I and Jegurupadu Phase II. These shared facilities include using the approach roads to the projects, sharing the use of the demineralised plant capacity, raw water storage reservoir and potable water, staff quarters, the administrative building and the compound walls. The sharing of such facilities has helped us to reduce our tariff charged to the APDISCOMs, which in turn will improve the merit order despatch of Jegurupadu Phase II once our plant becomes operational.

GIL entered into a 15 year PPA with APDISCOMs in relation to Jegurupadu Phase II on June 18, 2003. The erection work for Jegurupadu Phase II has been completed and we are in the process of doing further trial runs. The first trial run was successfully completed on October 9, 2005 and we believe the plant will be operational by December 2005.

Power Generation Process:

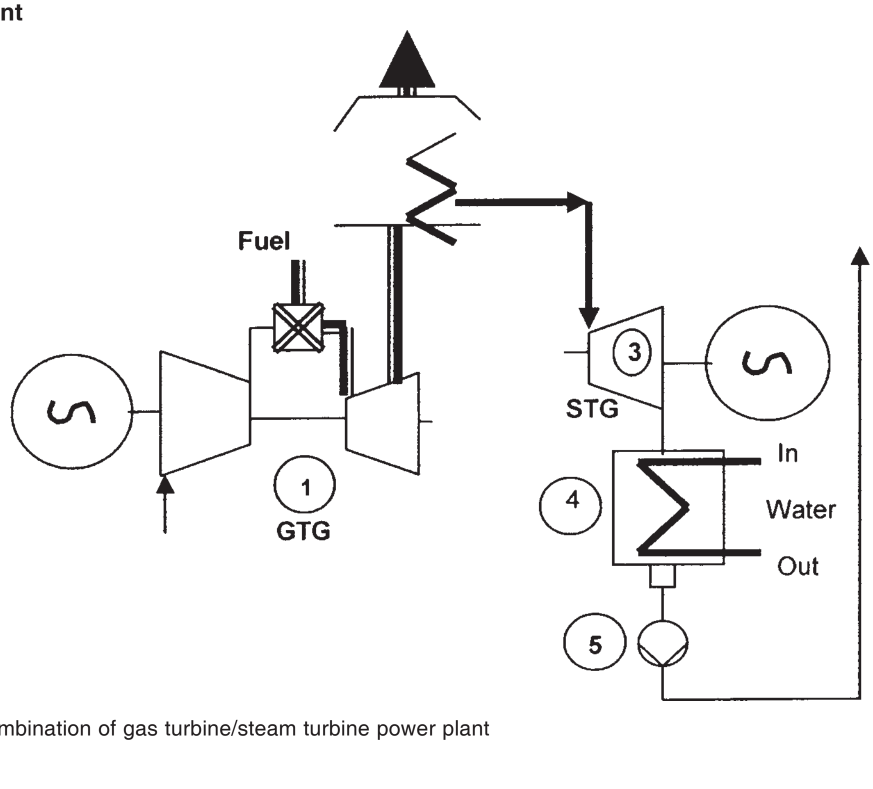
Jegurupadu Phase II is configured to operate on the dual fuel combined cycle mode comprising of one gas turbine generator and one steam turbine generator manufactured by Alstom, with a gross power output of approximately 220 MW.

A combined cycle gas turbine power plant is an efficient method of generating electricity using natural gas or liquid fuel. The gas turbines can fire a wide range of fuels, from natural gas, which is a clean fuel, to high speed diesel (HSD). The gas turbine consists of a compressor, combustor and turbine sections. Fuel is injected into the combustion chamber through fuel nozzles. Atmospheric air drawn and compressed by the compressor is mixed with the fuel and ignition takes place in the combustion chamber. The hot gas from the combustion chamber at high pressure and temperature is expanded over the gas turbine blades generating mechanical power to drive the electrical alternator, thereby producing electrical energy. Water is injected into the combustion chamber to keep nitrogen oxide emission levels within permissible limits.

Exhaust from the gas turbine is at a very high temperature, approximately 540°C and, therefore, contains a significant amount of heat energy. The exhaust from the gas turbine is led to the Heat Recovery Steam Generators ("HRSG"), which converts feed water into steam using the heat energy from the gas turbine exhaust. The steam is expanded in the steam turbine, which is connected to an electrical alternator to produce electrical power. But for this recovery in the HRSG, approximately 30% of the total energy input into the gas turbine would be released to the atmosphere and wasted. The HRSG recovers this energy, which is converted into electrical power in the steam turbine generator. HRSG exhaust gas is of low temperature, having released its energy to produce steam, and is dispersed into the atmosphere through the exhaust stack. The exhaust steam from the steam turbine is condensed in a water cooled surface condenser and the condensate is then pumped back into the HRSG for recycling.

The power produced in the facility's generators is stepped up to the required transmission voltage and evacuated to the local grid through transmission lines.

Power Purchase Agreement



Simplified flow diagram of a combination of gas turbine/steam turbine power plant

1. Gas Turbine Generator
2. Heat Recovery Generator
3. Steam Turbine Generator
4. Condenser
5. Pumps

The tariff under the PPA is the sum of the following:

1. *Capacity Charge:* Capacity charge includes Foreign Debt Service Charge ("FDSC") and other fixed charge ("OFC"). The FDSC of US$0.006 per unit of Cumulative Available Energy is converted into Rupees at the prevailing exchange rate. Under the PPA, the FDSC shall be payable to us only for a period of 11 years to cover our foreign debt repayment obligations. The OFC of Rs. 0.669 per unit of the Cumulative Available Energy is fixed for the term of the PPA, (i.e., 15 years from COD).
2. *Energy Charge.* The Energy Charge, which includes the cost of fuel as delivered at the fuel metering point at the site. The formula for computing the Energy Charge under the tariff is as given below:

Energy Charge = EU x {(hC) /G x (1-A/100)}, where:

EU = The total number of energy units (kWh) delivered at the interconnection point;

h = Station Heat Rate of 1,850 Kilo Cal/kWh;

G = GCV of gas in Kilo Cal/unit of fuel;

C = cost of gas in Rupees per unit of fuel as delivered at the fuel metering point at the site; and

A = Auxilliary consumption which is 3% of generation.

APDISCOMs shall also reimburse GIL for the minimum fuel off-take charges paid in respect of its failure to take delivery of the minimum levels of fuel, if failure to take such fuel is due to APDISCOMs issue of dispatch instructions requiring that the project be operated at a level less than the level of its declared capacity, or APDISCOMs' inability to accept delivery of net electrical energy from the project (whether due to force majeure events or otherwise).

Incentives: Where the PLF is greater than 80% in any tariff year, an incentive payment for the additional units of actual generation in excess of the PLF of 80% is payable. The incentive paid is based on a percentage of the other fixed charge (OFC) as given below:

PLF (%)	**Incentive (%)**
Up to 80%	Nil.
Above 80% up to 85%	Committed Incentive Energy, equivalent to 5% of 220 MW paid at a fixed rate of Rs. 0.0669 per kWh, which is 10% of the OFC.
Above 85% up to 90%	2% of the OFC for every 1% increase in PLF.
Above 90%	10% of the OFC.

Disincentives:

In case the project is unable to achieve a PLF of 73.5% (including Committed Incentive Energy) for a tariff year, GIL will pay APDISCOMs a penalty as a percentage of the OFC as given below:

PLF (excluding Committed Incentive Energy) (%)	**Penalty**
68.49%	Nil.
Below 68.49% to 60.5%	2% of OFC for every 1% shortfall in PLF.
Below 60.5% to 50.5%	3% of OFC for every 1% shortfall in PLF (in addition to the above).
Below 50.5%	46% of the OFC.

Taxes on Income: The claim for payment of any advance income tax paid by GPL has to be supported by a certificate of a chartered accountant that is duly approved by APDISCOMs. After the tax assessment is completed and the liability thereon is determined by the taxation authorities, the excess / short fall in the tax liability so determined is adjusted appropriately.

Payment Mechanism

Payments due from APDISCOMs under the PPA are supported by a three-tier credit support mechanism, as listed below:

- *Letter of Credit (LC):* For the payments due under the PPA, APDISCOMs shall open an irrevocable revolving letter of credit for an amount equal to monthly billing computed at 100% PLF. In the usual course, payment is received from APDISCOMs through the LC mechanism. In the event of non-payment through the LC mechanism, we have recourse to an escrow arrangement.

- *Escrow Arrangement:* Under the terms of the escrow arrangement, APDISCOMs deposits collections into an escrow account established for the benefit of Jegurupadu Phase II. The amount required to be deposited in the escrow account on a monthly basis equals to LC amount. An account designated as APDISCOMs-GVK ESCROW ACCOUNT for this purpose has been opened by APDISCOMs with the State Bank of Hyderabad. The account becomes operational 30 days prior to the scheduled COD. APDISCOMs is required to maintain, on a monthly basis, an amount which is no less than 100% of the LC amount. APDISCOMs is required to issue irrevocable instructions to remit the above mentioned amount out of the total revenues received by it on three days (i.e., the seventh to ninth day in each calendar month). In the event that the quantum of the remittance is lower than the amount required to be funded in the escrow account, then APDISCOMs is required to deposit the short fall. APDISCOMs can from time to time withdraw the monies that become available in the escrow account, so long as there is no event of default by APDISCOMs. In the event of a default in the payment or renewal of the letter of credit, a written notice can be given to the banker, upon receipt of which the banker shall not honor any cheque presented to it by APDISCOMs for a period of seven days. After seven days, GIL can claim payment of its unpaid obligations from the escrow account.
- *State Government Guarantee:* This is the third level of credit enhancement mechanism. The GOAP guarantee covers monthly payment obligations and Buy-out obligations under the PPA, to be restricted to outstanding debt obligations (both on foreign and domestic borrowings of Jegurupadu Phase II) and does not include equity.

Buy-out Mechanism

The PPA provides for the purchase of the project by APDISCOMs pursuant to a Buy-out notice.

The buy-out price is determined according to the reasons for termination. Termination can result from an APDISCOMs purchase option following a GIL default or a GIL sale option following an APDISCOMs default. The Buy-out price is determined based on the following elements:

a) Discounted cash flow value for the remainder of term of the PPA;

b) Total debt outstanding;

c) Transfer taxes; and

d) Transfer cost.

Engineering, Procurement & Construction

Jegurupadu Phase II is being implemented as a fixed-time, fixed-price EPC contract by Alstom (Switzerland) Limited, and Alstom Power India Limited (collectively referred to as “Alstom”). Alstom was selected as the EPC contractor based on a limited international competitive bidding process. GIL executed the EPC contract on June 14, 2003. The Notice to Proceed (“NTP”) was issued to Alstom for the construction of the project on January 21, 2004. The project is to be completed within a period of approximately 670 days (22 months) from the NTP. The EPC contract structure is comprised of three agreements with Alstom, which include:

(i) Supplies (Cost-Insurance-Freight) contract with Alstom (Switzerland) for the supply of plant and equipment of non-Indian origin required for the project, including gas and steam turbines and contains provisions to remedy any defect in such plants, works and services;

(ii) Supplies (Ex-Works) Indian Factory contract with Alstom (India) for supply of plant and equipment of Indian origin required for the project, which includes a 400Kv switchyard, complete plant electrical systems and balance of plant and equipment, and contains provisions to remedy any defect in such plants, works and services; and

(iii) Engineering On-Shore and Construction Services Contract with Alstom (India) in relation to the performance of all services in connection with engineering, erection, construction including civil works and transportation, commissioning, start-up, demonstration and testing and training of personnel in the operation and maintenance of the plant.

In addition to the above, a Guarantee Agreement (wrap contract) was also executed on June 14, 2003 between GIL and Alstom to provide for an unconditional and absolute guarantee by Alstom for all of the above contracts.

Operations and Maintenance

GVKPIL will operate and maintain the Jegurupadu Phase II plant pursuant to an O&M Agreement. This O&M Agreement was entered into between GIL and GVKPIL on October 13, 2005, expires in 2021 and is renewable by mutual consent.

The provisions of the O&M Agreement for Jegurupadu Phase I and Jegurupadu Phase II are similar in nature in respect of O&M services provided to the respective facilities. However, the fees and incentive structure payable to GVKPIL are different under the two contracts. Under the O&M Agreement for Jegurupadu Phase II, GVKPIL is entitled to receive base fee of Rs. 50.0 million per annum.

Liquidated damages are also payable by GVKPIL to GIL under the O&M Agreement in the event that the agreed heat rate is not achieved. The liquidated damages are also payable in the event that the actual expenditure incurred exceeds the annual approved budget.

Financing arrangements

The cost of the setting up Jegurupadu Phase II is estimated to be Rs. 7,203.7 million. GIL has financed the entire project cost through debt obtained from various banks and financial institutions. Since Jegurupadu Phase II is scheduled to commence by mid February 2006, our first instalment of debt repayment will commence from March 2006.

As part of our financing arrangements, all our lenders have step in rights wherein in case of a default under the financing document, the lenders are entitled to step into the project documents and enforce all the rights of GIL, including invoking the escrow account. Also, all our project assets have been mortgaged to the lenders as part of the security arrangement with the lenders.

GVKPIL has pledged a part of its equity stake in favour of the lenders of Jegurupadu Phase I. On the repayment of the entire debt of Jegurupadu Phase I, the shares pledged to the lenders of Jegurupadu Phase I will be transferred to the lenders of Jegurupadu Phase II up to 26% of the equity of GIL. Additionally, as security for a term loan of Rs. 700 million from IL&FS, availed by us for the acquisition of CMS (USA) stake in GIL, we have pledged 23.75% of the total equity of GIL in favour of IL&FS.

Fuel supply

GIL entered into a Gas Supply Agreement (GSA) with GAIL on October 5, 1999, which expires in 2019. GIL has obtained a firm gas allocation of 1.1 mmscmd from the Ministry of Petroleum and Natural Gas. Such allocation of gas is sufficient for operating the Jegurupadu Phase II project at a PLF level of 100%. However, considering the shortage of fuel to meet the demand of four short gestation projects that are being set up in the State of Andhra Pradesh (including our Jegurupadu Phase II and GPL power project), GAIL has informed GIL that the total available quantity of gas in the State of Andhra Pradesh will be distributed on a *pro-rata* basis to all the projects that are under operation, including the new projects to be set up. As such, although we have been allocated a firm allocation of 1.1 mmscmd of gas, based on the *pro rata* distribution of gas, we may not be able to receive gas as at the levels that were earlier allocated to us which in turn will substantially reduce our PLF levels. Under the PPA, this reduction in the PLF levels would have been taken care of had APDISCOMs paid notional charges to us taking into account the use of alternative fuel. However, APDISCOMs has initialed a draft amendment to the PPA that stipulates such capacity charges will be payable to us only on the basis of actual units generated until December 31, 2006, without considering the availability of the plant as was agreed in the PPA.

We are also in the process of entering into an MOU or fuel supply agreement as regards the supply of HSD, which is used as an alternative fuel for Jegurupadu Phase II.

Water supply

In the power generation process, water is required for generation of steam, which in turn is fed into the steam turbines for generation of power. The water requirement of Jegurupadu Phase II is estimated at 8,280m^3 per day assuming that the plant would operate on 100% natural gas. The existing Jegurupadu Phase I power plant requires 7,200m^3 per day. The Irrigation Department of the GOAP has given permission to GIL for drawal of 18.50 cusecs (cubic feet per second) (45,261m^3 per day) of water upstream from the Dowleshwaram bridge across the Godavari river under the Jegurupadu Phase I project. The water allocation of 18.5 cusecs for Jegurupadu Phase I is adequate for both the Jegurupadu Phase I and Jegurupadu Phase II facilities and GIL proposes to utilize the same pumping system, pipeline and storage reservoir to meet the water requirements of Jegurupadu Phase II.

Power Evacuation

The power generated at 15.75kV & 11kV in the plant is stepped up to 400kV by generator transformers. Interconnection with APDISCOMs distribution system is via a 400kV switchyard at the plant site. Power is evacuated through two 400kV transmission lines connected to APTRANSCO substation.

Insurance

GIL has obtained an Erection All Risk (EAR) policy for construction activities during the construction period, covering all the risks associated with the construction of the power plant. GIL has also taken an advanced loss of profits policy for a possible loss of revenues in the event of delayed completion of the project arising out of physical damage to its property. GIL has also taken a Marine Delayed Start Up (DSU) policy which covers loss of revenues arising out of any delay in completion of the project due to accidents occurring during transportation. Further, GIL has also taken out a medical claim policy and a personal accident policy. All the above policies are currently in place and are valid.

We believe that the above policies are adequate to cover all our material risks. Upon completion of the project, we will ensure that all the operational insurance policies that we believe are required for our project will be in place.

C. 464 MW Gautami Power Project, Peddapuram, Andhra Pradesh

Introduction

The GOAP announced a policy for attracting private sector investments in the power sector and invited bids for short gestation power projects. Satyam Constructions Limited ("Satyam") submitted a bid and was in turn selected to design, finance, construct, complete, own and operate a liquid fuel based power station of 300 MW capacity at the Industrial Development Area of Peddapuram, East Godavari District, Andhra Pradesh. Satyam incorporated GPL as special purpose vehicle for developing the project. GPL entered into a PPA in July 1999 to set up the power project with 358 MW capacity, following the approval from the GOAP to increase the capacity from 300 MW to 358 MW.

Nagarjuna Construction Company Limited ("NCC") was selected to design, finance, construct, complete, own and operate a liquid fuel based power station of 227 MW capacity. NCC entered into a PPA on March 31, 1997 and incorporated NCC Power Corporation Limited ("NCCPCL") to develop and operate the power station at Ammanabrolu, Prakasam District, Andhra Pradesh, based on a bid submitted by it.

Although both GPL and NCCPCL projects were originally intended to be operated with naphtha, an increase in the price of naphtha caused the GOAP to suggest that IPPs change their main fuel source from naphtha to natural gas. The Ministry of Petroleum and Natural Gas allocated natural gas to IPPs based on the recommendations of the GOAP, which required that projects match the lowest bench-mark tariff of GIL in order to be eligible for allocation of natural gas.

Since the natural gas allocations were not sufficient to support the individual capacities of IPPs, the GOAP recommended that IPPs either reduce their project capacity or merge their projects in order to match the natural gas allocation. Accordingly, GPL and NCCPCL merged their projects into a single project with a total capacity of 597.9 MW, to be implemented in two stages: 464 MW in Stage I and 133.9 MW in Stage II. However, based on the allocation of the gas, GPL signed an amendment agreement to implement a combined cycle gas based 464 MW project on June 18, 2003, following the approval of the amendments by the APERC.

In July 2003, GVK assumed the responsibility of implementing this project and contributed to the equity of the project. Currently, an equity contribution of 45.33% has been made by GVK, which will increase to 51% through the equity infusion using a portion of the offer proceeds. The remaining 49% will be held by other promoters namely IJM Berhard, Nagarjuna Construction Company Limited and Maytas Infra Private Limited. Currently, this project is under construction and is expected to be commissioned in September 2006.

Power Generation Process

The GPL power project facility is a duel fuel combined cycle power plant comprising two gas turbine generators and one steam turbine generator, all manufactured by Alstom with a capacity of 464 MW. A combined cycle gas turbine power plant is an efficient method of generating electricity using natural gas or liquid fuel. The gas turbines can fire a wide range of fuels, from natural gas, which is a clean fuel, to HSD. The gas turbine consists of a compressor, combustor and turbine sections. Fuel is injected into the combustion chamber through fuel nozzles. Atmospheric air drawn and compressed by the compressor is mixed with the fuel and ignition takes place in the combustion chamber. The hot gas from the combustion chamber at high pressure and temperature is expanded over the gas turbine blades, generating mechanical power to drive the electrical alternator producing electrical energy. Water is injected into the combustion chamber to keep nitrogen oxide emission levels within permissible limits.

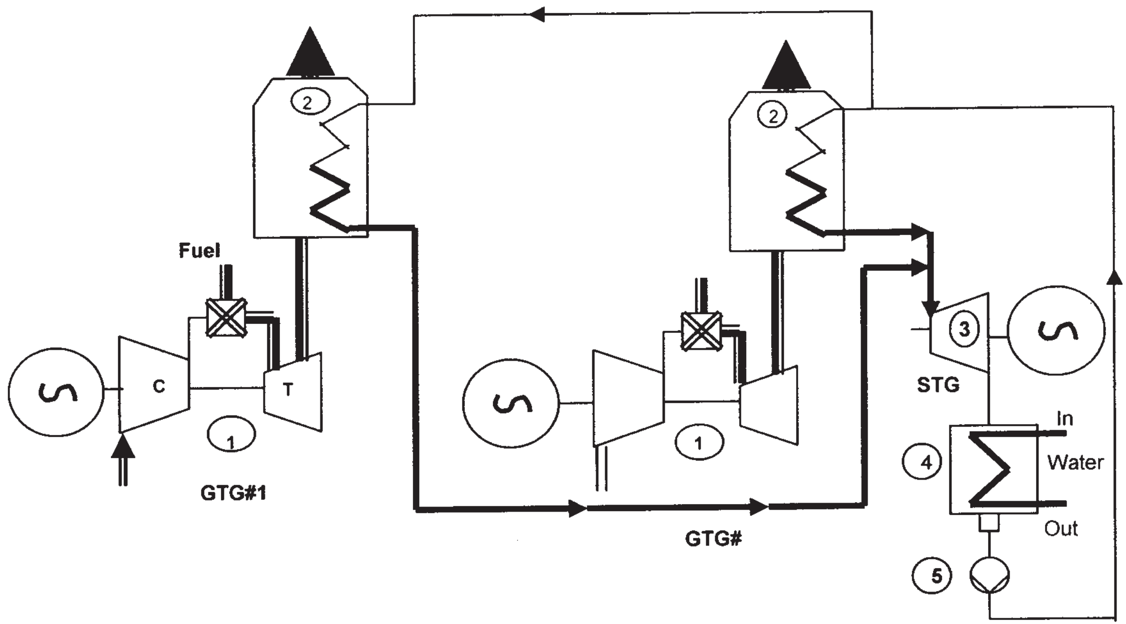
Exhaust from the gas turbine is at a very high temperature, approximately 540°C and, therefore, contains a significant amount of heat energy. The exhaust from the gas turbine is led to the HRSG, which converts feed water into steam using the heat energy from the gas turbine exhaust. The steam is expanded in the steam turbine, which is connected to an electrical alternator to produce electrical power. If not for this recovery in the HRSG, approximately 30% of the total energy input into the gas turbine would be released to the atmosphere and wasted. The HRSG recovers this energy, which is converted into electrical power in the steam turbine generator. HRSG exhaust gas is at a low temperature, having released its energy to produce steam and is dispersed into the atmosphere through exhaust stacks.

The exhaust steam from the steam turbine is condensed in a water cooled condenser and the condensate is pumped back into the HRSG for recycling.

The power produced in the facility's generators is stepped up to the required transmission voltage and evacuated to the local grid through transmission lines.

A significant advantage of CCPPs is that the units can be installed in stages with short lead times and the installation of multiple generating units facilitates part load operation, thereby complying with despatch instructions.

PROCESS FLOW DIAGRAM FOR GPL POWER PROJECT



Simplified Process flow diagram of a combined cycle power plant

1. Gas Turbine Generator
2. Heat Recovery Generator
3. Steam Turbine Generator
4. Condenser
5. Pumps

Power Purchase Agreement

GPL entered into a PPA with APDISCOMs in relation to Gautami on June 18, 2003 valid for a period of 15 years and renewable by mutual consent. The tariff under this PPA is the sum of the following:

1. Capacity Charge: Capacity Charges include Foreign Debt Service Charge ("FDSC") and other fixed charges ("OFC"). The FDSC of US$0.006 per unit of Cumulative Available Energy is converted into Rupees at the current exchange rate. Under the PPA, the FDSC shall be payable to us for a period of 11 years to cover all our foreign debt repayment obligations. The OFC of Rs. 0.699 per unit of the Cumulative Available Energy is fixed for the term of the PPA (i.e., 15 years from COD).

2. Energy Charge: The Energy Charge component of the tariff is comprised of the cost of fuel as delivered at the fuel metering point at the site. The formula for computing the Energy Charges under the tariff is as follows:

Energy Charge = EU x {(hC) /G x (1-A/100)}, where;

EU = The total number of energy units in kWh delivered at the interconnection point;

h = Station Heat Rate of 1850 kilo Cal/kWh;

G = GCV of gas in kilo Cal/unit of fuel;

C = Cost of gas in Rupees per unit of fuel as delivered at the fuel metering point at the site; and

A = Auxilliary consumption as per PPA which is 3% of generation.

APDISCOMs shall also reimburse us for the minimum fuel off-take charges paid in respect of its failure to take delivery of the minimum levels of fuel, if our failure to take such fuel is due to APDISCOMs issue of dispatch instructions requiring that the project be operated at a level less than the level of its declared capacity, or APDISCOMs' inability to accept delivery of net electrical energy from the project (whether due to *force majeure* events or otherwise).

Incentives: Where the PLF is greater than 80% in any tariff year, then an incentive payment for the additional units of actual generation in excess of the PLF of 80% is payable. The incentive paid is based on a percentage of the OFC as given below:

PLF (%)	**Incentive (%)**
Up to 80%	Nil
Above 80% up to 85%	Committed Incentive Energy, equivalent to 5% of 464 MW paid at a fixed rate of Rs.0.0699 per kWh, which is 10% of the OFC.
Above 85% up to 90%	2% of the OFC for every 1% increase in PLF.
Above 90%	10% of the OFC.

Disincentives:

In case the project is unable to achieve a PLF of 73.5% (including Committed Incentive Energy) for a tariff year, GPL will pay APDISCOMs a penalty as a percentage of the OFC as given below:

PLF (excluding Committed Incentive Energy) (%)	**Penalty**
68.49%	Nil
Below 68.49% to 60.5%	2% of OFC for every 1% shortfall in PLF
Below 60.5% to 50.5%	3% of OFC for every 1% shortfall in PLF (in addition to the above).
Below 50.5%	46% of OFC

Taxes on Income: The claim for payment of any advance income tax paid by GPL has to be supported by a certificate of a chartered accountant, duly approved by APDISCOMs. After the tax assessment is completed and the liability thereon is determined by the taxation authorities, the excess or short fall in the tax liability so determined is adjusted appropriately.

Payment Mechanism

Payments due from APDISCOMs under the PPA are required to be supported by a three-tier credit support mechanism, as listed below:

- *Letter of Credit (LC):* For the payments due under the PPA, APDISCOMs shall open an irrevocable revolving letter of credit for an amount equal to monthly billing computed at 100% PLF. In the usual course, payment is received from APDISCOMs through the LC mechanism. In the event of non-payment through the LC mechanism, we have recourse to an escrow arrangement.
- *Escrow Arrangement:* Under the terms of the escrow arrangement, APDISCOMs deposits collections into an escrow account established for the benefit of GPL. The amount required to be deposited in the escrow account on a monthly basis is equal to the LC amount. An account designated as APDISCOMs-GAUTAMI ESCROW ACCOUNT has for such purpose been opened by APDISCOMs with the State Bank of Hyderabad. The escrow account becomes operational 30 days prior to the scheduled COD. APDISCOMs is required to maintain on a monthly basis an amount which is no less than 100% of the LC amount. APDISCOMs is required to issue irrevocable instructions to remit the above mentioned amount out of the total revenues received by it on 3 days (i.e., the thirteenth to fifteenth day in each calendar month). In the event that the quantum of the remittance is lower than the amount required to be funded in the escrow account then APDISCOMs is required to deposit the short fall. APDISCOMs can from time to time withdraw the monies that become available in the escrow account, so long as there is no event outstanding of default by APDISCOMs. In the event of APDISCOMs' default in the payment or renewal of the letter of credit, a written notice can be given to the banker, upon receipt of which the banker shall not honor any cheque presented to it by APDISCOMs. After the seventh day, GPL can claim payment of its dues from the escrow account.
- *State Government Guarantee*: This is the third level of credit enhancement mechanism. The GOAP guarantee covers APDISCOMs monthly payment obligations and Buy-out obligations to be restricted to outstanding debt obligations (both foreign and domestic borrowings) under the PPA, and would not include equity.

Buy-out Mechanism

The PPA provides for the purchase of the GPL power project by APDISCOMs pursuant to a Buy-out notice.

The Buy-out price is determined according to the reasons for termination. Termination can result from an APDISCOMs purchase option following a GPL default or a GPL sale option following an APDISCOMs default. The Buy-out price is determined based on the following elements:

a) Discounted cash flow value for the remainder of term of the PPA;

b) Total debt outstanding;

c) Transfer taxes; and

d) Transfer cost.

Engineering, Procurement & Construction

GPL entered into the EPC contract with Alstom (Switzerland) Limited and Alstom Power India Limited on September 27, 2003.

The EPC contract for the GPL power project was based on the same type of gas turbines and HRSG that are being installed in Jegurupadu Phase II. The Alstom group has extensive experience in the power sector, including fossil fuel fired, advance steam, combined cycle, co-generation and nuclear power plants, with operations in over 70 countries across the world. It provides design, engineering, manufacturing, turnkey project management, full after sales support and long-term services for its equipment and power plants. The NTP to the EPC contractor was issued on July 1, 2004.

The EPC contract structure is comprised of three agreements with Alstom, which include:

(i) Supplies (Cost-Insurance-Freight) contract with Alstom (Switzerland) for the supply of plant and equipment of non-Indian origin required for the project, including gas and steam turbine, generation plant control systems, and such contract contains provisions to remedy any defect in such plants, works and services;

(ii) Supplies (Ex-Works) Indian Factory contract with Alstom (India) for supply of plant and equipment of Indian origin required for the project, which includes a 5400Kv switchyard complete plant and electrical systems and balance of equipment, and contains provisions to remedy any defect in such plants, works and services; and

(iii) Engineering On-Shore and Construction Services Contract with Alstom (India) in relation to the performance of all services in connection with engineering, erection, construction, commissioning, start-up, demonstration and testing and training of personnel in the operation and maintenance of the plant, and includes civil works and transportation.

In addition to the above, a Guarantee Agreement (wrap contract) was executed on September 27, 2003 between GPL and Alstom to provide for an unconditional and absolute guarantee by Alstom for all of the above contracts. The project is scheduled to be commissioned by September 2006.

Operations and Maintenance

GVKPIL will operate and maintain the GPL power project pursuant to an O&M Agreement. The agreement runs for a period of 15 years, expires in 2021 and is renewable by mutual consent. The provisions of the O&M services to be provided by GVKPIL to GPL are similar in nature as is for Jegurupadu Phase I. However as per the O&M Agreement for GPL power project GVKPIL is entitled to receive a base fee of Rs. 60.0 million per annum with an escalation of 10% per annum.

Financing arrangements

The total cost for setting up the GPL power project facility is Rs. 14,500 million, with a debt to equity ratio of 70:30. The total equity for the project amounts to Rs. 4,350 million and the total debt amounts to Rs. 10,150 million. The total debt of Rs. 10,150 million has been tied up with various banks and financial institutions. As on date, total equity brought in by all shareholders is Rs. 2792.11 million, out of which GVK's contribution is [Rs. 1265.55 million, or 45.33%. By COD, GVK will increase its equity contribution by Rs. 952.95 million, thereby increasing its stake to 51%. As of September 30, 2005, GPL had drawn debt of Rs 7,221.00 million.

In order to meet our equity contribution requirement in GPL until the closure of the Issue, we have taken a bridge finance of Rs. 600 million from Infrastructure Leasing and Financial Services Limited (IL&FS) for a period of 6 months at 9% interest per annum. The amount has been sanctioned by IL&FS by their letter dated October 10, 2005 and November 23, 2005 and the loan has been disbursed on October 21, 2005 and on December 8, 2005 We have utilized the funds from the bridge loan to make an equity investment in GPL such that our stake on GPL has increased from 38.38% to 45.33%. The bridge loan has been secured by (i) a charge of certain immoveable properties, and (ii) by a cross-default on the security provided by us in respect of a Rs.700 million term loan from IL&FS which includes the property on which our corporate office is situated and on the Equity Shares of our Promoters initially pledged to IL&FS and on the Equity Shares allotted to our Promoters by way of a bonus issue in August 2005. The Equity Shares allotted to our Promoters by way of a bonus issue in August 2005 have been pledged in favour of IL&FS on December 6, 2005. The Equity Shares will be released from pledge upon repayment of the loans from the proceeds of the IPO.

As part of our financial arrangements, all our lenders have step in rights wherein in case of a default under the financing document, the lenders are entitled to step into the project and enforce all the rights of GPL, including invoking of the escrow account. Also, all GPL power project project assets have been mortgaged to the lenders and GVKPIL has also mortagaged 51% of its equity stake in GPL to the lenders of GPL as part of the loan agreement.

Fuel supply

GPL entered into a Gas Supply Agreement ("GSA") for supply of 1.96 mmscmd with GAIL on October 9, 2000. The GSA is valid until December 31, 2020. Pursuant to such agreement, GPL has furnished a security deposit of Rs. 67 million to GAIL in addition to a bank guarantee of Rs. 202.9 million in favour of GAIL.

Considering the shortage of fuel to meet the demand of the four short gestation projects that are currently being set up in the State of Andhra Pradesh (including our two projects), GAIL has informed GPL that the total available quantity of gas will be distributed on a *pro-rata* basis to all the projects that will be operational including the new projects that are under construction. As such, although we have a firm allocation of 1.96 mmscmd of gas, based on the policy of *pro rata* distribution of gas, we may not be able to receive gas as was earlier allocated to us, which in turn will substantially reduce our PLF levels. Ordinarily, this reduction in PLF levels would have been taken care of if, as all the PPA, APDISCOMs originally paid notional charges to GPL taking into account the use of alternative fuel. However, APDISCOMs has initialled an amendment to the PPA, which stipulates that capacity charges will be paid to us based on the actual units generated, until December 31, 2006, without considering the availability of the plant as was agreed under the PPA.

We have also entered into a fuel supply agreement for the supply of HSD, which is used as an alternative fuel, with BPCL. The agreement is valid until December 2020.

Water supply

The water requirement for the plant is approximately 8.647 cusecs (cubic feet per second) a day. The source of water is the Samalkot canal, located at a distance of 2.8 km from the project site, which originates from the Dowleshwaram Barrage constructed across the Godavari river. The Irrigation Department of the GOAP has permitted drawal of 11.8 cusecs of water a day from the Samalkot canal and a Water Supply Agreement has been entered into with the Irrigation Department. Since the canal is expected to be closed for maintenance and desilting operations for a period of 45 days a year, a water reservoir with a storage capacity of 60 days is being constructed by GPL to meet water requirements during this period.

Power Evacuation

Power generated at 15.75 kV from the Gas Turbine Generator and the Steam Turbine Generator will be stepped up to 400 kV for evacuation to the 400 kV substation of APTRANSCO at Vemagiri, at a distance of approximately 46 kilometers from the GPL power project site. The transmission lines up to the interconnection point are to be constructed by APTRANSCO.

For more details, please refer to the section titled "Regulations & Policies" on page 89 of this Prospectus.

Insurance

GPL has obtained a Erection All Risk (EAR) policy for construction activities during the construction period covering all the risks associated with the construction of the power plant. GPL has also taken out an advanced loss of profits policy for a possible loss of revenues in the event of delayed completion of the project arising out of physical damage to its property. Further GPL has taken out a Marine Delayed Start Up (DSU) policy, which covers loss of revenues arising out of any delay in completion of the project due to accidents occurring during transportation. Further GPL has also taken out a medical claims policy and a personal accident policy. All the above policies are currently in place and are valid.

We believe that the above policies are adequate to cover all material risks. Upon completion of the project, GPL will ensure that all the operational insurance policies required for our project will be put in place.

III. General

Environmental and Social Responsibility

The major pollutants likely to affect the environment include nitrogen oxide emissions, thermal pollution, liquid effluents and noise generated during plant operations. All of our power plants are, or will be, equipped with modern and efficient devices for control of pollutants to levels well within acceptable norms. Also provision has been made for accaustic lagging, enclosures and silencers to achieve noise levels in line with Andhra Pradesh Pollution Control Board are conducted by the third party agency every year.

We remain committed to our community both in terms of environmentally sound practices and other socially responsible initiatives. Our Jegurupadu Phase I facility was selected by IFC as one of the model power plants across the globe and was awarded a 'gold star' rating from TERI, signifying world class performance in environment, health and safety. The Andhra Pradesh Pollution Control Board has given Jegurupadu Phase I a special award for outstanding contribution to the development of Eco-Park. The Jegurupadu Phase 1 plant has received Safety Excellence Awards for the years 1996, 1997, 1998, 1999, 2000 and 2002 from CMS, USA. The plant has received Environmental Excellence Awards for the years 1996, 1997, 1998, 2001, 2002 and 2003 from CMS, USA. The Jegurupadu Phase I plant has also received the inaugural Roberto Wevamwo Award for Significant Environment Achievement in the year 2004. Our social responsibility has been demonstrated by our involvement in a variety of developmental activities, which beyond supporting parks have included the construction of a school building and supplying free potable water to the villages in the vicinity of the project.

Competition

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 details of the installed capacities of various categories of generators as of March 31, 2004, in India are as follows:

Category of Generator	Installed Capacity (In MW)	% of total installed capacity
SEBs/Union Territories	64,653	57.7%
Central sector excluding NTPC	14,290	12.8%
Private sector	11,679	10.4%
NTPC	21,435	19.1%
Total	**112,058**	**100%**

(Source: Annual Report 2003-2004, Ministry of Power, Government of 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.

Property

Power Stations and Projects

We have immovable properties at our power stations and projects for the purpose of our business. These properties are held on a freehold basis. A larger portion of our land used for power projects was acquired under the Land Acquisition Act, 1894. Set forth below is a brief summary of our immoveable properties related to our power stations and projects:

Power Station / Project	Location	Area (acres)
Jegurupadu Phase I and Jegurupadu Phase II	Jegurupadu Village, Kadiyam Mandal, East Godavari District, Andhra Pradesh, India	214.33
Gautami	Peddapuram Village, Samalkot Mandal, East Godavari District, Andhra Pradesh, India	259.72

Offices

The registered office of GVKPIL is located at R/540, New Rajendra Nagar, New Delhi, 110 060 India. The registered offices of GIL and GPL are located at ‘Paigah House’ 156-159, Sardar Patel Road, Secunderabad-500 003 Andhra Pradesh, India.

REGULATIONS AND POLICIES

We are primarily engaged in the business of generation and sale of electricity and related operations and maintenance.

POWER GENERATION

Background

The development of electricity industry in India was fashioned by two legislation, namely the Indian Electricity Act, 1910 ("Electricity Act") and the Electricity (Supply) Act, 1948 ("Electricity Supply Act"). The Electricity Act introduced a licensing system in the electricity industry whereas the Electricity Supply Act was responsible for greater state involvement in the industry.

The Electricity Supply Act promoted state-owned, vertically integrated units through the creation of the State Electricity Boards ("SEBs"). SEBs were responsible for generation, transmission and distribution of electricity within the geographical limits of each State of the Indian Union. Where SEBs were not set up, a government department was responsible for the electricity supply. It is worthwhile to note that "electricity" comes under the concurrent list of the Constitution of India and both the State and Central Governments have the power to legislate on "Electricity".

In the early 1990s, the electricity sector was liberalized, following which private participation in the generation sector was permitted by way of amendments to the Electricity Supply Act. Subsequent to the amended legislation, PPAs were entered into by independent power plants (IPPs) with the SEBs.

In 1998, the Electricity Regulatory Commissions Act, 1998 ("ERC Act") was enacted by the Central Government. The ERC Act provided for the establishment of independent electricity regulatory commission both at the Center and State levels. The regulatory commissions were set up to rationalize electricity tariff and promote and regulate the electricity industry.

The Andhra Pradesh Electricity Reforms Act, 1998 was enacted by the state government for restructuring the state's electricity industry by de-merging the SEBs into separate generation, transmission and distribution companies and for promoting avenues for the participation of the private sector in the electricity industry. Generation segment was considered as potentially competitive and kept outside the purview of the regulatory supervision. Transmission and distribution are considered as monopolistic activities within the geographic area and regulated businesses. Licensing was chosen as the form of regulatory control and rate of return regulation was introduced. These reform acts introduced a single buyer model, where the transmission and supply licensees acted as the buyer of all electricity generated by the generating companies to sell electricity to the distribution supply licensees for further supply and distribution. A single company controlled transmission and bulk supply while a number of distribution companies enjoying monopoly supply rights in their area of supply handled the distribution.

Salient features of the Electricity Act, 2003

The Electricity Act, 2003 ("EA 2003") came into effect from June 10, 2003 and extends to whole of India except the State of Jammu and Kashmir. After the enactment of EA 2003, the provisions of the Andhra Pradesh Electricity Reforms Act, 1998 would continue to apply to the extent that their provisions are consistent with the provisions of EA 2003. The EA 2003 is a central unified legislation that seeks to replace the multiple legislations that governed the Indian electricity sector 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.

Generation

Electricity generation has been de-licensed and any generating company can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with grid. Approvals from the Central Government, State Government and the techno-economic clearance from the Central Electricity Authority (CEA) have been done away with for any power plant, except for hydroelectric projects. Generating companies are now permitted to sell electricity to any licensees and where permitted by the state regulatory commissions, to consumers.

In addition, no restriction is placed on setting up of captive power plant by any consumer or group of consumers for their own consumption. Under EA 2003, no surcharge is required to be paid on wheeling of power from the captive plant to the destination of the use by the consumer. This provides financial incentive to large consumers to set up their own captive plants.

The regulatory commissions determine the tariff for supply of electricity from a generating company to any distribution licensee, transmission of electricity, wheeling of electricity and retail sale of electricity. The Central Electricity Regulatory

Commission ("CERC") has the jurisdiction over generating companies owned or controlled by Central Government and those generating companies who have entered into or otherwise have a composite scheme for generation and sale in more than one state. The State Electricity Regulatory Commissions ("SERC") have jurisdiction over generating stations within the state boundaries, except those under the CERC's jurisdiction. These provisions are quite similar to those existed under the ERC Act and take care of the diverse nature of generating companies operating in the country.

Transmission

Transmission, both at the inter-state and intra-state levels, is a regulated activity requiring a license. EA 2003 requires the central government to designate one government company as the central transmission utility ("CTU"), which would be deemed as a transmission licensee. Similarly, each state government would designate one government company as state transmission utility ("STU"), which would also be deemed as a transmission licensee.

The CTU and STU shall be responsible for transmission of electricity, planning and co-ordination of transmission system, providing non-discriminatory open-access to any users and developing a co-ordinated, efficient and integrated inter-state and intra-state transmission system respectively. EA 2003 prohibits CTU and STU from engaging in the business of generation or trading in electricity.

A transmission licensee can engage in other businesses by intimating the appropriate Commission. A part of the revenues from such other businesses shall, as may be specified by the Commission, be utilized for reducing the transmission and wheeling charges. Separate accounts have to be maintained for each business to ensure that the transmission business neither subsidizes the other business nor encumbers its transmission assets to support such other business.

The Act allows IPPs open access to transmission lines. This will facilitate IPPs to sell power directly to distribution and trading licensees. The provision of open access is subject to the availability of adequate transmission capacity as determined by the Central / State Transmission Utility. This will allow a multi–buyer model to exist in the sector and allow IPPs to diversify risk.

Trading

The EA 2003 specifies trading as a licensed activity. Trading has been defined as purchase of electricity for resale. This may involve wholesale supply (i.e. purchasing power from generators and selling to the distribution licensees) or retail supply (i.e. purchasing from generators or distribution licensees for sale to end consumers).

The license will be awarded by the Electricity Regulatory Commission, based on certain entry norms relating to capital adequacy and technical parameters. However, the National and Regional Load Despatch Centres, Central and State Transmission Utilities and other transmission licensees will not be allowed to trade in power, to prevent unfair competition. The Electricity Regulatory Commission will also have the right to fix a ceiling on trading margins in intra-state trading. Open access, together with recognition of power trading as a distinct business opportunity, will provide new intermediation opportunities between wholesaler buyers and distribution licensees and between generators and distribution licensees. At a bulk supply level, this provision will create competition and enhance efficiency.

Distribution and retail supply

The EA 2003 does not make any distinction between distribution and retail supply of electricity. Distribution is a licensed activity and distribution licensees are allowed to undertake trading without any separate license. Under EA 2003, no license is required for the purposes of supply of electricity. Thus a distribution licensee can undertake three activities: trading, distribution and supply through one license.

The Electricity Act allows new licensees to enter distribution areas after acquiring licenses from the regulator. Non exclusive licensing and provision for phased open access in distribution will restrict monopolies in the distribution business. Open access to generators will be subject to a surcharge to meet the current level of subsidy, in addition to wheeling charges. The SERCs would decide on the rules for open access within one year. SERCs will also have the flexibility to determine the time frame for implementing open access in the retail segment, depending on subsidies and readiness of the utilities.

Unregulated rural markets

The licensing requirement does not apply in cases where a person intends to generate and distribute electricity in rural areas as notified by the state government. However, the supplier has to comply with the requirements specified by the CEA. EA 2003 mandates formulation of national policies governing rural electrification and local distribution and rural off-grid supply including those based on renewable and other non-conventional energy sources. This policy initiative is expected to give impetus to rural electrification and also conceptualize rural power as a business opportunity.

Roles of key organizations and players

Central and State Governments

The EA 2003 reserves a significant involvement of the central government in the functioning of the power sector. It has been assigned a number of duties, including planning and policy formulation, rule making, appointing, establishing, designating authority, prescribing duties and other tasks, funding, and issuing directions.

The central government designates a CTU and establishes the National Load Dispatch Centre (NLDC), Regional Load Dispatch Centres ("RLDC"), the Appellate Tribunal, the Coordination Forum, and the Regulators' Forum. It has the power to vest the property of a CTU in a company or companies and decide on the jurisdiction of benches of the Appellate Tribunal. It prescribes the duties and functions of the CEA, NLDC and RLDC, and can make rules on a wide range of areas and has the power to remove difficulties through issue of orders within two years of commencement of EA 2003. It also has the power to amend the schedule of States where reform legislation continues to be applicable.

The central government provides loans and grants to the CERC and decides on other sources of funds for the CERC. It decides how the CERC should spend all its revenues and specifies the manner the accounts should be maintained. The CERC is required to send its audited accounts to the central government.

The central government is also responsible for, *inter alia*: a) specifying additional requirements for granting more than one distribution licensee; b) providing no-objection certificates for granting license if the service area includes central government installations such as cantonment, aerodrome, defence area, etc; c) demarcating the country into transmission regions for the purpose of inter-state transmission; d) issuing guidelines for transparent bidding process; e) approving the salary and benefits of the employees of the CEA, CERC and Appellate Tribunal; f) referring cases to the Appellate Tribunal for removal of members on the ground of misbehaviour; and g) prescribing the procedures for inquiry into misbehaviour by members.

The state government exercises appointing, designating powers, provides funds and makes rules notifications, etc. It appoints the members of the SERC including the chairman, approves the terms and conditions of appointment of the secretary to the SERC and other staff, and can remove or suspend a member of the SERC. It is also responsible for constituting the selection committee for appointing members of SERC. It establishes the SLDC, notifies the STU, vests property of STU in companies, draws up reorganization of the SEB through acquiring its assets and re-vests it through a transfer scheme. It can also transfer employees through a transfer scheme. It is empowered to constitute special courts, and state coordination forum. The state government creates the SERC fund and can provide loan or grants for running the SERC. It decides how the SERC should utilize the fund and how it should maintain accounts. The state government can also provide subsidy to consumers, but EA 2003 requires it to compensate the licensee in advance by the amount of loss expected to be suffered by the licensee in implementing the subsidy. The state government notifies rural areas where exemption of license conditions would apply and issues directions to the SERC on public interest issues.

Central Electricity Authority

The CEA was created under the Electricity Supply Act and EA 2003 retains the agency by relegating it mostly to a consultative role. There was some overlap of duties and power between the CERC and the CEA earlier, which EA 2003 has now removed. The technical clearance required for power projects under the provisions of the Electricity Supply Act has been eliminated, except in cases of hydro projects above a certain capital investment.

Commissions

EA 2003 retains the two-level regulatory system for the power sector. At the central level, the CERC would be responsible for regulating tariff of generating stations owned by the central government, or those involved in generating or supplying in more than one states, and regulating inter-state transmission of electricity. The State Electricity Regulatory Commissions on the other hand regulate intra-state transmission and supply of electricity within the jurisdiction of each state. CERC and the SERCs are to be guided by the National Electricity Policy, Tariff Policy and the National Electricity Plan while discharging their functions under EA 2003. The Commissions are also to be guided by any direction given by the central government for CERC or the state government for the SERC pertaining to any policy involving public interest. The decision of the government is final and non-challengeable with respect to the question that whether directions pertain to policy involving public interest or not. The Commissions have been entrusted with a variety of functions including determining tariff, granting licensees, settling disputes between the generating companies and the licensees. The Commissions are a quasi-judicial authority with powers of a civil court and an appeal against the orders of the Commissions would lie to the Appellate Tribunal.

Appellate Tribunal

Under the earlier electricity legislations, the High Court was the appellate authority against orders that are passed by the SERC. Under EA 2003, the Appellate Tribunal has been set up to as an appellate body against orders of the Commissions or adjudicating officers in settling disputes. The Appellate Tribunal has the power to summon, enforce attendance, require discovery and production of documents, receive evidence and review decisions. The orders of the Appellate Tribunal are executable as decrees of a civil court. The orders of the Appellate Tribunal can be challenged in the Supreme Court by the aggrieved party.

Load dispatch centres

EA 2003 has created a three-tier load dispatching system, namely a National Load Dispatch Centre (NLDC), Regional Load Dispatch Centres (RLDC) and State Load Dispatch Centres (SLDC). The load dispatch centres are now separate government companies and they cannot participate in trading or generation of electricity.

Special courts

To try offences like theft of electricity or electrical lines and equipment, EA 2003 empowers the state governments to establish special courts with single judges for certain area or areas.

Ombudsman for grievance redress

The distribution licensee shall set up a grievance redressal system following the guidelines of the SERC. Any consumer aggrieved by non-redressing of grievances can refer the case to an Ombudsman to be set up by the SERC. The Ombudsman is to settle the grievance of the consumer within such time and in such manner as specified by the SERC.

Co-ordination Forum and Forum of Regulators

This forum shall be constituted by the central government for smooth and coordinated development of the power system in the country. The state government shall also constitute a co-ordination forum for the state to ensure smooth and coordinated development of the power system in the state.

Enforcement Agencies

Assessing Officer

EA 2003 provides for provisional assessment of dues payable by a person who benefits from unauthorized use of electricity, by an Assessing Officer of the State Government, or State Electricity Board or a Licensee designated by the State Government. No civil court has any jurisdiction over a matter which the Assessing Officer is empowered to determine under the EA 2003.

Appellate Authority

EA 2003 provides for an appeal to be filed within 30 days from a final order by an Assessing Officer to the Appellate Authority prescribed by the Government. No civil court has any jurisdiction over a matter which the Appellate Authority is empowered to determine under the EA 2003.

Investigating Authority

The Commissions may, on satisfaction of failure by the generating company/licensee to comply with the provisions of the EA 2003 or the license, direct any person to investigate the affairs of and undertake inspection of the generating company/ licensee and report to the Commission after which the Commission may direct the generating company/licensee to take such action as may be necessary.

Electrical Inspector

In the event of an accident in connection with the generation, transmission, distribution or supply of electricity or in case of use of electrical lines or electrical plant which is likely to cause injury to human being or animal, on receipt of a complaint, the appropriate government may require an Electrical Inspector to inquire and report as to the cause of the accident and the manner and extent to which the provisions of the Act have been complied with. The Electrical Inspector is vested with the powers of a civil court under the Civil Procedure Code, 1908 for enforcing the attendance of witnesses and compelling the production of documents and material objects.

Adjudicating Officer

A member of the Commission may be appointed as an Adjudicating Officer to hold enquiry as prescribed by the Government. A civil court has no jurisdiction in respect of matters, which the Adjudicating Officer has the power to determine.

Tariff-related provisions

Tariff principles

EA 2003 has introduced significant changes in terms of tariff principles. Earlier, the rate of return regulation as prescribed in the Sixth Schedule of the Electricity Supply Act was the basis of tariff determination. Even in the case of state reform acts, this Sixth Schedule was retained as the basis. The present act has done away with that provision.

The EA 2003 casts a duty on the Commissions to be guided by the following while determining tariff:

- the principles and methodologies specified by the CERC for determination of the tariff applicable to generating companies and licensees;
- generation, transmission, distribution and supply of electricity are conducted on commercial principles;
- the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;
- safeguarding consumers interest and also ensure recovery of the cost of electricity in a reasonable manner;
- incorporate principles which reward efficiency in performance;
- multi-year tariff principles;
- tariff progressively reflects the cost of supply of electricity, at an adequate and improving level of efficiency;
- that the tariff progressively reduces and eliminates cross subsidies within a period to be specified by the ERC;
- the promotion of co-generation and generation of electricity from renewable sources of energy;
- the National Electricity Policy and Tariff Policy:

It is to be noted that unlike the ERC Act, the Commissions have not been expressly permitted to depart from the tariff determining factors set out above.

Consumer protection: Standards of performance

The appropriate commission can set standards of performance of each licensee or a class of licensees after consulting the licensees and the affected parties. A licensee failing to meet the performance standards may have to pay compensation or may be prosecuted as determined by the Commission. The penalty is payable within 90 days of the decision. The standards of performance can be different for different licensees. The licensees are required to submit information about their performance to the Commission and the Commission shall arrange to publish them at least once a year.

OTHER REGULATIONS

In addition to the above, GVKPIL and its Subsidiaries would require to comply with other constructions and operating approvals, the details of which are provided in the section entitled "Government Approvals" on page 273 of this Prospectus.

Foreign Investment Regulation

The industrial policy was formulated in 1991 to implement the Government's liberalisation programme and consequently industrial policy reforms relaxed industrial licensing requirements and restrictions on foreign investment. The procedure for investment in the electricity sector has been simplified for facilitating foreign direct investment. Investment in companies associated with electricity and infrastructure such as roads fall under the RBI automatic approval route for FDI/NRI/OCB investment up to 100%.

Fiscal Regulations

Under the Foreign Trade (Development and Regulation) Act, 1992, the Central Government is empowered to periodically formulate the Export Import Policy or the EXIM Policy and amend it thereafter whenever it deems fit. All exports and imports would have to be in compliance to such EXIM Policy.

Environmental Regulations

The Company has to comply with the provisions of the Environmental Protection Act, 1986, Andhra Pradesh Forest Conservation Act, 1980, Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 Hazardous Waste (Management and Handling) Rules, 1989.

The Company is required to obtain and maintain statutory clearances relating to Pollution Control and Environment in relation to its power projects.

Price Mechanism

The EA 2003 provides protection for projects selected through competitive bidding and requires the Commissions to adopt tariffs as determined through the bidding process. Any risk that Commissions will not adhere to commissions to adopted tariffs in terms of signed PPA's would then be applicable to projects which have adopted the Memorandum of Understanding (MOU) route.

Modes of participation in power projects

GoI announced major policy reforms in October 1991 widening the scope of private sector participation in power generation. Particularly, significant aspect of the policy was the notification on two-part tariff guidelines which set out principles of tariff competition from private power sector companies. The two modes of participating in power projects is either through the MOU route or the Bidding route.

The initial batch of private sector power projects were awarded generally on the basis of negotiation between the SEB and a single developer ("MoU route").

MoU Route

The cost determination under the MoU route usually involves:

- determination of receivables of capital cost. The capital costs are required to be approved by a Central Electricity Authority (CEA), Government of India;
- approval of interest rates and local and foreign debt;
- finalizing the term of loans and/or or other debt;
- finalizing the extent of foreign exchange protection;
- fixing operating parameters within the prescribed ceilings;
- identifying Deemed Generation provisions;
- evaluating the extent of despatchability;.
- evaluating the level of incentive payments;
- identifying change in law in terms of tax or any other matter;
- identifying the extent of working capital permissible;
- evaluating the premium on fuel prices for assured supply;
- identifying fuel supply and transportation risk and issues;
- evaluating escalations in operation and maintenance and insurance expenses permissible;
- evaluating the extent of maintenance of spares permissible; and
- rebates in respect of prompt payment.

The MoU route with a cost plus approach was initially adapted to attract investment. However, there were several complexities in calculating the above costs despite the capital cost of the project being frozen by the CEA.

This cost plus tariff mechanism is not ideally suited for competitive bidding as this would require bidding on every element of cost of generation which becomes difficult to verify and monitor over the life of the PPA. Further, the nature of costs for IPPs is very different from public sector power project costs and in the absence of complete knowledge of cost profile, it would be impossible to design a competitive bidding process based on cost plus approach that is fair to both sides thereby eliciting good investor response.

Gradually, the Government adopted a tariff based bidding process. The concept of bidding is discussed below.

Bid Route

Bidding essentially is based on bulk power tariff structure. The tariff structure recommends bid evaluation on the basis of levelised tariff for fixed cost components, escalable and non-escalable costs and certain operational parameters such as heat rate, auxiliary consumption, etc.

Under the bid route, the IPP sells its entire output to SEBs and does not trade directly. The revenue from operations of IPPs under the bid route is broken up into two streams:

- The fixed or capacity charge covering the payment received by the IPP for the generating capacity available to the SEB (irrespective of actual dispatch by SEB). This fixed or capacity charge also comprises components in respect of foreign exchange risk;
- The variable or energy charge, which comprises the fuel cost for the electricity generated and purchased by the SEB at actuals. The fuel cost is calculated on the heat rate over the life of the power project and the cost of the fuel.

HISTORY AND CORPORATE STRUCTURE

Our History

The GVK is a diversified business house with interests in a range of businesses including power, roads, urban infrastructure, bio-science, hotels and manufacturing. GVK has promoted or has equity investments in TAJGVK Hotels and Resorts Limited, Novopan Industries Limited, GVK Biosciences Private Limited, GVK Jaipur-Kishangarh Expressway Limited.

In recent years the Promoters through our Promoter Group Companies have increasingly focused on the power and infrastructure sector. For further details see “Our Promoters” on page 121 of this Prospectus. G.V. Krishna Reddy, the Chairman and Managing Director of GVKPIL, is a first generation entrepreneur who established the business four decades ago.

Our Company was incorporated in the National Capital Territory of Delhi on December 2, 1994 as Jegurupadu Operating & Maintenance Company, a private company with unlimited liability, under the Companies Act, 1956. Our Company was converted from a company with unlimited liability to a company with limited liability and consequently the name was changed to Jegurupadu Operating & Maintenance Company Private Limited on April 20, 2005. Subsequently, our Company was converted from a private limited company to a public limited company on May 19, 2005 and the name was changed to Jegurupadu Operating & Maintenance Company Limited. Thereafter, the name of the Company was changed to GVK Power & Infrastructure Limited on July 13, 2005.

Our Company is the holding company of the power businesses of the GVK and provides operations and maintenance services to its power assets. We have an equity stake in GVK companies engaged in the generation of electricity in the State of Andhra Pradesh, namely GIL, our Subsidiary, and GPL, our Associate Company. We are also the O&M Contractor for the power plants of GIL and GPL.

GVKPIL was originally promoted by our Promoters and CMS Energy, USA. CMS Energy, USA contributed 60% of the equity capital through JOMC, Mauritius and the balance was contributed by the Promoters through Triumph Investments Ltd. In February 2005, GVK Reddy and his family bought the entire stake of Triumph Investments and JOMC, Mauritius.

GIL was originally promoted in 1992 by the GVK and CMS (USA). The Asian Infrastructure Fund (through Golden Palm Limited and Vintage Investments Limited) subscribed to 29.75% of the equity share capital of GIL in 1993. In September 1995, pursuant to an equity investment of 10%, as well as a loan to GIL, by IFC, the then shareholders of GIL executed a shareholders agreement to set out their *inter-se* rights and duties as regards GIL. See “History and Corporate Structure – GVK Industries Limited – Agreement among the shareholders of the GIL” on page 101 of this Prospectus for further details. For further details see “Capital Structure – Notes to Capital Structure” on page 41 of this Prospectus.

GPL was originally incorporated by Satyam Constructions Private Limited (name subsequently changed to Maytas Infra Private Limited) in 1996. Subsequently, IJM Corporation Berhard (Malayasia) joined as strategic equity partner. In 2000 NCC Power Corporation Limited, another IPP based in Andhra Pradesh, merged with Gautami Power Private Limited through a Scheme of Amalgamation. As a result of the merger the shareholders of GPL were Maytas Infra Private Limited along with their affiliates, IJM Corporation Berhard (Malayasia) through its subsidiary and NCC Power Corporation Limited. In July 2003, the Promoters through GVK Energy Holdings Private Limited (originally GVK Power Private Limited) took over the Company as a strategic equity partner and assumed the responsibility of implementing the power project and also contributed to the equity of the project, and executed an agreement in July 2003. Currently, equity contribution to the extent of 45.33% to the paid up equity of GPL has been made by GVKPIL, which is proposed to be increased to 51% through the infusion of part of the IPO proceeds. The other equity shareholdings of Maytas, IJM and NCC are 17.51%, 22.79% and 14.28%, respectively. See “History and Corporate Structure – Gautami Power Limited- Agreement among the shareholders of the GPL” on page 104 of this Prospectus for further details.

The Company has tied up the entire financial assistance of Rs.10,150 million (constituting 70% of the project cost of Rs 14,500 million) from various lenders, lead by Power Finance Corporation Limited (PFC). As a part of the security mechanism Maytas, IJM, NCC and GVKPPL and their respective affiliates were required to pledge 51% of their respective shareholding on the current paid up capital of the GPL with PFC. Accordingly, GVK Energy Holdings Private Limited and Transoceanic Projects Limited, Mauritius (affiliates of GVKPPL) have pledged 51% of their holding in GPL with PFC. In October 2005 GVKPIL acquired GVKPPL and Transoceanic Projects Limited’s equity stake in GPL. Accordingly, 51% of the equity shares in GPL now held by GVKPIL continue to remain pledged with PFC.

Recent Restructuring

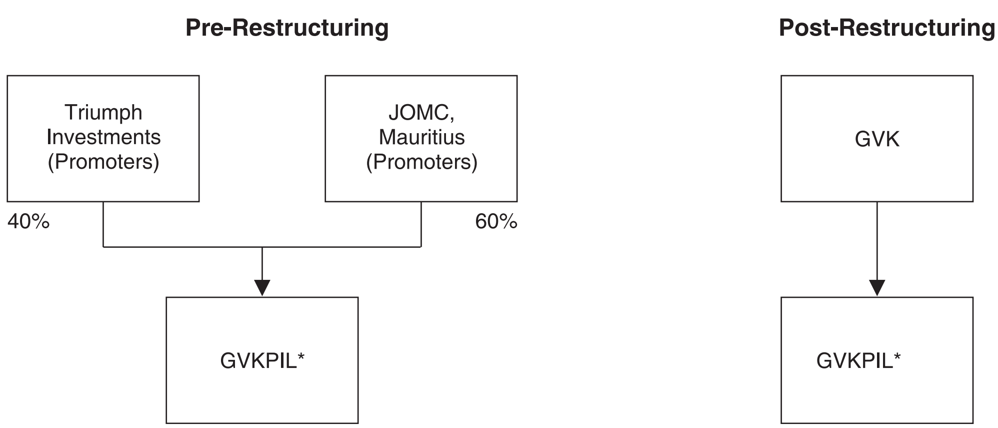
Recently, a corporate restructuring plan was undertaken by us with the intention that GVKPIL become a holding company of the power projects promoted by other GVK companies, namely GIL and GPL. Accordingly, in February 2005 GVKPIL purchased the equity shares of GIL from CMS, USA, held through JCMS, Mauritius and Classic; and also purchased equity shares in GIL from our Promoters and certain Promoter Group Companies subsequently; thereby cumulatively increasing its shareholding in GIL from nil to 53.96%. In October 2005 GVKPIL issued equity shares to the Promoters and certain Promoter Group Companies from whom they had purchased the equity shares of GIL, on a preferential basis. For further details see “Capital Structure – Notes to Capital Structure” on page 41 of this Prospectus.

GVKPIL also purchased the equity shares of GPL held by the Promoters and certain Promoter Group Companies in September and October 2005, thereby acquiring 38.38% of the equity share capital of GPL.

In October 2005 GVKPIL issued equity shares to the Promoters and the Promoter Group Companies from whom they had purchased the equity shares of GPL, on a preferential basis. For further details see “Capital Structure – Notes to Capital Structure” on page 41 of this Prospectus. Additonally, GVKPIL also utilized the proceeds of a bridge loan by subscribing to the equity shares of GPL, thereby increasing its stake to 45.33%.

A diagrammatic representation of the entire restructuring is illustrated below:

Restructuring of GVKPIL



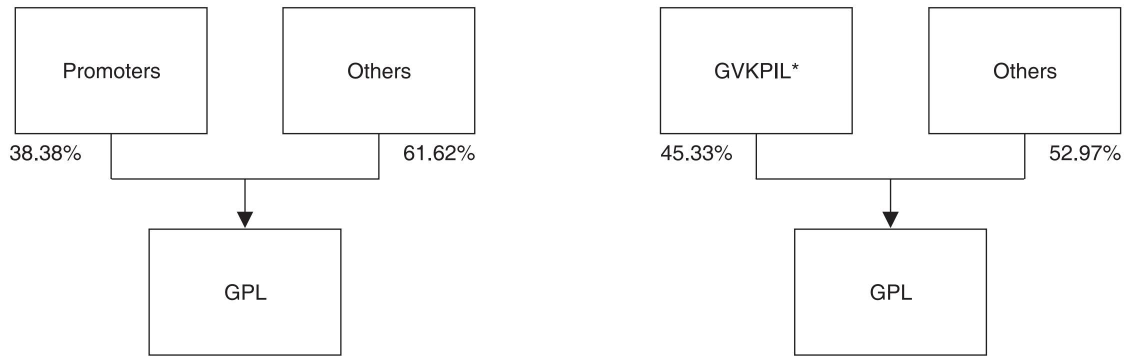
* GVK Power & Infrastructure Limited is the holding company of the power businesses of GVK and also provides operations and maintenance services to its power assets

Restructuring of GIL

* GVK Power & Infrastructure Limited is the holding company of the power businesses of GVK and also provides operations and maintenance services to its power assets

Restructuring of GPL

Pre-Restructuring **Post-Restructuring**



* GVK Power & Infrastructure Limited is the holding company of the power businesses of GVK and also provides operations and maintenance services to its power assetsHistory and Major Events of the Company

The chronology of events of our Company are as follows:

Year	**Key Events, Milestones and Achievements**
1996	Operation and Maintenance Agreement with GVK Industries Ltd
1996-1998, 2001-2003	Environmental Excellence Award presented to JOMC by CMS
1996-2000, 2002- 2003	Safety Excellence Award presented to JOMC by CMS
1996, 1998-2003	Production Excellence Award presented to JOMC by CMS
2005	Acquisition of shares in GVK Industries from Jegurupadu CMS Generation Company Ltd, Mauritius and Classic Investments Ltd, Mauritius
2005	Consolidation of shareholding in GIL and GPL

Main Objects of the Company

The main objects of our Company as contained in our Memorandum of Association are:

1. To carry on the business of operating and maintaining electric and all other kinds of power generation projects and to carry on the business of providing operating and maintaining facilities relating to electric and all other kinds of power generation projects including water, coal, natural gas and other gases and naphtha and to carry on the business of providing operating and maintaining facilities relating to electric and all other kinds of power generation projects including among other things responsibility for day to day operation, maintenance and management of the facilities.

2. To carry on the business and services associated with operating and maintaining infrastructure facilities such as roads, highway projects, bridges, expressways, intra-urban roads and /or peri – urban roads like ring roads and / or urban by-passes, fly-overs, bus and truck terminals, subways, ports, inland waterways and inland ports, water supply projects, irrigation projects, sanitation and sewerage systems, water treatment systems, solid waste management system or any other public facility of similar nature, housing projects, industrial parks, rail system, mass rapid transit system, light rain transit system, inland container depot and central freight station, airports, telecommunication facilities, any other facility that may be notified or identified as an infrastructure facility either by the state governments and/or the Government of India or any other appropriate authority or body, all either individually or as joint venture or by means of a collaboration with any company / firm /individual/consultant whether local or foreign; and to undertake and carry on the business of identifying infrastructure facilities, project ideas, to prepare project profiles, project reports, market research studies and report, pre investment studies at micro and macro level, act as an adviser in management of undertaking business enterprises, technical process, sources of plant and machinery and other utilities for business entrepreneurs.

3. To carry on the business of investment Company and to buy, hold, sell, underwrite, invest, acquire various securities including equity, preference, stocks, debentures, debenture-stock, bonds, commercial papers, treasury bills and deposits of such investment nature, issued or guaranteed by any government, state, financial institutions, banks or other lending

agencies, public/private body or authority, companies, firms or persons, within or outside India including the companies engaged in providing infrastructure facilities and to dispose off the same on the spot or through stock exchanges or otherwise and to deal with all or any of the above securities in the name of the Company or its nominees and to exercise all rights and perform all obligations arising out of such investments.

The main objects clause and the objects incidental or ancillary to the main objects of the Memorandum of Association of our Company enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

Amendments to our Memorandum of Association

Date	Amendments
February 24, 2005	Initial authorised share capital increased from Rs. 10,00,000 to Rs. 2,00,00,000
March 11, 2005	Conversion of the Company from Private Company with unlimited liability to a private limited company
April 21, 2005	Conversion of the Company from Private Limited Company to a Public Limited Company
April 21, 2005	Insertion of clause in the Main Object (Clause 4,5)
April 21, 2005	Authorised share capital increased from Rs. 2,00,00,000 to Rs. 10,00,00,000
May 25, 2005	Insertion of clause in the Main Objects (Clause 3)
June 26, 2005	Name of the Company changed to GVK Power & Infrastructure Limited
September 9, 2005	Authorised share capital increased from Rs. 10,00,00,000 to Rs. 50,00,00,000
October 14, 2005	Amendment to the Main Objects (Clause 1) and insertion of Clause 2

GVK Industries Limited

GIL, a company incorporated on June 18, 1992 under the Companies Act, 1956 and having its principal place of business at Paigah House, 156-159, S.P. Road, Secunderabad 500 003. GIL is a majority owned (53.96%) subsidiary of our Company. GIL received the certificate of commencement of business on December 21, 1992. GIL is engaged in the business of generating, developing and supplying electricity by setting up gas power plants.

History and Major Events of GIL

Year	Key Events, Milestones and Achievements
Phase I	
February 16,1993	Gas supply agreement with GAIL was signed
June 17, 1993	PPA was signed
August 17, 1994	EPC Contract for C&F, Ex-works and Services was signed
August 2, 1994	Naphtha supply agreement with BPCL was signed ‘
December 16,1996	Counter Guarantee by GOI provided
December 18, 1996	Guarantee provided by GOAP
July 4, 1996	O & M Agreement signed
July 4, 1996	1st Gas Turbine synchronized
	Escrow Account agreement signed.
March 3, 1997	Financial Closure
June 20, 1997	COD
March 15, 2002	Loans raised from IFC and NIB refinanced
June 11, 2003	Amendment to gas supply agreement with GAIL to increase supply from.75 mmscm to.9 mmscm

Phase II	
June 18, 2003	PPA was signed
June 14, 2003	EPC Contract for CIF, Ex-works & Services signed
November 24, 2003	1st amendment to EPC Contract to include Dual Fuel Capability
January 14, 2004	1st amendment CIF, Ex-works & Services agreements to include provisions in relation to Letter of Credit
October 5, 1999	Gas supply agreement with GAIL was signed.
January 30, 2003	2nd amendment to Gas Supply agreement to extend the validity period of the agreement up to 2019.
June 19, 2004	3rd amendment to Gas Supply agreement to extend the milestone dates.
December 29, 2003	Guarantee provided by GOAP
June 16, 2004	Escrow Account agreement signed
January 19, 2004	Trust & Retention A/c opened
January 21, 2004	Financial Closure
October 13, 2005	O&M Agreement with GVKPIL signed

Main Objects of GIL

The main objects of GIL are:

1. To generate, harness, develop, accumulate, distribute and supply electrically by setting up Thermal power plants by use of liquid, gaseous or solid fuels for the purpose of light, heat, motive power and for all other purposes for which electric energy can be employed to carry on and generate power supply either by hydro, thermal, gas, air, diesel oil or through renewable Energy sources such as solar, photo voltaic, wind mill and or any other means. To transmit, distribute supply and sell such power either directly or through transmission lines and facilities of Central/state Governments or private companies or Electricity Boards to industries and to Central/state Governments, other consumers of electricity including for captive consumption for any industrial projects promoted by this company or promoter companies, and generally to develop, generate, accumulate power at any other place or places and to transmit, distribute, sell and supply such power.

2. To construct, establish, operate, manage power stations, boiler houses, steam turbines, switch yards, transformer yards, Sub-stations, transmission lines, accumulators, workshops and all such works necessary for generating, accumulating, distributing and supply of electricity. To construct, lay down, establish, fix erect, equip and maintain power generating machinery, and all other types of plant and machinery, electrical equipment and cables, Computer and Control equipment, transmission lines, accumulators, fittings and apparatus in the capacity of principals, contractors or otherwise.

3. To carry on the business of consultants and contractors in setting up all types of plants for production of electrical energy and also to undertake research and development programmes in the field of electricity, electronics and other allied fields and also to invest in all kinds of infrastructure development companies as a promoter, sponsor, developer, advsor, operator or otherwise by way of equity, preference, debentures, debt or otherise and to carry on all such acts as are required to particiapte, float or acquire through bidding or negotaited process for any project either in infrastructure or otherwise.

4. To acquire concessions or licences granted by or to enter into contracts with the Government of India or any State Government, Municipal or local authority, Company or person in India for the construction, operation and maintenance of any electric installation for the production, transmission or use of electric power for lighting, heating, signaling, telephonic traction, motive or any other purposes or for trades, industrial, manufacturing, or any other purposes as may be mutually agreed together with required movable and immovable facilities such as land, building, railway sidings, site or sites of Central / State Governments/ Electricity Boards as per the terms and conditions conducive to the interest of the Company and to pay therefore in terms of shares of the Company or in any other manner mutually decided and with the object aforesaid to enter into and execute such agreements, guarantees, deeds and documents as may be proper, necessary or expedient.

5. To carry on the business of electrical, electronics, telecommunication, mechanical, civil and chemical engineers and contractors, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacture of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution,

supply, accumulation and employment of electricity (including in the term electricity all power that may be directly or indirectly derived there from or may be incidentally hereafter discovered in dealing with electricity, solar energy, tidal power or any other natural resources), galvanism, magnetism or otherwise.

Board of Directors of GIL

The board of directors of GIL as on December 31, 2005 comprises:

Name	Designation
G.V. Krishna Reddy	Chairman
G.Indira Krishna Reddy	Director
G.V. Sanjay Reddy	Vice Chairman
Somanadri Bhupal	Managing Director
Dr. Abid Hussain	Director – Independent Director
Air Chief Marshal I.H. Latif	Director – Independent Director
K. Balarama Reddi	Director – Independent Director
Ajit Singh	Director – Independent Director
Ajay Lal	Director – Independent Director
Devi Dayal	Director – IDBI Nominee
V. Rama Rao	Director – Technical
A. Issac George	Director – Finance
A. Ramakrishna	Director – Independent Director

Shareholding Pattern of GIL

As on December 31, 2005 the equity capital of GIL is Rs. 2620 million owned by:

Name of the Shareholder	No. of Shares	%
GVK Power & Infrastructure Limited	141,383,800	53.96
Vintage Investments Limited	65,500,000	25.00
International Finance Corporation	26,200,000	10.00
Golden Palm Limited	12,445,000	4.75
Public	8,031,200	3.07
Total	**262,000,000**	**100.00**

Financial Performance of GIL

The operating results of GIL for the period March 31, 2003 to March 31, 2005 is set forth below:

(Rs.in million)

For the period ended	March 31, 2003	March 31, 2004	March 31, 2005
Sales and other income	3,210.40	3,121.64	3,046.96
Profit/Loss after tax	525.57	484.84	507.68
Equity capital (par value Rs. 10/- per share)	2,620	2,620	2,620
Reserves and Surplus	1,379.08	1,863.86	2,075.31
Earnings per share (Rs)	2.01	1.85	1.94
Book value per equity share (Rs.)	14.59	16.57	17.24

In this section financial data for GIL has been derived from their financial statements prepared in accordance with Indian GAAP.

Agreement amongst the shareholders of GIL

GIL, Guardian Holdings Limited, Mauritius ("Guardian"), Novopan India Limited ("Novopan"), Nova Resins and Chemicals ("Nova Resins"), Jegurupadu CMS Generation Company Limited, Mauritius ("JCMS"), Classic Investments Ltd, Mauritius ("Classic"), ABB Power Investment (India) B.V., ("ABB"), Golden Palm Limited, Mauritius ("Golden Palm"), Vintage Investments Ltd., Mauritius ("Vintage Investments"), Asian Infrastructure Fund ("AIF") and International Finance Corporation ("IFC") executed an amended and restated shareholders agreement in respect of GIL on September 1, 1995, pursuant to subscription by IFC of the shares of GIL ("GIL SHA"). Under the GIL SHA the proposed authorized capital of GIL is expected to be above Rs. 2,574 million on the completion of the project completion date.

Our Promoter Mr. G.V.K.Reddy has also executed an Equity Participation Agreement dated June 17, 1993 with Andhra Pradesh State Electricity Board, now known as APDISCOMs, wherein APDISCOMs has agreed to invest in the equity of GIL of up to 10% of the entire share capital of GIL.

Under the GIL SHA, GIL, the GVK companies and AIF have agreed that the equity shares of GIL be listed on the Indian stock exchanges. Vintage and Golden Palm have agreed that a portion or all of the equity shares to be subscribed by Vintage or which are transferred to Golden Palm by Vintage will be subsequently sold in an initial public offering. Vintage and Golden Palm have agreed that they will cause to be made available in the initial public offering that portion of the initial public offering shares which is the minimum amount of shares required by Indian law to be offered to the public in an initial public offering at par value. If the shares required for the initial public offering from Vintage are to be offered at par value, under the GIL SHA, Vintage shall not make such shares available at par value unless the initial public offering occurs within 270 days from the initial purchase of the shares by Vintage or unless it has received the prior approval from Golden Palm. If Vintage agrees GIL is required to postpone the initial public offering until such time that the shares can be offered at a premium, provided that the initial public offering at a premium shall occur within the later of (i) five years froim the combined cycle COD and (ii) one year after the Vintage and Golden Palm, under Indian law, are permitted to offer the shares at a premium, provided that the intial public offering is required to be completed by January 1, 2005.

In terms of the GIL SHA, the GVK and its group companies are entitled to collectively nominate four directors to the board of directors of GIL, CMS is entitled to nominate two directors, in consultation with the GVK, Golden Palm is entitled to nominate one director, IFC is entitled to nominate one director, ABB is entitled to nominate one director, APSEB is entitled to nominate up to two directors, and the Indian Financial Institutions lenders are entitled to nominate up to two independent members. Provided that the Indian financial institutional lenders of GIL are entitled to nominate up to three directors in accordance with the provisions of the loan agreements and the corporate documents of GIL.

CMS acquired 5% shareholding of GIL from ABB on December 29, 2000. By virtue of the acquisition, the holding of JCMS increased to 23.75% (62,225,000 Equity Shares). On February 16, 2005, GVKPIL acquired CMS's shareholding of GIL. Pursuant to this acquisition, the GVK has the right to appoint seven directors on the board of GIL. Further, the Chairman and Managing Director are to be appointed from amongst the GVK nominee directors and can be two different persons. The Agreement stipulates that the Board is to have an Audit Committee and an Operating and Maintenance Advisory Committee.

If APSEB, IFC or Golden Palm, notwithstanding, lose their right to designate its last board member and they transfer to the GVK or its permitted transferees at least half of the shares of that it owns at the time of the transfer and after such transfer the percentage of shares of GIL that it owns is below 5% or 4.75% for Golden Palm, then the right to appoint its Board member shall be transferred to GVK or its permitted transferees.

According to the GIL SHA, the affirmative votes of the GVK nominee, CMS nominee and IFC nominee are required for certain matters to be decided by the board, provided that if the CMS shareholding is reduced below 18.75% and Golden Palm owns at least 4.75% shares in GIL, then the affirmative vote of the Golden Palm nominee is substituted for the vote of the CMS nominee. If the IFC shareholding falls less than 10%, then the IFC nominee vote is not required and if the GVK owns less than 14%, then the GVK nominee vote is not required. Also, the IFC nominee vote is not required if the action is allowed under the IFC loan agreement with GIL, for so long as the IFC loan is outstanding. The matters on which the affirmative vote of the above parties are required for Board resolutions include: (a) expansion of power station from 235 MW, (b) issuance or sale of additional share capital except as contemplated under specified agreements, (c) sale of substantial assets of GIL, (d) change in business of GIL, (e) material modification to PPA, EPC contracts etc. and (f) declaration of dividend.

As per the GIL SHA, the following matters, *inter alia* require a special resolution, in all instances when a shareholder resolution is required: (a) expansion of power station from 235 MW, (b) issuance or sale of additional share capital except as contemplated under specified agreements, (c) sale of substantial assets of GIL, (d) change in business of GIL, (e) amendment to Memorandum and Articles, (f) declaration of dividend. The GIL SHA provides that the shareholders shall vote against such matters if IFC gives them prior written notice thereof, and provided further that GVK, Classic Investments and CMS are to vote affirmatively if the matters have been consented to by them in any other agreement amongst them and GVK and Golden Palm are to vote affirmatively if the matter has been consented to in any other agreement amongst them.

The GIL SHA provides that in case additional amounts are required to fund the project, GIL can raise the additional equity by way of a rights issue and all existing shareholders have the right to subscribe for shares in proportion to their respective shareholding in GIL.

Further the shareholders (other than IFC) are restricted from transferring shares owned in GIL to third parties (i) if the shareholder is Golden Palms, to any independent power producer in India, except with approval of GVK; (ii) if the shareholder is ABB, to any independent power producer in India competing with GIL, except with approval of GVK; (iii) if the shareholder is Golden Palm, to any person who will hold 10% of shares of GIL after transfer. The shareholders are also not permitted to transfer shares of GIL *inter se*, unless the aggregate shareholding of Classic and CMS falls below 25.1%, due to involuntary dilution in which event the other shareholders can transfer shares to increase the shareholding of JCMS to 18.75% and the shareholding of Classic Investments to 6.5%.

Our Board of Directors on September 10, 2005 passed a resolution, subject to regulatory and statutory approvals, granting their in-principle approval to issue Equity Shares to Golden Palm Limited, Mauritius and Vintage Investments Limited, Mauritius (both being a part of the AIF Capital Group) in consideration for transfer of the entire shareholdings held by them in GIL, in favour of the Company. GIL has issued letters dated September 30, 2005 to Golden Palm Limited, Mauritius and Vintage Investments Limited, Mauritius conveying its no-objection under the provisions of Press Note 1 dated January 12, 2005 to Golden Palm Limited, Mauritius and Vintage Investments Limited, Mauritius acquiring such number of equity shares in the Company in consideration for their transfer of their respective entire shareholding in GIL. GIL has also conveyed its no-objection to Golden Palm Limited, Mauritius and Vintage Investments Limited, Mauritius approaching the necessary regulatory authorities as required to seek their consent for the acquisition of shares in the Company.

Gautami Power Limited

GPL was incorporated on August 19, 1996 under the Companies Act, 1956 with its registered office at Paigah House, 156-159, S.P. Road, Secunderabad 500 003. GPL received the certificate of commencement of business on August 30, 1996. It became a private limited company with effect from July 23, 1999. GPL upon becoming a deemed public company opted to retain the status of being a private limited company and was therefore allotted a fresh certificate of incorporation on June 14, 2001. Thereafter, GPL was converted to a public limited company with effect from March 22, 2004. GPL is engaged in the business of generating, developing and supplying electricity by setting up hydro and gas based power plants.

History and Major Events of GPL

Year	Key Events, Milestones and Achievements
March 31, 1997	GPL & NCC sign the PPA with erstwhile APSEB for 300 MW & 227 MW capacities respectively
July 17, 1999	Amendment signed by GPL for increasing the capacity to 358.9 MW
June 18, 2003	Amendment to the PPA post amalgamation of GPL and NCC for 464 MW capacity
August 29, 1997	Guarantee provided by the GOAP
October 9, 2000	Gas supply agreement:
	(i) signed by GPL for 1.22 million cubic meter of Gas (ii) signed by NCC for 0.74 million cubic meter of Gas
October 18,2001	Gas supply agreement for 1.96 million cubic meters of Gas i.e. for combining the GPL & NCC gas allocations
September 27, 2003	EPC Contract for CIF, Ex-works & Services signed
March 29, 2004	Date of signing of loan documents with the lenders
May 15, 2004	Escrow Account agreement signed
May 26, 2004	1st amendment to EPC Contract (all three) made to include provisions for Letter of Credits
June 30, 2004	Financial Closure
October 13, 2005	O&M Agreement with GVKPIL signed

Main objects of GPL

The main objects of GPL are:

1. To generate, harness, develop, purchase, accumulate, distribute and supply electricity by setting up hydro and thermal power plants using liquid, gaseous or solid fuels like water, gas, air, naphtha, coal, diesel oil and other petroleum products, or through renewable energy sources such as solar, photo voltaic, wind mill or through any other means and to supply such power either directly or through transmission lines and such other facilities of Central or State Governments or Private Companies or Electricity Boards to industries and to Central/State Government, Electricity Boards and other consumers and to achieve the objectives referred to above either singly or in joint venture with partners, Indian or foreign, or through third parties, whether Indian or foreign on a turnkey basis and to transmit, distribute, supply and sell power to Central/State Government, Electricity Boards, industry and other consumers, whether within the State or otherwise of electricity including those for captive consumption.

2. To construct, establish, operate, manage power stations, boiler houses, steam turbines, switch yards, transformer yards, sub-stations, transmission lines, accumulators, workshops and all such works necessary for generating, accumulating, distributing and supplying of electricity. To construct, lay down, establish, fix, erect, equip, and maintain power generating machinery, and all other types of plant and machinery, electrical equipment and cables, computer and control equipment, transmission lines, accumulators, fittings and apparatus in the capacity of principals, contractors or otherwise.

3. To acquire licenses granted by or to enter into contracts with the Government of India or any State Government, Municipal or local authority, company or person for the construction, operation and maintenance of any electric installation, for the production, transmission and use of electric power for lighting, heating, motive or any other purposes or for trade, industrial manufacturing or any other purposes as may be mutually agreed together with required movable and immovable facilities such as land building railway sidings or sites of Central/State Governments, Electricity Boards as per the terms and conditions conducive to the interest of the Company and to pay there for in terms of shares of the Company or in any other manner mutually decided and with the object aforesaid to enter into and to execute such agreements, guarantees, deeds and documents as may be proper, necessary or expedient or to acquire, sell, lease, run, maintain, purchase, expand, refurbish, rehabilitate, renovate, dismantle, restructure, mortgage, procure, remodel, plan, design, erect, commission existing or new power generation stations, distribution systems and transmission, networks and to act as advisors, consultants, marketing agencies, sole-selling agents, fuel suppliers to any such power generation station(s), distribution system(s), tie-lines and transmission network(s).

4. To provide customers with services in total utility operation and management including planning, training, feasibility studies, environmental assessment, engineering and design, operation and maintenance in power generation, to undertake the business of Engineering, Procurement and Consultancy for existing and new Power Generation Stations, Distribution Systems and transmission networks and to carry on the business of consultants and contractors in setting up all types of plants for production of electrical energy and also to undertake research and development programs in the field of electricity, electronics and other allied fields.

5. To carry on the business of planning, feasibility studies, engineering and design, development and commissioning, operations and maintenance, systems integration, network building, enterprise resource planning, management resource planning, environmental assessment, training, audit, energy management, emergency control, institutional structuring, financial and management information systems, hydraulic and hydrology studies and material management for power generation plants, transmission systems and distribution networks, transmission design and engineering, power plant design and project management, systems operation, analysis of electric supply system, power station management, operation and maintenance and quality management and to design, install, erect, lay, provide consultancy and management services or undertake turnkey projects for manufacturing, installing, laying, commissioning of power generation, transmission and distribution network and to set up, establish laboratory, research centers and to carry on research and development for the same.

Board of Directors of GPL

The board of directors of GPL as on December 31, 2005 comprises:

Name	Designation
G.V. Krishna Reddy	Chairman
G.V. Sanjay Reddy	Managing Director
Somanadri Bhupal	Director
A.Ramakrishna	Director
A.Chakravarti	Director – PFC Nominee
A.A.V. Ranga Raju	Director
B. Teja Raju	Director
Krishnan Tan	Director
A.Issac George	Director
K. Balarama Reddi	Director
S. Madhusudhan	Director – Technical

Shareholding Pattern of GPL

As on December 31, 2005 the equity capital of GPL is Rs. 2792.11 million owned by:

Name of the Share holder	No. of shares	% of Shareholding
IEMCEE Infra (Mauritius) Limited (100% owned by IJM Corporation Berhad)	63,639,700	22.79
Nagarjuna Construction Company Limited	39,879,928	14.28
GVK Power & Infrastructure Limited	126,555,100	45.33
Maytas Infra Private Limited	48,870,000	17.51
IJM Corporation Berhad	1,000	-
Others	266,041	0.09
Total	**279,211,769**	**100**

Financial Performance of GPL

Since the Peddapuram facility is still under construction, there are no operating results in relation to Gautami.

Agreement amongst the shareholders of GPL

Maytas Infra Private Limited ("Maytas"), IJM Corporation Bhd. ("IJM"), Nagarjuna Construction Company Ltd. ("NCC") and GVK Energy Holdings Private Limited, formerly called as GVK Power Private Limited ("GVKPPL") and GPL have executed a shareholders agreement dated July 2, 2003 setting out their rights *inter-se* as the shareholders of GPL, which was subsequently amended on July 3, 2003 and June 11, 2004 ("GPL SHA"). The GPL SHA contemplates that the shareholding of GPL, from the date from which GPL receives the initial contribution of Rs. 100 million from GVKPPL until the date of financial closure (as defined in the PPA in relation to GPL), shall be such that Maytas including its affiliates holds 14%, IJM through its subsidiary IEMCEE Infra (Mauritius) Limited holds 20%; NCC holds 15%; and GVKPPL holds 51% of the share capital of GPL.

The GPL SHA specifies that the shareholding of GVKPPL shall not be diluted below 50% without its specific consent. Additionally, in terms of the GPL SHA prior to the financial closure the shareholding of Maytas, NCC and IJM can be changed *inter-se* subject to the overall cap of 50%. The GPL SHA provides that on the date GPL receives the initial contribution of Rs. 100 million from GVKPPL, GPL shall issue such number of partly paid up equity shares of such paid up value so that the shareholding of the shareholders in GPL will be as specified above. GVKPPL is required under the GPL SHA to continue to contribute towards the capital of GPL until such time that their contribution equals the contribution made by Maytas, NCC and IJM; and only thereafter are Maytas, NCC and IJM required to contribute capital to GPL. Each of the shareholders are required to pay for the any new shares issued by GPL in the same percentage as specified above. After financial closure of the project, GVKPPL's shareholding is to be increased to 51% either through fresh issue of shares by GPL or by the sale of the shares in

GPL by Maytas, NCC and IJM at par value, such that Maytas, NCC and IJM would readjust their shareholding to reflect the decline in their shareholding by one percent.

In terms of the GPL SHA, in the event of the shareholders of GPL identify by mutual consent any other third party to participate in the development of the project by the acquisition of shares in GPL, the shareholders of GPL will share all economic and commercial benefits arising from the participation of the third party in the ratio of their respective cash contributions towards the share capital of GPL.

The GPL SHA authorizes the board of directors of GPL to issue fresh shares when required to fund the activities of Company. Each shareholder is required to subscribe to shares provided that a shareholder is not obligated to make payment, which together with any advances exceeds shareholding of such shareholder, as set out in the GPL SHA. The GPL SHA also provides for the board of directors of GPL to call upon each shareholder to make a non-interest bearing advance capital contributions to the Company, provided that a shareholder is not obligated to make payment, which together with any advances exceeds shareholding of such shareholder, as set out in the GPL SHA.

Under the GPL SHA, in case of failure of any shareholder to subscribe to shares or make advance capital contributions when called for, in addition to other rights and remedies available under the GPL SHA, the other shareholders have the right but not the obligation to make all and not less than all, of the non-contributing shareholders share of such subscription or contribution. If one or more shareholders elects to make such subscription or contribution on behalf of the non-contributing shareholder, such other shareholders shall make such contribution or advance in the proportion that its shareholding bears to the other shareholder's shareholding or as otherwise agreed upon. The shareholding of the shareholders is to be adjusted to reflect the actual proportion of any subscriptions and contributions made by the shareholders. The GPL SHA also prescribes that in the event of a failure of one or more of the shareholders to contribute as per the GPL SHA, the other non-defaulting shareholders among Maytas, NCC and IJM, shall alone have the right to contribute such moneys defaulted by one or more of Maytas, NCC and IJM. Only in the event of one or more of the non-defaulting shareholders among Maytas, NCC and IJM not willing to contribute, then GVKPPL shall be entitled to contribute in terms of the GPL SHA.

The GPL SHA Provides that if required in connection with financing of the project, each shareholder when required shall pledge its shares in GPL as security for such financing, subordinate its claims and interest to the rights of lenders and take other similar actions provided that a shareholder is not required to grant recourse to any assets other than its shareholding in GPL.

Under the terms of the GPL SHA, (i) if at any time GVK does not pay the calls made on them within the time stipulated in the call letter or (ii) at financial closure, if GVKPPL's partly paid up shares are not made as fully paid up shares by contribution by GVKPPL of appropriate capital amounts; (iii) or if financial closure is not achieved (for reasons directly attributable too GVKPPL) within a period of nine months or such other date as be mutually agreed by the parties from the date from which GPL receives the initial contribution of Rs. 100 million from GVKPPL, then it is to be considered as a material default on part of GVKPPL. In such cases of event of default (a) GVKPPL's partly paid up shares should remain as such until financial closure and Maytas, NCC and IJM shall have the obligation to buy such partly paid up shares from GVKPPL at their paid up value at financial closure; (b) GVKPPL shall not be entitled to sell or transfer the partly paid up shares to any other third party except with the prior written consent of Maytas, NCC and IJM and if Maytas, NCC and IJM elect to give such consent they may impose such stipulations or conditions on the buyer of GVKPPL's partly paid up shares; (c) The chairman and the whole time director, if any, shall cease to hold office as such in GPL, and the number of the GVKPPL nominee directors on the board of directors shall be one; (d) GVKPPL shall hand over to Maytas, NCC and IJM the effective management of GPL together with all the documents, records, accounting books etc.; (e) Maytas, NCC and IJM shall be entitled to go forward with the project with such other parties as they may in their absolute discretion deem fit; (f) so long as GVKPPL continues to have in its name, the partly paid up shares, they shall continue to have its rights under the GPL SHA which shall be commensurate to the cash contributed by GVKPPL.

The shareholders are entitled to transfer their shares in GPL to third parties subject to the restrictions contained in the GIL SHA, the articles of association of GPL and the project and financing documents in relation to the GPL power project including the minimum equity contributions specified in the project and financing documents. The shareholders however have an unrestricted right to transfer the equity shares of GPL to their affiliates, provided that such transfers shall be subject to the transferee entity executing a deed of adherence and that the transferring entity provide written notice of the same to the other shareholders. Further, in case of transfer of equity shares, either in whole or in part, to a third party, the transferring shareholder shall first offer the same to the other shareholders in accordance with the procedure prescribed in the GPL SHA, provided that the transferee executes a deed of adherence agreeing to be bound by the provisions of the GPL SHA. The GPL SHA also provides that in addition to the right of first refusal, the transferor of equity shares procure that the intended purchaser extend its offer to purchase the equity shares to the other shareholders, on similar terms and conditions no less favourable than to the transferor shareholder. Creation of any encumbrance on the equity shares by a shareholder is prohibited under the GPL SHA. Maytas, NCC and IJM are permitted top transfer equity shares among themselves and are entitled, at any time, to increase, decrease their stake in GPL. The shareholders are not permitted to transfer their shares prior to financial closure. Additionally, certain rights such as the appointment of directors and fundamental matters are non-transferable unless the transferee acquires at least a 20% stake in GPL; and that the transferee is not a competitor in any of the businesses of the shareholders of GPL.

Under the terms of the GPL SHA, the board of directors of GPL is to consist of 6 directors. GVKPPL is entitled to nominate 3 directors and Maytas, NCC and IJM in the aggregate are entitled to nominate 3 directors. Upon the commercial operations date of the project or the sale of 5% or more shares of GPL to a third party, whichever is earlier, GVKPPL is entitled to nominate one more director. In the event any shareholder's shareholding falls below 5%, such shareholder will not be entitled to nominate any director to the board of directors of GPL. The GPL SHA requires that the quorum for meetings of the board of directors be at least four directors including one each from Maytas, IJM, Nagarjuna and GVKPPL, and that the Chairman is to be selected from the GVKPPL directors and has also been granted a casting vote. GVKPPL is also entitled to appoint the managing director on the board of directors of GPL.

As per the GPL SHA, the prior consent of Maytas, IJM, Nagarjuna and GVKPPL is required to transact and approve certain fundamental matters at Board or general meetings, provided that each of the above parties, holds at least 5% shares in GPL until the commercial operations date of the project and 9% shares of GPL after the commercial operations date of the project. The matters on which the prior consent of the shareholders is required include (a) increase/decrease in Company's share capital, (b) merger or consolidation of Company, (c) sale of Company assets other than in ordinary course, (d) change in business of Company and (e) creation of subsidiaries.

The GPL SHA specifically provides that the day-today management and charge of overall affairs of GPL vests in GVKPPL. GVKPPL, as the shareholder in charge of the overall affairs and the management of GPL is to use its best efforts to achieve financial closure by GPL within a period of six months from from the date from which GPL receives the initial contribution of Rs. 100 million from GVKPPL.

An event of default under the GPL SHA includes (a) failure by a shareholder to make equity contributions or advances; (b) failure of Company to achieve financial closure, directly attributable to GVKPPL's within six months from the date from which GPL receives the initial contribution of Rs. 100 million from GVKPPL (c) breach of representations and warranties which have a material adverse effect or cause a liability upon GPL; (d) any material breach not cured within 14 days of notice; and (e) insolvency or bankruptcy of any party. In case of an event of default, the non defaulting parties are entitled to buy out the defaulting party's shares in GPL, *pro-rata* in accordance with the non defaulting parties' shareholding at a price which a willing buyer would pay. In case, the parties are unable to agree on a price, an independent internationally recognized accounting firm will determine the price. In addition, upon the occurrence of an event of default Maytas, NCC and IJM have the obligation to purchase the entire shares subscribed by GVKPPL at its paid up value at any time prior to the financial closure or procure any third party to procure the same.

The GPL SHA is terminable on dissolution or liquidation of GPL, acquisition by any shareholder of 100% of shares of GPL or on mutual agreement of all shareholders.

GVKPPL provided its contribution to the equity of GPL through its affiliates, GVK Energy Holdings Private Limited and Transoceanic Projects Limited, Mauritius In October 2005 GVKPIL acquired GVK Energy Holdings Private Limited's and Transoceanic Projects Limited's equity stake in GPL, and is therefore a party to the GPL SHA.

Agreements with our Group Companies

We have executed O&M Agreements with GIL and GPL for the provision of O&M services to the Jegrapadu Phase II and the proposed power plant at GPL. See "Our Business" for on page 71 of this Prospectus for further details.

Agreement with G.V.K. Reddy, our Promoter

The brand and trademark 'GVK' and the associated logo is owned by our Promoter, Mr. G.V.K.Reddy, who has also filed for the registration of the trademark and the logo in his personal capacity on October 6, 2005. By an agreement dated October 14, 2005, G.V.K.Reddy has granted our Company, GIL and GPL the non-exclusive right to use the trademark and logo in their ordinary course of business upon a consideration to be mutually agreed. The agreement is revocable at the option of Mr. G.V.K.Reddy or can be terminated upon GVKPIL, GIL and GPL ceasing to be affiliates or upon an event of default.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we are required to have no less than three directors and no more than twelve directors. We currently have eight directors on our board.

The following table sets out the current details regarding our Board of Directors:

Name, Designation, Father's Name, Address, Occupation and Term	**National of**	**Age (years)**	**Other Directorships in Indian companies**
G. V. Krishna Reddy Chairman & Managing Director S/o Late G. Subbirami Reddy 6-3-250/A, Road No.1, Banjara Hills, Hyderabad – 500 034. Industrialist Whole time Director Not liable to retire by rotation	U.S.A	68	Accura Constructions Private Limited Accura Estates Private Limited Alaknanda Hydro Power Company Limited Allied Estates Pvt. Ltd. Altitude Design & Development Pvt. Ltd Amtran Constructions Private Limited Anchor Estates Pvt. Ltd. Blue Streak Consultants Pvt. Ltd Bonanza Real Estates Pvt. Ltd. Bowstring Projects & Investments Pvt. Ltd. Classic Land Holdings Pvt. Ltd. Consolidated Real Estates Private Limited Delta Land Holdings Pvt. Ltd. Eagle Land Holdings Private Limited Fair Value Land Holdings Pvt. Ltd. Fortune Real Estates Pvt. Ltd. Fresenius Intraven Pvt. Ltd. Gautami Power Limited GVK Airport Developers Private Limited GVK Airport Holdings Private Limited GVK Capital & Finance Limited GVK Cements Limited GVK City Private Limited GVK Coal (Tokisud) Company Private Ltd GVK Davix Technologies Private Ltd GVK Energy Holdings Pvt. Ltd. GVK Enterprises/Firm GVK Hydel Private Limited GVK Industries Limited GVK Infrastructure Holdings Pvt. Limited GVK Jaipur-Kishangarh Expressway Limited GVK Novopan Industries Pvt Ltd GVK Petrochemicals Private Limited GVK Power (Goindwal Sahib) Limited GVK Power (Krishnapatnam) Private Limited GVK Power (Ratlam) Private Limited GVK Properties & Management Company Pvt. Ltd. GVK Technical & Consultancy Services Pvt. Ltd. Indira Enterprises / FirmInnovative Land Holdings Pvt. Ltd. Inogent Laboratories Private Ltd JK Operations & Maintenance Pvt. Ltd Krishna Enterprises / Firm Laxmi Enterprises / Firm Mallikarjuna Estates Private Limited Mallikarjuna Finance Private Limited Marriot Land Holdings Private Limited Marwell Architects & Contractors Pvt. Ltd Metro Architects & Contractors Pvt. Ltd Midas Estates Pvt. Ltd.

Name, Designation, Father's Name, Address, Occupation and Term	National of	Age (years)	Other Directorships in Indian companies
			Novopan Industries Limited Orbit Travel & Tours Private Limited Oxford Land Holdings Pvt. Ltd. Pace Constructions Private Limited Pace Estates Pvt. Ltd Paigah House Hotel Pvt. Ltd. Parthasarathy A/C Tourists Pvt. Ltd. Pinakini Share & Stock Brokers Limited Pinnacle Land Holdings Pvt. Ltd. Plateau Constructions Pvt. Ltd Raghavendra Finance Pvt. Limited Raghavendra Land Holdings Pvt. Ltd. Sheraton Estates Private Limited TajGVK Hotels & Resorts Limited Trinity Advisors Pvt. Ltd Vulcan Constructions Private Limited
G. Indira Krishna Reddy Director W/o G. V. Krishna Reddy Add: 6-3-250/A, Road No.1, Banjara Hills, Hyderabad – 500 034. Business Liable to retire by rotation	India	61	Accura Constructions Private Limited Accura Estates Private Limited Alaknanda Hydro Power Company Limited Allied Estates Pvt. Ltd. Altitude Design & Development Pvt. Ltd Amtran Constructions Private Limited Anchor Estates Pvt. Ltd. Blue Streak Consultants Pvt. Ltd Bonanza Real Estates Pvt. Ltd. Bowstring Projects & Investments Pvt. Ltd Classic Land Holdings Pvt. Ltd. Consolidated Real Estates Private Limited Delta Land Holdings Pvt. Ltd. Eagle Land Holdings Private Limited Fair Value Land Holdings Pvt. Ltd. Fortune Real Estates Pvt. Ltd. Fresenius Intraven Pvt. Ltd. GVK Biosciences Private Limited GVK Capital & Finance Limited GVK City Private Limited GVK Enterprises/Firm GVK Industries Limited GVK Novopan Industries Private Limited GVK Petrochemicals Private Limited GVK Power (Krishnapatnam) Private Limited GVK Power (Ratlam) Private Limited GVK Properties & Management Company Pvt. Ltd. GVK Technical & Consultancy Services Pvt. Ltd. Indira Enterprises / FirmInnovative Land Holdings Pvt. Ltd. JK Operations & Maintenance Pvt. Ltd Krishna Enterprises / Firm Laxmi Enterprises / Firm Mallikarjuna Estates Private Limited Mallikarjuna Finance Private Limited Marriot Land Holdings Private Limited Marwell Architects & Contractors Pvt. Ltd Metro Architects & Contractors Pvt. Ltd Midas Estates Pvt. Ltd. Novopan Industries Limited Orbit Travel & Tours Private Limited

Name, Designation, Father's Name, Address, Occupation and Term	National of	Age (years)	Other Directorships in Indian companies
			Oxford Land Holdings Pvt. Ltd. Pace Constructions Private Limited Pace Estates Pvt. Ltd Paigah House Hotel Pvt. Ltd. Parthasarathy A/C Tourists Pvt. Ltd. Pinakini Share & Stock Brokers Limited Pinnacle Land Holdings Pvt. Ltd. Plateau Constructions Pvt. Ltd Raghavendra Finance Pvt. Limited Raghavendra Land Holdings Pvt. Ltd. Sheraton Estates Private Limited SR Finance & Others SR Finance Pvt. Ltd. TajGVK Hotels & Resorts Limited Trinity Advisors Pvt. Ltd Vulcan Constructions Private Limited
G. V. Sanjay Reddy Director S/o G. V. Krishna Reddy Add: 6-3-1089/A, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082 Entrepreneur Liable to retire by rotation	India	41	Accura Constructions Private Limited Alaknanda Hydro Power Company Limited Allied Estates Pvt. Ltd. Altitude Design & Development Pvt. Ltd Amtran Constructions Private Limited Anchor Estates Pvt. Ltd. Blue Streak Consultants Pvt. Ltd Bonanza Real Estates Pvt. Ltd. Bowstring Projects & Investments Pvt. Ltd. Consolidated Real Estates Private Limited Delta Land Holdings Pvt. Ltd. Dhaulasidh Power Pvt Ltd Eagle Land Holdings Private Limited Fair Value Land Holdings Pvt. Ltd. Gautami Power Limited Green Woods Golf & Resorts Pvt Ltd GVK Airport Developers Private Limited GVK Airport Holdings Private Limited GVK Biosciences Private Limited GVK Capital & Finance Limited GVK Cements Limited GVK City Private Limited GVK Coal (Tokisud) Company Private Ltd GVK Davix Technologies Private Ltd GVK Energy Holdings Pvt. Ltd. GVK Enterprises/Firm GVK Hydel Private Limited GVK Industries Limited GVK Infrastructure Holdings Pvt. Limited GVK Jaipur-Kishangarh Expressway Limited GVK Novopan Industries Private Limited GVK Petrochemicals Private Limited GVK Power (Goindwal Sahib) Limited GVK Power (Krishnapatnam) Private Limited GVK Power (Ratlam) Private Limited GVK Properties & Management Company Pvt. Ltd. GVK Technical & Consultancy Services Pvt. Ltd. Indira Enterprises / FirmInogent Laboratories Private Ltd Jegurupadu Power Plant Services Pvt. Ltd

Name, Designation, Father's Name, Address, Occupation and Term	National of	Age (years)	Other Directorships in Indian companies
			JK Operations & Maintenance Pvt. Ltd Mallikarjuna Estates Private Limited Marriot Land Holdings Private Limited Marwell Architects & Contractors Pvt. Ltd Metro Architects & Contractors Pvt. Ltd Novopan Industries Limited Orbit Travel & Tours Private Limited Oxford Land Holdings Pvt. Ltd. Pace Constructions Private Limited Pace Estates Pvt. Ltd Paigah House Hotel Pvt. Ltd. Parthasarathy A/C Tourists Pvt. Ltd. Pinakini Share & Stock Brokers Limited Pinnacle Land Holdings Pvt. Ltd. Plateau Constructions Pvt. Ltd Raghavendra Land Holdings Pvt. Ltd. Sheraton Estates Private Limited Sunshine Properties Pvt Ltd TajGVK Hotels & Resorts Limited Trinity Advisors Pvt. Ltd Vulcan Constructions Private Limited
Somanadri Bhupal Director S/o Late Krishnaram Bhupal Add: 6-3-250/A, Road No.1, Banjara Hills,Hyderabad – 500 034. Business Liable to retire by rotation	India	49	Accura Constructions Private Limited Accura Estates Private Limited Alaknanda Hydro Power Company Limited Altitude Design & Development Pvt. Ltd Amtran Constructions Private Limited Blue Streak Consultants Pvt. Ltd Blue Streak Land Holdings Private Ltd Bonanza Real Estates Pvt. Ltd. Bowstring Projects & Investments Pvt. Ltd Classic Land Holdings Pvt. Ltd. Dhaulasidh Power Pvt Ltd Eagle Land Holdings Private Limited Fortune Real Estates Pvt. Ltd. Fresenius Intraven Pvt. Ltd. Gautami Power Limited Green Woods Golf & Resorts Pvt Ltd GVK Airport Developers Private Limited GVK Airport Holdings Private Limited GVK Biosciences Private Limited GVK Capital & Finance Limited GVK Cements Limited GVK City Private Limited GVK Coal (Tokisud) Company Private Ltd GVK Davix Technologies Private Ltd GVK Energy Holdings Pvt. Ltd. GVK Enterprises/Firm GVK Hydel Private Limited GVK Industries Limited GVK Infrastructure Holdings Pvt. Limited GVK Jaipur-Kishangarh Expressway Limited GVK Novopan Industries Private Limited GVK Petrochemicals Private Limited GVK Power (Goindwal Sahib) Limited GVK Power (Krishnapatnam) Private Limited GVK Power (Ratlam) Private Limited GVK Properties & Management Company Pvt. Ltd.

Name, Designation, Father's Name, Address, Occupation and Term	National of	Age (years)	Other Directorships in Indian companies
			GVK Technical & Consultancy Services Pvt. Ltd. Innovative Land Holdings Pvt. Ltd. Jegurupadu Power Plant Services Pvt. Ltd JK Operations & Maintenance Pvt. Ltd Laxmi Enterprises / Firm Mallikarjuna Estates Private Limited Mallikarjuna Finance Private Limited Marriot Land Holdings Private Limited Marwell Architects & Contractors Pvt. Ltd Metro Architects & Contractors Pvt. Ltd Midas Estates Pvt. Ltd. Novopan Industries Limited Orbit Travel & Tours Private Limited Pace Estates Pvt. Ltd Paigah House Hotel Pvt. Ltd. Pinakini Share & Stock Brokers Limited Pinnacle Land Holdings Pvt. Ltd. Plateau Constructions Pvt. Ltd Raghavendra Finance Pvt. Limited Raghavendra Land Holdings Pvt. Ltd. S Bhupal & Others Sheraton Estates Private Limited SR Finance & OthersSR Finance Pvt. Ltd. TajGVK Hotels & Resorts Limited Trinity Advisors Pvt. Ltd Vulcan Constructions Private Limited
A. Ramakrishna Independent Director S/o Late A.Venkataappaiah Add: 'Anmol', M-6 Old No: M-29 Anna Nagar East, Chennai 600 102 Advisor Liable to retire by rotation	India	65	Andhra Sugars Limited Bangalore International Airport Limited Gautami Power Limited GVK Industries Limited GVK Jaipur-Kishangarh Expressway Limited International Infrastructure Consultants Pvt Ltd ISP India Private Limited KCP Limited Madras Cements Limited TajGVK Hotels & Resorts Limited
Dr.Abid Hussain Independent Director S/o Late S. G. Pajatan Add: 237 Sector 15-A, Noida 201301 Retd IAS Liable to retire by rotation	India	78	GVK Industries Limited Havel's India Limited Hyderabad Flextech Limited Morgan Stanley Asset Management (I) Ltd Nagarjuna Oil Corporation Limited Shree Cement Limited Taj GVK Hotels & Resorts Limited Wockhardt Limited Zodiac Clothing Co. Limited
K. N. Shenoy Independent Director S/o Late K.D.Shenoy Varsav Plaza, 12-Jaya Mahal Main Road, Bangalore 560 046 Advisor Liable to retire by rotation	India	74	ABB Alstom Power India Limited Asea Brown Boveri Limited Centre for Technology Developement CII Institute of Quality Confederation of Indian Industry Gebin Water Management Systems Private Limited Shelk Software Private Limited Sobis Software (India) Private Limited Tata Engineering & Locomotive Company Limited Volvo India Private Limited

Name, Designation, Father's Name, Address, Occupation and Term	National of	Age (years)	Other Directorships in Indian companies
P. Abraham Independent Director S/o P. Sundaram D-71, Nivedita Kunj, R.K.Puram, Sector 10, New Delhi 110 022 Retd I.A.S Liable to retire by rotation,	India	66	Maharashtra State Power Generation Co. Ltd (MAHAGENCO) Power Trading Corporation Limited (PTC) Flex Industries Limited, New Delhi Futura Polyesters Limited, Mumbai Jindal Thermal Power Co. Ltd, Mumbai

Brief Biography of our Directors

G.V. Krishna Reddy is a first generation industrialist and the founder of GVK. The group has diversified entities in the fields of power, infrastructure, particle boards, hospitality, petrochemicals, bio technology and finance. He is a Bachelor of Arts. His career spanning the last 40 years started with his involvement in the construction of major infrastructure projects for the Government such as dams, power houses, irrigation canals, bridges, roads and aqueducts and undertunnels. He set up Novopan Industries Limited, one of India's first high quality pre-laminated particle board facility in 1979 followed by GVK Petrochemicals Limited for the manufacture of thermo-setting polymers to meet the requirements of the particle board industry, and GVK America Inc. in North Carolina, USA, as one of its kind overseas industrial venture based on reverse flow technology.

The hospitality business of GVK comprises of Taj Krishna, Taj Residency, Taj Banjara and Taj Chandigargh which was initiated as a strategic alliance forged by G. V. Krishna Reddy with the Taj Group. He also pioneered the setting up of 216 MW Jegurupadu Combined Cycle Power Plant, India's first independent power producer and the Jaipur-Kishangarh BOT project, a segment of the Golden Quadrilateral National Highways Development Project of GoI.

G. Indira Krishna Reddy has over 25 years of experience in the fields of finance, hospitality and management. She is a Bachelor of Science. Currently, she is the Managing Director of TajGVK Hotels & Resorts Limited and the Vice Chairperson of Novopan Industries Limited apart from being the Director on the boards of various other Promoter Group Companies.

G. V. Sanjay Reddy is a Bachelor of Engineering in Industrial Engineering (USA) and MBA in Finance and Corporate Strategy (USA). He has been instrumental in negotiations, finalisation of EPC Contract, the PPA, Financing Arrangements, Fuel Supply Agreements for implementing GVK Phase I at Jegurupadu and is currently looking after the operations of Phase I and implementation of Jegurupadu Phase II. He is a member of CII National Council, CII Southern Regional Council and CII AP State Council. As the Managing Director of Taj Residency, he had been involved with the project since inception, supervising various functions like the design, construction, financing and operation of the project until the year 2000. Since then, he has been a member of the Board of Directors of the TajGVK Hotels & Resorts Limited. As the Chief Executive Officer of GVK BioSciences, he has the responsibility of spearheading GVK's foray into the areas of Pharmaceuticals and Biotechnology. He is also the Chairman of the CII Young Indians apart from being a member of the Board of Trustees of the prestigious Jagdish and Kamla Mittal Museum of Indian Art, a world renowned museum dedicated to the cause of propagating the Indian Art and Culture.

Somanadri Bhupal is a Bachelors in Science from Madras Christian College and an MBA (Finance) from Kanas University (USA). He was the Joint Managing Director of Novopan India Ltd looking after its hotel division for about five years before joining GIL from its inception, where he has been actively involved in the negotiations with various financial institutions, banks and equity investors for investment in the Jegurupadu Project. He has vast and varied experience in administration, legal, finance and related areas. He was instrumental in the implementation of various projects of GVK which include Power (GVK Phase I & II), the six lane expressway between Jaipur to Kishangarh (BOT Project) which is a part of the GoIs prestigious Golden Quadrilateral Project (GVK Jaipur Kishangarh Expressway Ltd) and hospitality (Taj GVK Hotels & Resorts Ltd). Currently, he is the Managing Director of GVK Industries Ltd and also a director in various GVK Companies.

Dr. Rama Krishna is a graduate in Civil Engineering (Andhra University) and M.Sc. in Structural Engineering (Madras University). He started his career in 1962 with Engineering Construction Corporation Limited then a wholly owned subsidiary of Larsen & Toubro Limited. He was inducted into the Board of Larsen & Toubro Limited in 1992 and was subsequently elevated to the position of Deputy Managing Director in March 2000. He retired at the end of 2004. He has been conferred with an Honorary Degree of Doctorate of Science from the Andhra University in 1997 and an Honorary Degree of Doctorate of Philosophy in 2004 from Jawaharlal Nehru Technology University. He is actively associated with and is also a fellow of many prestigious international and national bodies such as the Indian Institution of Engineering, Institution of Civil Engineers (UK), American Society of Concrete Contractors, American Society of Civil Engineers, CII, FICCI and with the IITs. Currently, he is on the Board of GVK Jaipur Kishangarh Expressway Private Ltd., KCP Ltd, Andhra Sugars Ltd, Madras Cements Ltd, and Bangalore International Airport Ltd.

P. Abraham, is a retired IAS Officer from the Maharashtra Cadre (1962 batch). He has worked in various capacities in with the State of Maharashtra including being the Chairman of Maharashtra State Electricity Board before joining the Indian Administrative Services. Prior to his retirement he was the Secretary, Ministry of Power, Govt. of India. As the Secretary of Power he was instrumental in formulation and finalization of the Common Minimum National Action Plan for Power which now forms the national agenda for power sector and the same is being implemented by the Government. He also served as a Member, Union Public Service Commission.

K.N. Shenoy is graduate in Electrical Engineering from Banaras Hindu University and holds a degree in Business Management from IMD, Lausanne. He is also a Fellow of the Institute of Engineers (India) and a Fellow of the National Academy of Engineers. He joined ABB (then Hindustan Brown Boveri) in 1962 and worked in the Company for 40 years until 2002 of which 22 years were as MD & CEO and 6 years were as Chairman. Presently he is the Vice Chairman of Volvo India Private Limited and a director on the boards of Carborundum Universal Limited and Sobis Software (India) Private Limited. He is also the Chairman of CII Institute of Quality. He has also been associated with various Industry Bodies such as Confederation of Indian Industry, Indian Electrical & Electronics & Manufacturers' Association and Electrical Research & Development Association, Management Association and Institution of Engineers (Baroda), Governing Council of Central Power Research Institute (Bangalore), Indian Institute of Management (Bangalore) and TIFAC, New Delhi, Member, Governing Board of Center for Technology Development and Member of Indo-German Consultative Group, Xavier Institute of Management & Entrepreneurship. K. N. Shenoy has also received many awards like "Exemplary Corporate Performer committed Patron" of Industrial Engineering and for contribution to Global Competitiveness by Indian Institution of Industrial Engineering, "Outstanding work in Industry" presented by Academy of General Education Manipal, Syndicate Bank, Manipal and Rotary Club of Udupi, Manipal, "Top Professional Manager of the year" presented by the Institute of Marketing Management and "Hind Ratna (Udyog) award by Wisitex Foundation.

Dr. Abid Hussain, IAS retired, is an Ex-Ambassador of India at USA. A great scholar and a multifaceted personality he has vast experience in various walks of life. He has been associated with GVK since its inception. He is a member of several prestigious organizations, some of which are the Nehru Memorial Fund; the Population Foundation of India: Foundation for Academic Excellence & Access; Administrative Staff College, Hyderabad; and the Governing Council of Ranbaxy Science Foundation. He has been a member of the Indian Administrative Service and served in various capacities at the Centre. He was Secretary, Ministry of Heavy Industries, Commerce Secretary, Government of India and Chairman, IIFT. He became Member, Planning Commission in 1985. Later on, he became India's Ambassador to the United States of America. In the year 1988, he was honoured with PADMA BHUSHAN for meritorious services. Thereafter, he became Vice Chairman, Rajiv Gandhi Foundation, New Delhi, and was also the Chancellor of Central University, Hyderabad. He is at present the Chancellor of the Rai University at Raipur (Chhatisgarh) Dr. Hussain was for nine years Special Rapporteur to UN on Freedom of Opinion and Expression. Hussain was a member of the Constitution Review Commission set up by Government of India. He is now the member of Asia Society, New York.

Remuneration of Directors

In terms of the resolution approved by our Board of Directors and our shareholders on October 14, 2005 G.V.K.Reddy has been appointed as the Chairman and Managing Director of the Company with effect from October 14, 2005 for a period of 3 years. He is entitled to a remuneration of Rs. 0.4 million per month including salary, dearness allowance, perquisites and all other allowances. The resolution also provides that in the event of inadequate or no profits, the Chairman and Managing Director shall be entitled to receive remuneration of Rs.0.4 million per month by way of salary, perquisites and allowances. No other director is eligible for any remuneration apart from sitting fees.

Borrowing Powers of Directors

Pursuant to a resolution dated September 9, 2005 passed by our shareholders in an annual general meeting, in accordance with the provisions of the Companies Act, our Board has been authorised to borrow money for the purposes of the Company upon such terms and conditions and with/without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 20,000 million.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity shares with the Stock Exchanges. We are in compliance with the Corporate Governance Code in accordance to Clause 49 (as applicable) of the Listing Agreement to be entered into with the Stock Exchanges prior to listing.

Audit Committee

The Audit Committee was constituted by our Directors vide their Board meeting held on September 10, 2005. The purpose of the audit committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The audit committee consists of K.N Shenoy (Chairman), A. Ramakrishna and P. Abraham.

The terms of reference of the audit committee are as follows:

- Regular review of accounts, accounting policies, disclosures, etc.
- Review of the major accounting entries based on exercise of judgment by management and review of significant adjustments arising out of audit.
- Qualifications in the draft audit report.
- Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- The Committee shall have post audit discussions with the independent auditors to ascertain any area of concern.
- Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems.
- To look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders and creditors.
- To look into the matters pertaining to the Director's Responsibility Statement with respect to compliance with Accounting Standards and accounting policies.
- Compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
- The Committee shall look into any related party transactions i.e., transactions of the company of material nature, with promoters or management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- Appointment and remuneration of statutory and internal auditors.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

Remuneration Committee

The Remuneration Committee was constituted by our Directors vide their Board meeting held on September 10, 2005. The committee's goal is to ensure that the Company attracts and retains highly qualified employees in accordance with its business plans, that the Company fulfils its ethical and legal responsibilities to its employees, and that management compensation is appropriate. The Remuneration Committee consists of A.Ramakrishna (Chairman), K.N.Shenoy and P.Abraham

The terms of reference of the Remuneration Committee is given below:

- To determine the remuneration, review performance and decide on QPIC and variable pay of executive directors.
- To determine the number of stock options to be granted under the Company's Employees Stock Option Schemes and administration of the stock option plan.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Compensation Committee.
- Establishment and administration of employee compensation and benefit plans.

Share Allotment and Transfers Committee

The Share Transfers and Investors Grievances Committee was constituted by our Directors vide their Board meeting held on September 10, 2005. This Committee is responsible for the smooth functioning of the share transfer process as well as redressal of shareholder grievance. The Share Transfers and Investors Grievances Committee consists of Somanadri Bhupal (Chairman), G. V. Sanjay Reddy and K.N.Shenoy.

The terms of reference of the Share Allotment and Transfer Committee is as follows:

- To approve share transfers and transmissions.
- To approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split / consolidated certificates.

- Issue of duplicate share certificates in lieu of lost, mutilated and destroyed certificates.
- Matters relating to dematerialisation of shares and securities.
- Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non receipt of balance sheet etc in particular.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Shareholders and investor relations committee.

Investor Grievance Committee

The Investor Grievance Committee was constituted by our Directors vide their Board meeting held on September 10, 2005. This Committee is responsible for the redressal of shareholder grievance. The Investor Grievance Committee consists of A. Ramakrishna (Chairman), Somanadri Bhupal and G. V. Sanjay Reddy.

- To approve share transfers and transmissions.
- To approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split / consolidated certificates.
- Issue of duplicate share certificates in lieu of lost, mutilated and destroyed certificates.
- Matters relating to dematerialisation of shares and securities.
- Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non receipt of balance sheet etc in particular.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Shareholders and investor relations committee

IPO Committee

The IPO Committee was constituted by our Directors vide their Board meeting held on September 10, 2005. This Committee has been constituted to oversee and administer the activities to be undertaken for this Issue. The IPO Committee consists of Somanadri Bhupal, G. V. Sanjay Reddy and K. N. Shenoy.

Shareholding of Our Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification Equity Shares in our Company. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as at the date of this Prospectus.

Name of Directors	Number of Equity Shares
G.V.Krishna Reddy	1,119,272
G. Indira K. Reddy	1,068,419
G. V. Sanjay Reddy	532,000
Somanadri Bhupal	532,000

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees of Rs. 5,000, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. The Directors will be inerested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. Further, all our Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or that may be subscribed for and allotted to them, out of the present Issue in terms of the Prospectus and the Prospectus. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Promoters and certain Directors are also promoters/directors of certain of GIL, GIL and of our Promoter Group Companies.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters. G.V.K.Reddy is entitled to receive remuneration from us. For further details see “Our Management-Remuneration of Directors” on page 113 of this Prospectus.

Except as stated in "Related Party Transactions" on page 186 of this Prospectus, and to the extent of shareholding in our Company, our Promoters do not have any other interest in our business. No stock options have been issued, vested or exercised by the Directors, since the Company has not instituted any such plan until date.

Except as stated otherwise in this Prospectus, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Our Articles provide that our Directors and officers shall be indemnified by our Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgement in his favour or is acquitted in such proceeding. We currently do not have any directors' and officers' insurance policy.

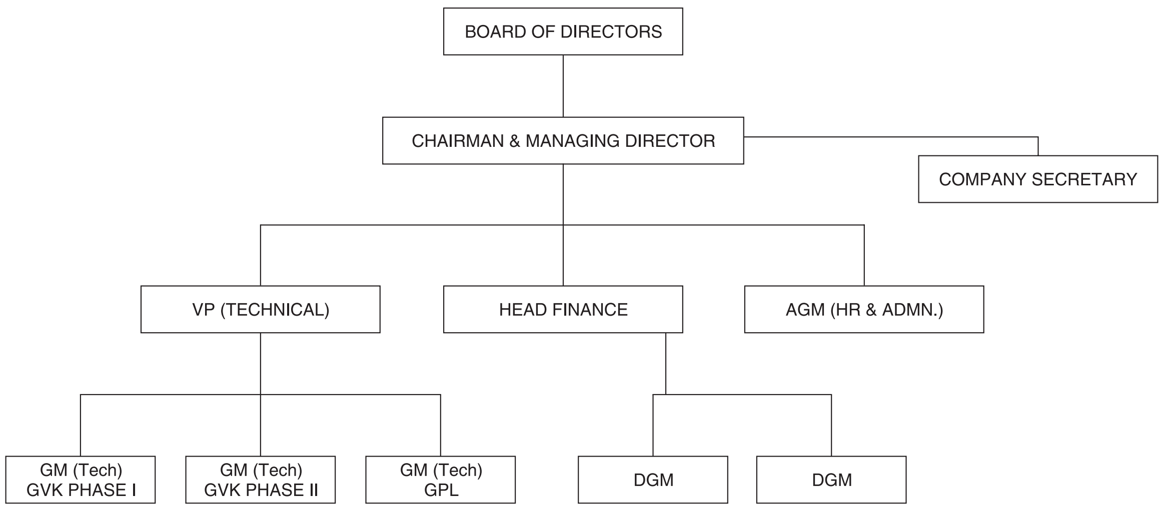
Changes in Our Board of Directors during the last three years

Sl. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	A Ramakrishna, K N Shenoy, Abid Hussain and P Abraham	September 10, 2005		Appointed as Additional Directors of the Company
2.	Daniel Martin Nobel	July 27, 2004	February 16 2005	Resigned as JOMC Nominee Director
3.	John R Schaub	June 20, 2003	February 16, 2005	Resigned as JOMC Nominee Director
4	G V Krishna Reddy	February 16, 2005		Appointed as an Additional Director and regularised at EGM held on 24-02-2005
5.	G Indira K Reddy	February 16, 2005		Appointed as an Additional Director and regularised at EGM held on 24-02-2005
6.	G V Sanjay Reddy	February 16, 2005		Appointed as an Additional Director and regularised at EGM held on 24-02-2005
7.	Somanadri Bhupal	February 16, 2005		Appointed as an Additional Director and regularised at EGM held on 24-02-2005
8.	V. Rama Rao	June 12, 1997	February 24, 2005	Resigned as Director
9.	A Issac George	June 12, 1997	February 24, 2005	Resigned as Director
10	Raman Sharma	September 29, 2004	November 18, 2004	Appointed as Alternate Director to Daniel M Noble and ceased as such
11	Robert W Patterson	September 9, 1998	September 29, 2004	Resigned as Director
12.	Samuel Lalomia Jr.	September 22, 2003	September 29, 2004	Resigned as Director
13.	Raman Sharma	December 16, 2003	September 29, 2004	Appointed as Alternate Director to Robert W Patterson and ceased as such
14.	Y Ramamurty	December 18, 2003	January 12, 2004	Appointed and resigned as Alternate Director to A Issac George
15.	Ram Ramnath	August 24, 1999	June 20, 2003	Resigned as Director
16.	Raman Sharma	February 28, 2003	June 20, 2003	Appointed as Alternate Director to Ramnath and ceased as such
17.	Kidangan Mathew Manoj	September 13, 2002	December 16, 2003	Appointed as Alternate Director to Robert W Patterson and ceased as such

Management Organisation Structure of GIL

GVK Power & Infrastructure Limited is the holding company of the power businesses of GVK and also provides operations and maintenance services to its power assets

GVK POWER & INFRASTRUCTURE LTD.
ORGANISATION CHART



Key Managerial Personnel

The details of our key managerial personnel are as follows:

A. Issac George, Chief Financial Officer, is a member of the Institute of Chartered Accountants of India. He has about 26 years of post qualification experience in various facets of business. He is also the Finance Director of GIL. His area of expertise includes Project Financing, Financial Structuring, Acquisition Financing, Debt Syndication, Corporate Planning & Forecasting, Treasury Functions, MIS Development & Implementation, in Corporate Security Issuances, Lease Financing. He has vast international exposure in dealing with banks and multilateral agencies. He has been successful in financially closing five infrastructure projects, three of them in the last 12 months. He is also a Guest Faculty Speaker at the Jawaharlal Nehru Institute for Development Banking and various management schools in the city.

John Fernandes, Vice President – Plant Operations and Maintenance, is a graduate in mechanical engineering from Mysore University and is currently pursuing as a Masters of Technology from National Institute of Technology, Karnataka. He joined GVK with 25 years of experience, having worked in NTPC, GMR Energy Limited (as the head of the 220 MW barge mounted power plant at Mangalore) and the Ministry of Water and Electricity (as the head of the 550 MW and 270 MW power plants).

P. V. Rama Seshu, Company Secretary **–** A graduate in Commerce and a Fellow Member of the Institute of Company Secretaries of India, New Delhi. He has vast experience in Company Law and other Corporate Laws. He is also a Bachelor of Law from Andhra University. He joined GVK in 1999 as a company secretary of Novopan Industries Limited and thereafter became company secretary of GVK Industries Limited in 2001. His past employers include Suryalata Spinning Mills Limited and Satyam Computer Services Limited. His responsibilities in GVKPIL include laisoning with Ministry of Company Affairs, its agencies like Regional Directors & Registrar of Companies in various States, FIPB, CBDT, RBI, NSDL, FIIs, FIs Stock Exchanges and other statutory authorities of the State and Central Governments.

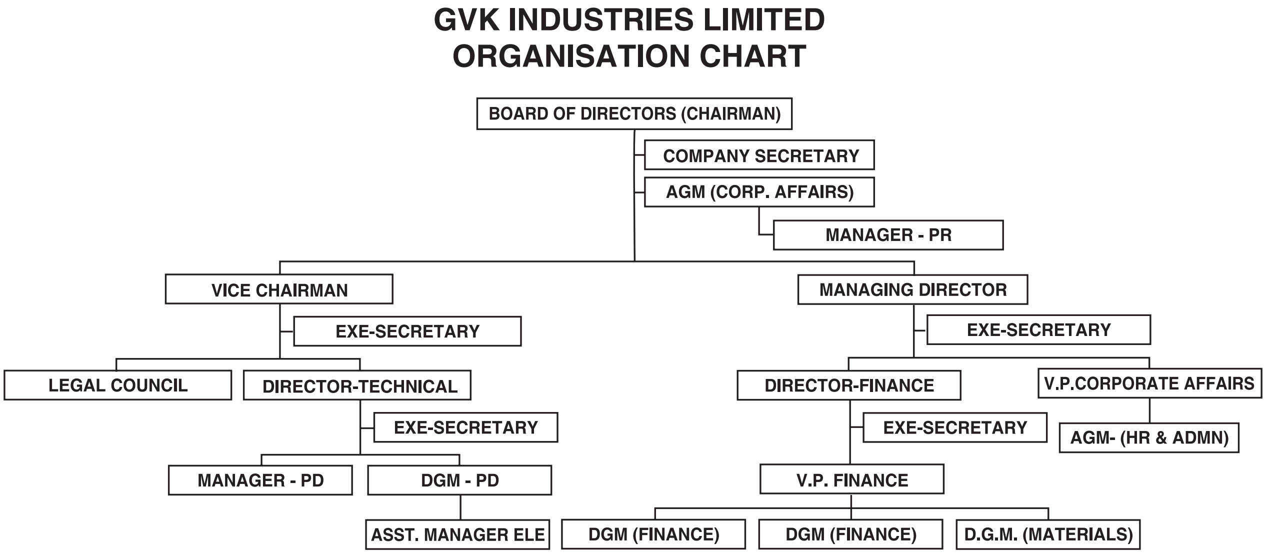
K Divakar, Assistant General Manager (Human Resource & Administration) **–** A graduate in Commerce and MBA (IR & PM) and has a total experience of over 19 years. He joined GVK Industries Limited in 1998 as Manager (Human Resources and Administration) and subsequently elevated to AGM (Human Resources and Administration) and is responsible for the entire administration, HR and other related works.

All the above mentioned key managerial personnel are permanent employees of our Company.

Shareholding of Our Key Managerial Personnel in our Company

Our Articles of Association do not require our Key Managerial Personnel to hold any qualification Equity Shares in our Company. None of Key Managerial Personnel hold Equity Shares of the Company in their personal capacity and either as sole or first holder, as at the date of this Prospectus.

Management Organisation Structure of GIL



Key Employees of our Subsidiary

A. Issac George, Director – Finance, is a member of the Institute of Chartered Accountants of India. He has about 26 years of post qualification experience in various facets of business. His area of expertise includes Project Financing, Financial Structuring, Acquisition Financing, Debt Syndication, Corporate Planning & Forecasting, Treasury Functions, MIS Development & Implementation, in Corporate Security Issuances, Lease Financing. He has vast international exposure in dealing with banks and multilateral agencies. He has been successful in financially closing five infrastructure projects, three of them in the last 12 months. He is also a Guest Faculty Speaker at the Jawaharlal Nehru Institute for Development Banking and various management schools in the city.

V. Rama Rao, is the Director (Technical) of GVK Industries Limited and has over 42 years of experience in the Power Sector. He is a graduate in Electrical Engineering and joined the State Electricity Board after his graduation. He worked in various capacities and became the Member (Generation) of APSEB. During his tenure he was responsible for the setting up and operations and maintenance of all Hydel and Thermal Power Projects in the state. He was also associated in implementing the Gas Turbine Combined Cycle Power Project in Andhra Pradesh with APGPCL. He joined the GVK Group as a Technical Advisor. He is actively associated in setting up and commissioning of the Jegurupadu Phase-I Combined Cycle Power Plant and also the Jegurupadu Phase-II plant. He is a recipient of Sir Mokshagundam Visveswaraya Award instituted by Institution of Engineers, Andhra Pradesh.

Y. Ramamurty, Vice President (Finance) – He is a member of the Institute of Chartered Accountants of India and a Certified Public Accountant from Illinois, USA. He has been associated with the GVK Group since 1988. He was deputed to GVK, America, Inc. where his responsibilities include finance, accounting, taxation, commercial issues and human resources. He is well versed in formulating commercial strategies and has expertise in dealing with financial institutions and banks, working capital financing for projects, taxation, regulatory and commercial issues.

K. Bruhaspathy Rao, Deputy General Manager (Technical) – A graduate in Mechanical Engineering he has over 20 years of experience in the development, selection, design and implementation of power plants. Prior to joining GVK Industries he has successfully handled the Combined Cycle Power Plants promoted by Konaseema Power Corporation Limited, Andhra Pradesh Gas Pradesh Company Limited and 750 MW Combined Cycle Power Plants cum Desalination plant at Qatar and Iran.

R. Raghunath, Deputy General Manager (Materials) – He holds a Masters Degree in Commerce, Materials Management and Import Export Management, from Indian Institute of Materials Management. He has been working with GVK since last 17 years. He had earlier worked with Allwyn Nissan Ltd (now known as Mahendra Nissan). He currently heads the Materials Department, and oversees complete Materials Management and Commercial Activities, which includes foreign markets – imports and exports, domestic markets, liaison with customs and excise, from project construction stage, implementation and operation.

T.S.B. Venkata Reddy, Deputy General Manager (Finance) – He is a graduate in Commerce and a member of the Institute of Cost and Works Accountants of India. He has over 20 years experience in the fields of accounting and finance and he is currently responsible for the accounting and finance functions. His areas of expertise include dealing with financial institutions and banks, statutory auditors, tax matters, negotiation of foreign currency transactions and implementation of costing systems and controls.

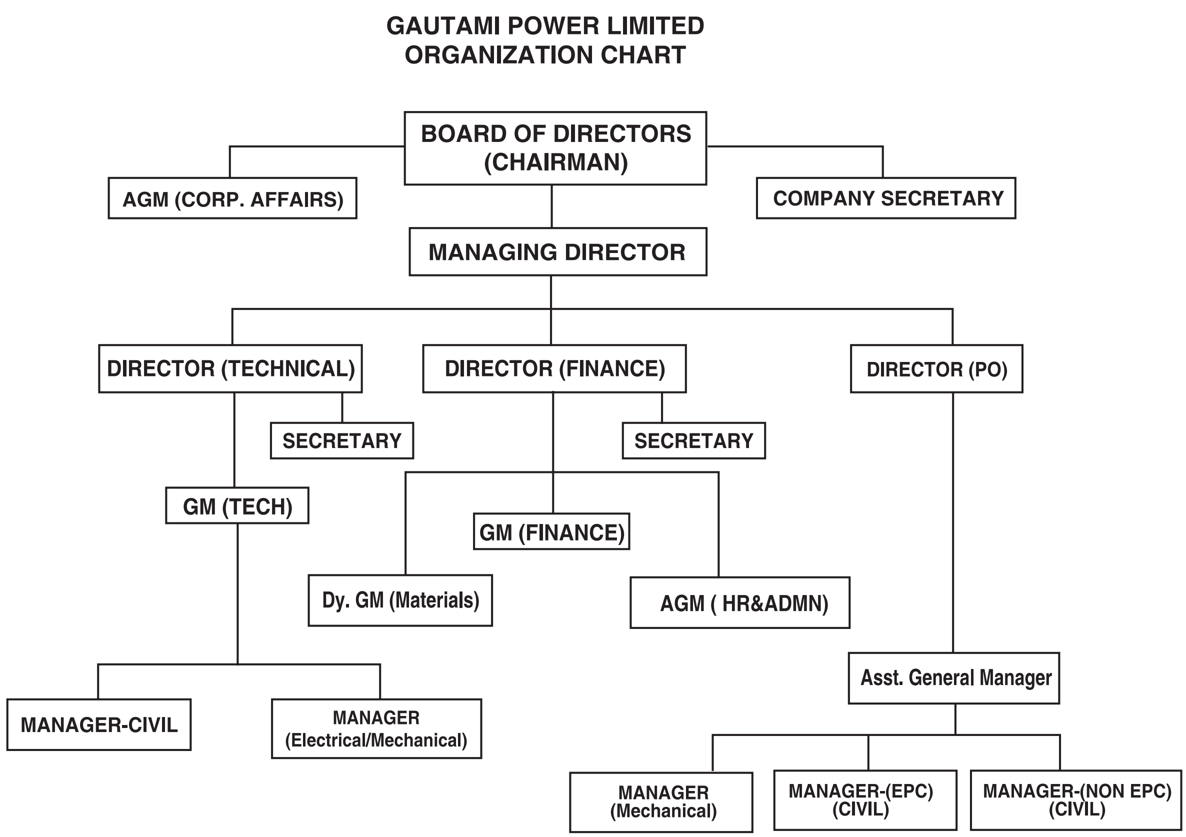
G. Madhav Reddy, Deputy General Manager (Finance) – He is a commerce graduate and is a member of the Institute of Chartered Accountants of India with 15 years of finance experience. He joined GIL in 1997. Prior to that he worked in Coromandel Fertilisers Limited and Hindustan Aeronautics Limited. He is actively involved in raising the required finances for the infrastructure projects, reviewing and execution of financing, security documents and other project documents. He is in charge of risk management of the project assets.

Zakir Hussain, Assistant General Manager (Finance & Accounts) – He holds a Masters degree in Commerce and has vast experience in the areas of accounting, finance and administration. Currently he is the Manager in-charge of Accounts, Finance and Administration and is stationed at the project site at Jegurupadu.

Gadamsetti Sirish, Deputy Manager (Systems) – He is a graduate in Commerce and holds a Masters degree in Personnel Management, and P.G. Diploma in Information Systems. He has an experience of 11 years. He started his career in Zeus Software Hyderabad as a programmer in 1994. He then joined WinSoft Pte. Ltd. in Singapore as an Application Specialist, where he was instrumental in implementing and designing software applications for banks. He joined GIL in 1998 and now heads the Systems Department and is in charge of all the IT requirements for the company and other group companies.

E.T.Shilpa, Assistant Company Secretary – An associate member of the Institute of Company Secretaries of India, she is a commerce graduate specialized in taxation. She has also a Masters degree in financial management. She joined GVK in Feb, 2004 as the Assistant Company Secretary in GVK Jaipur Kishangarh Expressway Private Limited and was later appointed as the Assistant Company Secretary of GIL in July 2005. Prior to joining GVK she was the Company Secretary for Recursion Software Limited. Her present responsibilities include laisoning with Registrar of Companies in various States, FIPB, CBDT, RBI, NSDL, and other statutory authorities of the State and Central Governments.

Management Organisation Structure of GPL



Key Employees of our Associate Company

S. Madhusudan, Director (Technical) – He holds a Masters Degree in Engineering and has over 35 years of experience in Engineering, Development and Management of thermal and industrial projects. In the past he has been actively involved in the development of projects with financial assistance from World Bank and other leading Financial Institutions. Currently he is actively involved in finalising all contracts for the project.

S. Hari Prasad Reddy, General Manager (Technical) – He is a graduate in Mechanical Engineering and holds a masters degree in Industrial Engineering. He has over 25 years of experience in the areas of industrial engineering, project development and project execution. Before joining the GVK he worked with NCC Power Corporation Limited, Hyderabad Allwyn Limited and Novopan. At present he is involved in the implementation and monitoring of the project.

K.N. Bhavani Shankar, General Manager (Finance) – He is a commerce graduate and is a member of the Institute of Chartered Accountants of India. He has over 20 years of experience in varied industries. Prior to joining GVK, he was associated with another independent power project and worked in Voltas Limited. His responsibilities include raising the required finances for this infrastructure project, reviewing and execution of financing and security documents, besides dealing with banks and financial institutions, budgeting as well as financial control and forex transactions.

Bonus or Profit Sharing Plan for Our Key Managerial Personnel

There is no bonus or profit sharing plan for our Key Managerial Employees.

Interest of Key Managerial Personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business, and to the extent of their shareholding in the Company.

No stock options have been issued, vested or exercised by the key managerial personnel, since the Company have not instituted any such plan till date. However, the Company may institute a stock option plan to reward its employees and its subsidiaries at a later date.

Except as stated otherwise in this Prospectus, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Prospectus in which the key managerial personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes in our Key Managerial Employees during the last three years

Name of Key Managerial Employees	Date of Appointment	Reason
G.V.Krishna Reddy	September10, 2005	Appointment
Issac George	October 11, 2005	Appointment
P.V.Rama Seshu	October 1, 2005	Appointment
K. Divakar	October 1, 2005	Appointment
John Fernandes	October 21, 2005	Appointment

OUR PROMOTERS

Mr.G.V.Krishna Reddy

See the section titled "Our Management" on page 107 of this Prospectus for further details.

He does not have a voter ID and driving license number is DLRAP 009137012002.

Mrs G.Indira Krishna Reddy

See the section titled "Our Management" on page 107 of this Prospectus for further details.

Her voter ID is AP/31/210/090026 and her driving license number is DLRAP009313972004.

Mr. G.V.Sanjay Reddy

See the section titled "Our Management" on page 107 of this Prospectus for further details.

He does not have a voter ID and his driving license number is DLDAP 009350692002.

Mr.Somanadri Bhupal

See the section titled "Our Management" on page 107 of this Prospectus for further details.

He does not have a voter ID and his driving license number is DLDAP 00916622004.

Mrs. Shalini Bhupal

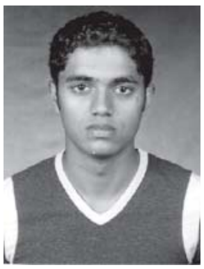
Shalini Bhupal is a graduate in Arts. She is the executive director, in charge of new projects and interiors, at TAJGVK, the hospitality venture of the GVK of Companies in partnership with the TAJ GROUP of Hotels. Presently, she is looking after Taj Krishna, Taj Residency, Taj Banjara (all located at Hyderabad) and also Taj Chandigarh.

She does not have a voter ID and her driving license number is DLRAP 00978882004.

Mrs. G. Aparna Reddy

G. Aparna Reddy is a commerce graduate. She is actively involved in serving the society through organizations like Child Relief and You and Old Age Homes. She is the chairperson for the 10K Run Foundation for the year 2005 and also a member of the Young Indians of Confederation of Indian Industry.

She does not have a voter ID and driving license number.



Mr. Krishna Ram Bhupal

Mr. Krishna Ram Bhupal is currently studying Bachelor of Science in Finance and Bachelor of Science in Accounting at the Villanova University.

He does not have a voter ID and his driving license number is 95885/HC/99.

Ms. Shriya Bhupal

She does not have a voter ID and driving license number.

Ms. Gunapati Mallika Reddy

She does not have a voter ID and driving license number.

Gunapati Venkat Keshav Reddy

He does not have a voter ID and driving license number.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoters has been submitted to the BSE and NSE at the time of filing this Prospectus with them.

Promoter Group

Companies Promoted by the Promoted Group

Our Promoters have direct ownership control of all the group companies described herein. Financial data for each group company has been derived from its financial statements prepared in accordance with Indian GAAP.

TRANSOCEANIC PROJECTS LIMITED

The Company was incorporated on 28th April 2004. The Company's principal activity is to hold investments.

Directors as on December 31, 2005

S. No.	Name	Designation
1	Uday Kumar Gujadhur	Director
2	G.V. Krishna Reddy	Director
3	Louis Emmanuel Ng Cheong Tin	Director

Shareholding Pattern as on December 31, 2005

S. No.	Name of the shareholder	No. of shares USD 1 each	Amount in USD	%
1	Tiger Nominees Ltd: (held on behalf of Varma Penmetsa)	1	1	0.01
2	Gaurdian Holdings Ltd	10,000	10000	99.99
	Total	**10,001**	**10,001**	**100.00**

Financial Performance

For the period ended	June 30, 2005 In USD	June 30, 2005 In INR
Total Revenue (Excluding changes in stock)	86	3,742
Profit/(Loss) after Tax	(5,074)	(220,770)
Share Capital	10,001	435,144
Reserves and Surplus (excluding revaluation reserves)	(8,125)	(353,519)
Dividend (%)	0	0
Earnings per Share ($)	(0.51)	(22.19)
Book Value per Share ($)	0.19	8.27

Amount in INR as on June 30, 2005 is converted @ 1 USD = Rs.43.51.

GUARDIAN HOLDINGS LIMITED

The Company's principal activity is to hold investments.

Directors as on December 31, 2005

S. No.	Name	Designation
1	Uday Kumar Gujadhur	Director
2	Louis Emmanuel Ng Cheong Tin	Director
3	G.V. Krishna Reddy	Director

Shareholding Pattern as on December 31, 2005

S. No.	Name of the shareholder	No. of shares USD 1 each	Amount in USD	%
1	Ms.Sudha Bezwada	320	320	40
2	Ms Rachna Loka Reddy	240	240	30
3	Varma Penmetsa	230	230	28.75
4	Others	10	10	1.25
	Total	**800**	**800**	**100.00**

Financial Performance

(Amount in USD)

For the period ended	June 30, 2005	June 30, 2004	June 30, 2003
Total Revenue (excluding changes in stock)	2,392,073	1,060,531	843,898
Profit/(Loss) after Tax	1,920,679	1,054,208	793,934
Share Capital	800	800	800
Reserves and Surplus (excluding revaluation reserves)	17,889,115	15,968,436	14,914,228
Dividend (%)	0	0	0
Earnings per Share ($)	2,401	1,317	992
Book Value per Share ($)	22,361	19,960	18,643

(Amount in Rs.'000)

For the period ended	*June 30, 2005	*June 30, 2004	*June 30, 2003
Total Revenue (excluding changes in stock)	104,079	48,774	39,157
Profit/(Loss) after Tax	83,569	48,483	36,838
Share Capital	35	37	37
Reserves and Surplus (excluding revaluation reserves)	778,355	734,388	692,020
Dividend (%)	0	0	0
Earnings per Share (Rs.)	104	61	46
Book Value per Share (Rs.)	973	918	865
Exchange Rate of 1 USD to Rupee	43.51	45.99	46.40

* Amount in INR as on June 30, 2005, June 30, 2004 and June 30, 2003 are converted at the rates mentioned above.

ACCURA CONSTRUCTIONS (P) LIMITED

The company carries on the business of agricultural products and is also a partner in M/s Indira Constructions and M/s Lakshmi Enterprises, partnership firms. The company was incorporated on May 23, 1988 and has its registered office located at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Director
2.	G. Indira Krishna Reddy	Director
3.	Somanadri Bhupal	Director
4.	G. V. Sanjay Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	No. of shares USD 1 each	Amount	%
1	GVK Petrochemicals (P) Ltd	74,000	740	46.2
2	G. V. Krishna Reddy	33,000	330	20.6
3	G. Indira Krishna Reddy	33,000	330	20.6
4	Somanadri Bhupal	5,020	50.2	3.14
5	G. V. Sanjay Reddy	5,000	50	3.12
6	G. Aparna Reddy	5,000	50	3.12
7	Shalini Bhupal	5,000	50	3.12
8	G. V. Krishna Reddy (HUF)	20	0.2	0.01
	Total	**160,040**	**1600.4**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31,2004	March 31,2003
Total Revenue (excluding changes in stock)	293	283	1131
Profit/Loss) after tax	142	123	997
Share Capital	1,600	1,600	1,600
Reserves and Surplus (excluding revaluation reserves)	3,691	3,549	3,427
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.89	0.77	6.23
Book Value per share (Rs.)	33.06	32.18	31.41

AMTRAN CONSTRUCTIONS (P) LIMITED

The Company carries on the business of agricultural products and is a Partner in M/s Indira- Constructions & M/s Lakshmi Enterprises, Partnership firms. The Company was incorporated on May 23, 1988 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No	Name of the Shareholder	No. of shares Rs. 10/-each	Amount	%
1	GVk Petrochemicals (P) Ltd	74,000	740	46.2
2	G. V. Krishna Reddy	33,000	330	20.6
3	G. Indira Krishna Reddy	33,000	330	20.6
4	Somanadri Bhupal	5,020	50.2	3.14
5	Shalini Bhupal	5,020	50.2	3.14
6	G. V. Sanjay Reddy	5,000	50	3.12
7	G. Aparna Reddy	5,000	50	3.12
8	G. V. Krishna Reddy (HUF)	20	0.2	0.01
	Total	**160,060**	**1,600.6**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding Changes in stock)	264	259	1,091
Profit/Loss) after tax	66	61	963
Share Capital	1,601	1,601	1,601
Reserves and Surplus (excluding revaluation reserves)	3,518	3,452	3,391
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.42	0.38	6.02
Book Value Per Share (Rs.)	31.98	31.56	31.19

CONSOLIDATED REAL ESTATES (P) LIMITED

The Company carries on the business of agricultural products. This Company was incorporated on June 20, 1989 and has its registered office 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	G. V. Sanjay Reddy	Director
4	G. Aparna Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1.	GVK Petrochemicals (P) Ltd	40,000	400	44.44
2.	G. V. Krishna Reddy	10,000	100	11.11
3.	G. Indira Krishna Reddy	10,000	100	11.11
4.	G. V. Sanjay Reddy	10,000	100	11.11
5.	G. Aparna Reddy	10,000	100	11.11
6.	G. V. Keshav Reddy	10,000	100	11.11
7.	G. V. Krishna Reddy (HUF)	8	0.08	0.01
8.	Somanadri Bhupal	8	0.08	0.01
	Total	**90,016**	**900.16**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (excluding changes in stock)	222	3761	177
Profit/Loss) after tax	106	3004	66
Share Capital	900	900	900
Reserves and Surplus (excluding revaluation reserves)	4,015	3,909	905
Dividend (%)	0	0	0
Earning Per Share (Rs.)	1.17	33.37	0.74
Book Value per share (Rs.)	54.60	53.42	20.05

EAGLE LAND HOLDINGS (P) LIMITED

The Company carries on the business of agricultural products. It was incorporated on June 22, 1989 and has its registered office in 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on March 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount	%
1	GVK Petrochemicals (P) Ltd	68,000	680	45.33
2	G. V. Krishna Reddy	31,000	310	20.67
3	G. Indira Krishna Reddy	31,000	310	20.67
4	G. V. Sanjay Reddy	5,000	50	3.33
5	G. Aparna Reddy	5,000	50	3.33
6	Somanadri Bhupal	5,000	50	3.33
7	Shalini Bhupal	5,000	50	3.33
	Total	**1,50,000**	**1,500**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (excluding changes in stock)	289	269	183
Profit/Loss) after tax	145	141	62
Share Capital	1500	1500	1500
Reserves and Surplus (excluding revaluation reserves)	822	677	536
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.97	0.94	0.41
Book Value per share (Rs.)	15.48	14.51	13.57

MALLIKARJUNA ESTATES (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 22, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	68,000	680	45.33
2	G. V. Krishna Reddy	31,000	310	20.67
3	G. Indira Krishna Reddy	31,000	310	20.67
4	G. V. Sanjay Reddy	5,000	50	3.33
5	G. Aparna Reddy	5,000	50	3.33
6	Somanadri Bhupal	5,000	50	3.33
7	Shalini Bhupal	5,000	50	3.33
	Total	**1,50,000**	**1500**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (excluding changes in stock)	156	128	98
Profit/Loss) after tax	61	36	9
Share Capital	1350	1350	1350
Reserves and Surplus (excluding revaluation reserves)	177	116	80
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.45	0.27	0.07
Book Value per share (Rs.)	11.31	10.86	10.59

MARRIOT LAND HOLDINGS (P) LIMITED

The Company carries on the business of agricultural products. It was incorporated on June 23, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016

Directors as on December 31, 2005

S. No	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	84000	840	46.67
2	G. V. Krishna Reddy	37000	370	20.56
3	G. Indira Krishna Reddy	37000	370	20.56
4	G. V. Sanjay Reddy	5500	55	3.06
5	G. Aparna Reddy	5500	55	3.06
6	Somanadri Bhupal	5500	55	3.06
7	Shalini Bhupal	5500	55	3.06
	Total	**180000**	**1800**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (excluding changes in stock)	269	268	517
Profit/Loss) after tax	143	138	325
Share Capital	1800	1800	1800
Reserves and Surplus(excluding revaluation reserves)	1475	1334	1195
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.79	0.77	1.80
Book Value per share (Rs.)	18.20	17.41	16.64

SHERATON ESTATES (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 5, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	84,000	840	46.67
2	G. V. Krishna Reddy	37,000	370	20.56
3	G. Indira Krishna Reddy	37,000	370	20.56
4	G. V. Sanjay Reddy	5,500	55	3.06
5	G. Aparna Reddy	5,500	55	3.06
6	Somanadri Bhupal	5,500	55	3.06
7	Shalini Bhupal	5,500	55	3.06
	Total	**1,80,000**	**1,800**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (excluding changes in stock)	360	319	488
Profit/Loss) after tax	209	171	295
Share Capital	1800	1800	1800
Reserves and Surplus (excluding revaluation reserves)	1347	1139	968
Dividend (%)	0	0	0
Earning Per Share (Rs.)	1.16	0.95	1.64
Book Value per share (Rs.)	17.48	16.33	15.38

SUNSHINE PROPERTIES (P) LIMITED

The Company carries on the business of development of properties. It was incorporated on April 23, 1993 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Sanjay Reddy	Director
2	G. Aparna Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	G. V. Sanjay Reddy	9990	99.9	99.90
2	G. Aparna Reddy	10	0.1	0.10
	Total	**10000**	**100**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (excluding changes in stock)	0	0	0
Profit/Loss) after tax	0	0	0
Share Capital	100	100	100
Reserves and Surplus (excluding revaluation reserves)	42	42	42
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0	0	0
Book Value per share (Rs.)	14.19	14.19	14.19

ALLIED ESTATES (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 22, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	G. V. Sanjay Reddy	Director
4	G. Aparna Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	70000	700	46.66
2	G. V. Krishna Reddy	16000	160	10.67
3	G. Indira Krishna Reddy	16000	160	10.67
4	G. V. Sanjay Reddy	16004	160.04	10.67
5	G. Aparna Reddy	16004	160.04	10.67
6	G. V. Keshav Reddy	16000	160	10.67
	Total	**150008**	**1500.08**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (excluding changes in stock)	3794	264	238
Profit/Loss) after tax	3011	129	95
Share Capital	1500	1500	1500
Reserves and Surplus (excluding revaluation reserves)	3732	722	592
Dividend (%)	0	0	0
Earning Per Share (Rs.)	20.07	0.86	0.63
Book Value per share (Rs.)	34.88	14.81	13.95

ACCURA ESTATES (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 5, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	Shalini Bhupal	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	70,000	700	46.66
2	G. V. Krishna Reddy	16,000	160	10.67
3	G. Indira Krishna Reddy	16,000	160	10.67
4	Somanadri Bhupal	16,000	160	10.67
5	Shalini Bhupal	16,000	160	10.67
6	Krishnaram Bhupal	16,000	160	10.67
7	G. V. Krishna Reddy (HUF)	8	0.08	0.01
	Total	**1,50,008**	**1500.08**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (excluding changes in stock)	311	3802	235
Profit/Loss) after tax	200	3685	135
Share Capital	1500	1500	1500
Reserves and Surplus (excluding revaluation reserves)	3896	3729	678
Dividend (%)	0	0	0
Earning Per Share (Rs.)	1.33	24.57	0.90
Book Value per share (Rs.)	35.97	34.86	14.52

ANCHOR ESTATES (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 23, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors As On December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	G. V. Sanjay Reddy	Director
4	G. Aparna Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/-each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	85,000	850	47.22
2	G. V. Krishna Reddy	19,000	190	10.56
3	G. Indira Krishna Reddy	19,000	190	10.56
4	G. V. Sanjay Reddy	19,004	190.04	10.56
5	G. Aparna Reddy	18,996	189.96	10.55
6	G. V. Keshav Reddy	19,000	190	10.56
7	Shalini Bhupal	4	0.04	0.00
	Total	**1,80,004**	**1800.04**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	254	229	196
Profit/Loss) after tax	108	85	63
Share Capital	1800	1800	1800
Reserves and Surplus (excluding revaluation reserves)	2126	2018	1933
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.60	0.47	0.35
Book Value per share (Rs.)	21.81	21.21	20.74

GREEN WOODS LAND HOLDINGS (P) LTD

The Company carries on a business of investments in immovable properties. It was incorporated on January 1, 2004 and has its registered office at 156-159, Paigah House, S.D.Road, Secunderabad 500 003.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	Shalini Bhupal	Director
2.	Krishna RamBhupal	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1.	Shalini Bhupal	5000	50	50
2.	Krishna Ram Bhupal	5000	50	50
	Total	**10000**	**100**	**100**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	0	0	NA
Profit/(Loss) after tax	16	-7	NA
Share Capital	100	100	NA
Reserves and Surplus (excluding revaluation reserves)	23	-7	NA
Dividend (%)	0	0	NA
Earning Per Share (Rs.)	-1.63	-0.67	NA
Book Value per share (Rs.)	7.70	9.33	NA

BONANZA REAL ESTATES (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 29, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	84,000	840	46.67
2	G. V. Krishna Reddy	37,000	370	20.56
3	G. Indira Krishna Reddy	37,000	370	20.56
4	G. V. Sanjay Reddy	5,500	55	3.06
5	G. Aparna Reddy	5,500	55	3.06
6	Somanadri Bhupal	5,500	55	3.06
7	Shalini Bhupal	5,500	55	3.06
8	G. V. Krishna Reddy (HUF)	4	0.04	0.00
	Total	**1,80,004**	**1800.04**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	243	168	200
Profit/Loss) after tax	81	4	30
Share Capital	1800	1800	1800
Reserves and Surplus (excluding revaluation reserves)	565	484	480
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.45	0.02	0.16
Book Value per share (Rs.)	13.14	12.69	12.67

CLASSIC LAND HOLDINGS (P) LIMITED

The Company carries on the business of agricultural products and is a Partner in M/s S.Bhupal & Others, Partnership Firm. It was incorporated on June 22, 1989 and has its registered office 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	Shalini Bhupal	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	85,000	850	47.22
2	G. V. Krishna Reddy	19,000	190	10.56
3	G. Indira Krishna Reddy	19,000	190	10.56
4	Somanadri Bhupal	19,000	190	10.56
5	Shalini Bhupal	19,000	190	10.56
6	Krishnaram Bhupal	19,000	190	10.56
7	G. V. Sanjay Reddy	4	0.04	0.00
	Total	**1,80,004**	**1800.04**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	290	3804	241
Profit/Loss) after tax	131	3642	78
Share Capital	1800	1800	1800
Reserves and Surplus (excluding revaluation reserves)	4737	4638	1630
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.73	20.23	0.43
Book Value per share (Rs.)	36.32	35.77	19.06

DELTA LAND HOLDINGS (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 22, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	G. V. Sanjay Reddy	Director
4	G. Aparna Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	G. Mallika Reddy	24000	240	79.99
2	G. V. Krishna Reddy	3000	30	10.00
3	G. Indira Krishna Reddy	3000	30	10.00
4	G. V. Sanjay Reddy	2	0.02	0.01
5	G. Aparna Reddy	2	0.02	0.01
	Total	**30004**	**300.04**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	4547	253	234
Profit/Loss) after tax	3621	136	103
Share Capital	300	300	300
Reserves and Surplus (excluding revaluation reserves)	5061	1439	1303
Dividend (%)	0	0	0
Earning Per Share (Rs.)	120.70	4.54	3.42
Book Value per share (Rs.)	178.67	57.97	53.43

Fortune Real Estates (P) Limited

The Company carries on a business of agricultural products and is a partner in M/s S Bhupal and Others (A partnership firm). It was incorporated on June 22, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	Shalini Bhupal	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	85000	850	47.22
2	G. V. Krishna Reddy	19000	190	10.56
3	G. Indira Krishna Reddy	19000	190	10.56
4	Somanadri Bhupal	19000	190	10.56
5	Shalini Bhupal	19000	190	10.56
6	Krishnaram Bhupal	19000	190	10.56
	Total	**180000**	**1800**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	294	3804	238
Profit/Loss) after tax	136	3653	77
Share Capital	1800	1800	1800
Reserves and Surplus (excluding revaluation reserves)	5077	4960	1940
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.76	20.29	0.43
Book Value per share (Rs.)	38.21	37.55	20.78

FAIR VALUE LAND HOLDINGS (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 14, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	G. V. Sanjay Reddy	Director
4	G. Aparna Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	35,000	350	43.75
2	G. V. Krishna Reddy	9,000	90	11.25
3	G. Indira Krishna Reddy	9,000	90	11.25
4	G. V. Sanjay Reddy	9,000	90	11.25
5	G. Aparna Reddy	9,000	90	11.25
6	G. V. Keshav Reddy	9,000	90	11.25
7	G. V. Krishna Reddy (HUF)	4	0.04	0.00
	Total	**80,004**	**800.04**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	286	231	249
Profit/Loss) after tax	160	101	124
Share Capital	800	800	800
Reserves and Surplus (excluding revaluation reserves)	1216	1057	956
Dividend (%)	0	0	0
Earning Per Share (Rs.)	2.00	1.26	1.55
Book Value per share (Rs.)	25.20	23.21	21.95

INNOVATIVE LAND HOLDINGS (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 23, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	Shalini Bhupal	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	Shriya Bhupal	160007	1600.07	80.00
2	G. V. Krishna Reddy	20000	200	10.00
3	G. Indira Krishna Reddy	20000	200	10.00
	Total	**200007**	**2000.07**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	253	253	269
Profit/Loss) after tax	100	106	104
Share Capital	2000	2000	2000
Reserves and Surplus (excluding revaluation reserves)	2689	2590	2484
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.50	0.53	0.52
Book Value per share (Rs.)	23.45	22.95	22.42

MIDAS ESTATES (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 19, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	Shalini Bhupal	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	G. V. Krishna Reddy	19,000	190	10.56
2	G. Indira Krishna Reddy	19,000	190	10.56
3	Somanadri Bhupal	19,000	190	10.56
4	Shalini Bhupal	19,000	190	10.56
5	Krishnaram Bhupal	19,000	190	10.56
6	GVK Petrochemicals (P) Ltd	85,000	850	47.22
	Total	**1,80,000**	**1800**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	259	255	238
Profit/Loss) after tax	116	118	105
Share Capital	1800	1800	1800
Reserves and Surplus (excluding revaluation reserves)	513	398	279
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.64	0.66	0.59
Book Value per share (Rs.)	12.85	12.21	11.55

OXFORD LAND HOLDINGS (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 19, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	G. V. Sanjay Reddy	Director
4	G. Aparna Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	10,000	100	33.32
2	G. V. Krishna Reddy	4,000	40	13.33
3	G. Indira Krishna Reddy	4,000	40	13.33
4	G. V. Sanjay Reddy	4,000	40	13.33
5	G. Aparna Reddy	4,000	40	13.33
6	G. V. Keshav Reddy	4,000	40	13.33
7	G. V. Krishna Reddy (HUF)	8	0.08	0.03
	Total	**30,008**	**300.08**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	284	268	172
Profit/Loss) after tax	137	134	57
Share Capital	300	300	300
Reserves and Surplus (excluding revaluation reserves)	1375	1238	1104
Dividend (%)	0	0	0
Earning Per Share (Rs.)	4.56	4.48	1.89
Book Value per share (Rs.)	55.83	51.27	46.80

PACE ESTATES (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 14, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	83,000	830	46.11
2	G. V. Krishna Reddy	37,000	370	20.56
3	G. Indira Krishna Reddy	37,000	370	20.56
4	Somanadri Bhupal	6,000	60	3.33
5	Shalini Bhupal	6,000	60	3.33
6	G. V. Sanjay Reddy	5,500	55	3.06
7	G. Aparna Reddy	5,500	55	3.06
	Total	**1,80,000**	**1800**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	270	270	375
Profit/Loss) after tax	162	161	245
Share Capital	1800	1800	1800
Reserves and Surplus (excluding revaluation reserves)	1310	1149	988
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.90	0.89	1.36
Book Value per share (Rs.)	17.28	16.39	15.49

PINNACLE LAND HOLDINGS (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 22, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	G. V. Krishna Reddy	19,000	190	21.11
2	G. Indira Krishna Reddy	19,000	190	21.11
3	G. V. Sanjay Reddy	3,500	35	3.89
4	G. Aparna Reddy	3,500	35	3.89
5	Somanadri Bhupal	3,500	35	3.89
6	Shalini Bhupal	3,500	35	3.89
7	GVK Petrochemicals (P) Ltd	38,000	380	42.22
	Total	**90,000**	**900**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	257	255	189
Profit/Loss) after tax	118	135	96
Share Capital	900	900	900
Reserves and Surplus (excluding revaluation reserves)	1352	1233	1099
Dividend (%)	0	0	0
Earning Per Share (Rs.)	1.32	1.49	1.07
Book Value per share (Rs.)	25.02	23.70	22.21

RAGHAVENDRA LAND HOLDINGS (P) LIMITED

The Company carries on a business of agricultural products. It was incorporated on June 20, 1989 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	84,000	840	46.67
2	G. V. Krishna Reddy	37,000	370	20.56
3	G. Indira Krishna Reddy	37,000	370	20.56
4	G. V. Sanjay Reddy	5,500	55	3.06
5	G. Aparna Reddy	5,500	55	3.06
6	Somanadri Bhupal	5,500	55	3.06
7	Shalini Bhupal	5,500	55	3.06
	Total	**1,80,000**	**1800**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	309	269	193
Profit/Loss) after tax	176	133	75
Share Capital	1800	1800	1800
Reserves and Surplus (excluding revaluation reserves)	588	412	279
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.98	0.74	0.42
Book Value per share (Rs.)	13.27	12.29	11.55

PACE CONSTRUCTIONS (P) LIMITED

The Company carries on the business of investment in immovable properties and is a Partner in M/s Indira Constructions & M/s Lakshmi Enterprises, Partnership firms. It was incorporated on May 23, 1988 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet,Hyderabad - 500 016

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	G. V. Sanjay Reddy	Director
4	G. Aparna Reddy	Director

Shareholding Pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	G. V. Krishna Reddy	33,000	330	13.75
2	G. V. Krishna Reddy (HUF)	15	0.15	0.01
3	G. Indira Krishna Reddy	33,015	330.150	13.75
4	G. V. Sanjay Reddy	5,000	50	2.08
5	G. Aparna Reddy	5,000	50	2.08
6	Somanadri Bhupal	5,015	50.150	2.09
7	Shalini Bhupal	5,015	50.150	2.09
8	GVK Petrochemicals (P) Ltd	154,000	1540	64.15
	Total	**2,40,060**	**2400.600**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	16	38	899
Profit/Loss) after tax	-17	-22	887
Share Capital	2401	2401	2401
Reserves and Surplus (excluding revaluation reserves)	2007	2024	2046
Dividend (%)	0	0	0
Earning Per Share (Rs.)	-0.07	-0.09	3.70
Book Value per share (Rs.)	18.36	18.43	18.52

VULCON CONSTRUCTIONS (P) LIMITED

The Company carries on the business of agricultural products and the Company is a Partner in M/s Indira Constructions & M/s Lakshmi Enterprises, Partnership firms. It was incorporated on May 23, 1988 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016

Directors as on December 31, 2005

S. No	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director

Shareholding Pattern as on March 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	GVK Petrochemicals (P) Ltd	74,000	740	46.22
2	G. Indira Krishna Reddy	33,020	330.2	20.62
3	G. V. Krishna Reddy	33,000	330	20.61
4	Shalini Bhupal	5,040	50.4	3.15
5	Somanadri Bhupal	5,020	50.2	3.14
6	G. V. Sanjay Reddy	5,000	50	3.12
7	G. Aparna Reddy	5,000	50	3.12
8	G. V. Krishna Reddy (HUF)	20	0.2	0.01
	Total	**1,60,100**	**1601**	**100.00**

Financial performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	273	272	1096
Profit/Loss) after tax	87	86	947
Share Capital	1601	1601	1601
Reserves and Surplus (excluding revaluation reserves)	3548	3461	3375
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.54	0.54	5.92
Book Value per share (Rs.)	32.16	31.62	31.08

SR FINANCE (P) LIMITED

The Company carries on the business of finance and investments and is a Partner of M/s SR Finance & Others and M/s S.Bhupal & Others. It was incorporated on February 2, 1988 and has its registered office at -10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	Shalini Bhupal	Director

Shareholding Pattern as on March 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	G. V. Krishna Reddy	6000	60	19.99
2	G. Indira Krishna Reddy	6000	60	19.99
3	Somanadri Bhupal	6010	60.1	20.02
4	Shalini Bhupal	6000	60	19.99
5	Krishnaram Bhupal	6000	60	19.99
6	GVK Petrochemicals (P) Ltd	10	0.1	0.03
	TOTAL	**30020**	**300.200**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	17	4	11
Profit/Loss) after tax	12	-2	7
Share Capital	300	300	300
Reserves and Surplus (excluding revaluation reserves)	-8	-2	-19
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.39	-0.05	0.22
Book Value per share (Rs.)	9.72	9.33	9.38

RAGHAVENDRA FINANCE (P) LIMITED

The Company carries on the business of finance and investments and is a Partner of M/s SR Finance & Others and M/s S.Bhupal & Others. It was incorporated on June 20, 1988 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	Shalini Bhupal	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	G. V. Krishna Reddy	6000	60	19.99
2	G. Indira Krishna Reddy	6000	60	19.99
3	Somanadri Bhupal	6000	60	19.99
4	Shalini Bhupal	6000	60	19.99
5	Krishnaram Bhupal	6000	60	19.99
6	Shriya Bhupal	10	0.1	0.03
7	GVK Petrochemicals (P) Ltd	10	0.1	0.03
	Total	**30020**	**300.2**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	17	6	11
Profit/Loss) after tax	14	-1	7
Share Capital	300	300	300
Reserves and Surplus (excluding revaluation reserves)	-2	-34	-32
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.46	-0.05	0.25
Book Value per share (Rs.)	9.34	8.88	8.93

FRESENIUS INTRAVEN (P) LIMITED

The Company carries on the business of investment in immovable property. It was incorporated in September 3, 1981 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	Shalini Bhupal	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	Shriya Bhupal	226	226	50.22
2	G. V. Krishna Reddy	112	112	24.89
3	G. Indira Krishna Reddy	112	112	24.89
	Total	**450**	**450**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	4,292	0.00	0.00
Profit/Loss) after tax	3,486	-0.5	-0.5
Share Capital	450	450	450
Reserves and Surplus (excluding revaluation reserves)	3,428	-58	-53
Dividend (%)	0	0	0
Earning Per Share (Rs.)	7746.66	-0.12	-0.12
Book Value per share (Rs.)	8616.86	871.11	882.62

PARTHASARATHY AIRCONDITIONED TOURISTS (P) LIMITED

The Company carries on the business of development of properties. It was incorporated on October 15, 1980 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	G. V. Sanjay Reddy	Director
4	G. Aparna Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	No.of shares Rs. 10/- each	Amount Rs.	%
1.	G. Mallika Reddy	22,500	225	50.00
2.	G. V. Krishna Reddy	11,250	112.500	25.00
3.	G. Indira Krishna Reddy	11,250	112.500	25.00
	Total	**45,000**	**450**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	4,296	0.00	0.00
Profit/Loss) after tax	3,490	-0.7	-0.4
Share Capital	450	450	450
Reserves and Surplus (excluding revaluation reserves)	3,431	-59	-52
Dividend (%)	0	0	0
Earning Per Share (Rs.)	77.55	-0.15	-0.09
Book Value per share (Rs.)	86.25	8.70	8.85

PAIGAH HOUSE HOTEL (P) LIMITED

The Company carries on the business of a hotel. It was incorporated on August 6, 1973 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad - 500 016.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Director
2	G. Indira Krishna Reddy	Director
3	Somanadri Bhupal	Director
4	G. V. Sanjay Reddy	Director
5	G. Aparna Reddy	Director

Shareholding Pattern As On 31-03-2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	No.of shares Rs. 10/- each	Amount Rs.	%
1	G. V. Krishna Reddy	1500	150	16.02
2	G. Indira Krishna Reddy	1500	150	16.02
3	Others	362	36.2	14.56
4	G. V. Sanjay Reddy	1000	100	10.68
5	G. Aparna Reddy	1000	100	10.68
6	Somanadri Bhupal	1000	100	10.68
7	Shalini Bhupal	1000	100	10.68
8	G. Mallika Reddy	500	50	5.34
9	G. V. Keshav Reddy	500	50	5.34
10	Krishnaram Bhupal	500	50	5.34
11	Shriya Bhupal	500	50	5.34
	Total	**9362**	**936.2**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	6,022	6,002	658
Profit/Loss) after tax	4,097	4,161	110
Share Capital	936	936	936
Reserves and Surplus (excluding revaluation reserves)	8,574	4,502	395
Dividend (%)	0	0	0
Earning Per Share (Rs.)	437.66	444.50	11.74
Book Value per share (Rs.)	1015.86	580.89	142.24

KRISHNA ENTERPRISES

The Firm carries on the business of development of properties. It was formed on February 2, 1988 and has its registered office at 6-3-250, Road No.1, Banjara Hills, Hyderabad - 500 034

Partners as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Partner
2	G Indira Krishna Reddy	Partner
3	Shalini Bhupal	Partner

Capital & Profit Sharing Ratio as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of The Shareholder	Amount Rs.	Sharing%
1	G. Indira Krishna Reddy	9,797.052	50.00
2	G. V. Krishna Reddy	8,360.625	40.00
3	Shalini Bhupal	1,870.156	10.00
	Total	**20,027.833**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	660	660	660
Profit/Loss) after tax	402	420	430
Share Capital	19,192	9,147	6,380
Reserves and Surplus (excluding revaluation reserves)	0	0	0
Dividend (%)	NA	NA	NA
Earning Per Share (Rs.)	NA	NA	NA
Book Value per share (Rs.)	NA	NA	NA

INDIRA CONSTRUCTIONS

The Firm carries on a business of development of properties. It was formed on July 15, 1988 and has its registered office at 6-3-251, Road No.1, Banjara Hills, Hyderabad 500 034

Partners as on December 31, 2005

S. No.	Name	Designation
1	Accura Constructions (P) Ltd	Partner
2	Amtran Constructions (P) Ltd	Partner
3	Pace Constructions (P) Ltd	Partner
4	Vulcon Constructions (P) Ltd	Partner

Capital & Profit Sharing Ratio as on September 30, 2005

(Amount in Rs.'000)

S. No.	Name of the shareholder	Amount Rs.	Sharing %
1	Accura Constructions (P) Ltd	1,120	25.00
2	Amtran Constructions (P) Ltd	1,120	25.00
3	Pace Constructions (P) Ltd	1,120	25.00
4	Vulcon Constructions (P) Ltd	1,120	25.00
	Total	**4,480**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	0.00	0.00	4,843
Profit/Loss) after tax	-106	-120	3,473
Share Capital	4,480	4,480	4,480
Reserves and Surplus (excluding revaluation reserves)	0	0	0
Dividend (%)	NA	NA	NA
Earning Per Share (Rs.)	NA	NA	NA
Book Value per share (Rs.)	NA	NA	NA

LAKSHMI ENTERPRISES

The Firm carries on the business of development of properties. It was formed on November 11, 1988 and has its registered office at 6-3-251/1-9, Road No.1,Banjara Hills, Hyderabad - 500 034

Partners as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Partner
2	G. Indira Krishna Reddy	Partner
3	Somanadri Bhupal	Partner
4	Shalini Bhupal	Partner
5	Accura Constructions (P) Ltd	Partner
6	Amtran Constructions (P) Ltd	Partner
7	Pace Constructions (P) Ltd	Partner
8	Vulcon Constructions (P) Ltd	Partner

Capital & Profit Sharing ratio as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	Amount Rs.	Sharing %
1	G. Indira Krishna Reddy	1380	23.00
2	G. V. Krishna Reddy	660	11.00
3	Somanadri Bhupal	660	11.00
4	Shalini Bhupal	660	11.00
5	Accura Constructions (P) Ltd	660	11.00
6	Amtran Constructions (P) Ltd	660	11.00
7	Pace Constructions (P) Ltd	660	11.00
8	Vulcon Constructions (P) Ltd	660	11.00
	Total	**6000**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	240	240	240
Profit/Loss) after tax	143	148	149
Share Capital	6000	6000	6000
Reserves and Surplus (excluding revaluation reserves)	0	0	0
Dividend (%)	NA	NA	NA
Earning Per Share (Rs.)	NA	NA	NA
Book Value per share (Rs.)	NA	NA	NA

SR FINANCE & OTHERS

The Firm carries on the business of a book shop. It was formed on August 29, 1988 and has its registered office at 6-3-250/A/10, Road No.1, Banjara Hills, Hyderabad 500034

Partners as on December 31, 2005

S. No.	Name	Designation
1	G. Indira Krishna Reddy	Partner
2	Somanadri Bhupal	Partner
3	Shalini Bhupal	Partner
4	Krishnaram Bhupal	Partner
5	Shriya Bhupal	Partner
6	Mallikarjuna Finance (P) Ltd	Partner
7	Raghavendra Finance (P) Ltd	Partner
8	SR Finance (P) Ltd	Partner

Capital & Profit Sharing ratio as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	Amount Rs.	Sharing %
1	G. Indira Krishna Reddy	358.312	12.50
2	Somanadri Bhupal	358.312	12.50
3	Shalini Bhupal	358.312	12.50
4	Krishnaram Bhupal	358.312	12.50
5	Shriya Bhupal	358.312	12.50
6	Mallikarjuna Finance (P) Ltd	358.312	12.50
7	Raghavendra Finance (P) Ltd	358.312	12.50
8	SR Finance (P) Ltd	358.312	12.50
	Total	**2866.496**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	1,519	767	796
Profit/Loss) after tax	63	15	28
Share Capital	2,866	2,866	2,866
Reserves and Surplus (excluding revaluation reserves)	0	0	0
Dividend (%)	NA	NA	NA
Earning Per Share (Rs.)	NA	NA	NA
Book Value per share (Rs.)	NA	NA	NA

S. BHUPAL & OTHERS

The Firm carries on a business of a saloon. It was formed on July 31, 1998 and has its registered office at 6-3-250/A/10, Road No.1, Banjara Hills,Hyderabad - 500 034

Partners as on December 31, 2005

S. No.	Name	Designation
1	Somanadri Bhupal	Partner
2	Shalini Bhupal	Partner
3	Krishnaram Bhupal	Partner
4	SR Finance (P) Ltd	Partner
5	Raghavendra Finance (P) Ltd	Partner
6	Classic Land Holdings (P) Ltd	Partner
7	Fortune Real Estates (P) Ltd	Partner

Capital & Profit Sharing ratio as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	Amount Rs.	Sharing Ratio %
1	Shalini Bhupal	3209.497	28.61
2	Somanadri Bhupal	1566.457	13.96
3	Raghavendra Finance (P) Ltd	1561.937	13.92
4	Krishnaram Bhupal	1532.945	13.66
5	SR Finance (P) Ltd	1434.342	12.78
6	Classic Land Holdings (P) Ltd	983.996	8.77
7	Fortune Real Estates (P) Ltd	931.181	8.30
	Total	**11220.355**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	2,144	1,415	1,049
Profit/Loss) after tax	68	31	56
Share Capital	11,220	11,220	11,220
Reserves and Surplus (excluding revaluation reserves)	0	0	0
Dividend (%)	NA	NA	NA\
Earning Per Share (Rs.)	NA	NA	NA
Book Value per share (Rs.)	NA	NA	NA

INDIRA ENTERPRISES

The Firm carries on a business of leasing property. It was formed on August 25, 1987 and has its registered office at 6-3-249/10, Road No.1, Banjara Hills, Hyderabad 500034

Partners as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Partner
2	G. Indira Krishna Reddy	Partner
3	G. V. Sanjay Reddy	Partner
4	Shalini Bhupal	Partner

Capital & Profit Sharing ratio as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Partner	Amount Rs.	Sharing Ratio %
1	G. V. Krishna Reddy	500	25.00
2	G. Indira Krishna Reddy	500	25.00
3	G. V. Sanjay Reddy	500	25.00
4	Shalini Bhupal	500	25.00
	Total	**2000**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	7,401	7,401	6,501
Profit/(Loss) after tax	6,853	6,852	5,956
Share Capital	2,000	2,000	2,000
Reserves and Surplus (excluding revaluation reserves)	0	0	0
Dividend (%)	NA	NA	NA
Earning Per Share (Rs.)	NA	NA	NA
Book Value per share (Rs.)	NA	NA	NA

GVK PROPERTIES & MANAGEMENT COMPANY (P) LTD.

The company was incorporated on January 5, 2000 and has its registered office at Paigah House, 156-159, S.P. Road, Secunderabad.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	G. Indira Krishna Reddy	Director
3.	Somanadri Bhupal	Director
4.	G. V. Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the partner	No.of shares Rs. 10/- each	Amount	Sharing Ratio %
1.	G.V. Krishna Reddy	2,000	20	20.00
2.	G. Indira Krishna Reddy	2,000	20	20.00
3.	G. V. Sanjay Reddy	1,000	10	10.00
4.	G. Aparna Reddy	1,000	10	10.00
5.	Shalini Bhupal	1,000	10	10.00
6.	Somanadri Bhupal	1,000	10	10.00
7.	G. Kesava Reddy	500	5	5.00
8.	G. Mallika Reddy	500	5	5.00
9.	Shriya Bhupal	500	5	5.00
10.	Krishnaram Bhupal	500	5	5.00
	Total	**10000**	**100**	**100**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	NA	NA	NA
Profit/(Loss) after tax	NA	NA	NA
Share Capital	100	100	100
Reserves and Surplus (excluding revaluation reserves)	Nil	Nil	Nil
Dividend (%)	Nil	Nil	Nil
Earning Per Share (Rs.)	NA	NA	NA
Book Value per share (Rs.)	7.30	7.30	7.30

GVK ENTERPRISES

The Firm carries on the business of development of properties. It was formed on March 2, 1995 and has its registered office at 6-3-250, Road No.1, Banjara Hills, Hyderabad - 500 034

Partners as on December 31, 2005

S. No.	Name	Designation
1	G. V. Krishna Reddy	Partner
2	G. Indira Krishna Reddy	Partner
3	G. V. Sanjay Reddy	Partner
4	G. Aparna Reddy	Partner
5	Somanadri Bhupal	Partner
6	Shalini Bhupal	Partner

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the partner	Amount	Sharing Ratio %
1	G. V. Krishna Reddy	10	16.67
2	G. Indira Krishna Reddy	10	16.67
3	G. V. Sanjay Reddy	10	16.67
4	G. Aparna Reddy	10	16.67
5	Somanadri Bhupal	10	16.67
6	Shalini Bhupal	10	16.67
	Total	**60**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	0.00	0.00	0.00
Profit/(Loss) after tax	0.00	0.00	0.00
Share Capital	60	60	60
Reserves and Surplus (excluding revaluation reserves)	0	0	0
Dividend (%)	NA	NA	NA
Earning Per Share (Rs.)	NA	NA	NA
Book Value per share (Rs.)	NA	NA	NA

MALLIKARJUNA FINANCE (P) LIMITED

The Company carries on the business of agricultural products and is a partner in M/s SR Finance & Others. It was incorporated on February 2, 1988 and has its registered office at 1-10-60/3, V Floor, Suryodaya, Begumpet, Hyderabad 500016

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Director
2.	G. Indira Krishna Reddy	Director
3.	Somanadri Bhupal	Director
4.	Shalini Bhupal	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the partner	No. of shares Rs. 10/- each	Amount	Sharing Ratio %
1	GVK Petrochemicals (P) Ltd	85000	850	62.95
2	G. Indira Krishna Reddy	10015	100.15	7.42
3	G. V. Krishna Reddy	10000	100	7.41
4	Somanadri Bhupal	10000	100	7.41
5	Shalini Bhupal	10000	100	7.41
6	Krishnaram Bhupal	10000	100	7.41
7	Shriya Bhupal	15	0.15	0.01
	Total	**135030**	**1,350.300**	**100.00**

Financial Performance

(Amounts in '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	156	128	98
Profit/Loss) after tax	61	36	9
Share Capital	1,350	1,350	1,350
Reserves and Surplus (excluding revaluation reserves)	177	116	80
Dividend (%)	0	0	0
Earning Per Share (Rs.)	0.45	0.27	0.07
Book Value per share (Rs.)	11.31	10.86	10.59

GVK BIOSCIENCES (P) LIMITED

GVK Biosciences Private Limited was incorporated on December 7, 2000 with its registered office located at # 201, My Home Tycoon, Kundan Bagh, Hyderabad 500 016. The company was incorporated to set up provide technical know-how in biosciences, biotechnology, life sciences etc. and to deal in the business of training and research and development in the field of drug development, bio-informatics, life sciences, etc.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	D.S. Brar	Chairman
2.	G. Indira Krishna Reddy	Director
3.	G.V. Sanjay Reddy	Director
4.	Somanadri Bhupal	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs.'000)

Name of the Shareholder	No. of Shares	%
GVK Petrochemicals Pvt. Ltd.	8,10,000	13.50
Madhubani Investments Pvt. Ltd	5,10,200	8.50
D S Brar 15,00,000	25.00	
G V Krishna Reddy	2,40,000	4.00
G Indira Krishna Reddy	2,40,000	4.00
G V Sanjay Reddy	1,20,100	2.00
Somanadri Bhupal	1,20,100	2.00
Shalini Bhupal	1,20,000	2.00
G Aparna Reddy	1,20,000	2.00
Krishnaram Bhupal	60,000	1.00
Shriya Bhupal	60,000	1.00
G Mallika Reddy	60,000	1.00
G Keshav Reddy	60,000	1.00
GVK Davix Technologies Pvt. Ltd.	19,79,600	33.00
Total	**60,00,000**	**100.00**

Financial Performance

(Amounts in Rs.'000).

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	322477	11726	65011
Profit/(Loss) after tax	72000	17429	15650
Share Capital	15040	7602	7602
Reserves and Surplus	88074	16074	Nil
Dividend (%)	Nil	Nil	Nil
Earning Per Share (Rs)	74.35	22.93	20.59
Book Value per share (Rs)	61.99	18.88	7.94

GREEN WOODS GOLF & RESORTS (P) LTD

The Company was incorporated in the State of Andhra Pradesh on July 10, 2001 and has its registered office at Kohinoor, Road No 1, Banjara Hills, Hyderabad 500 034. Its main object is to construct, develop, run, maintain, sell or let out or facilitate golf courses, golf coaching centres, golf institutions, resorts, botanical gardens, golf villas, health clubs, spas, riding clubs, herbal gardens, plantations, aquariums and orchards etc.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	Somanadri Bhupal	Director
2.	G.V.Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares	Amount	%
1.	G. V. Krishna Reddy	2000	20	20.00
2.	G. Indira Krishna Reddy	2000	20	20.00
3.	G. V. Sanjay Reddy	1000	10	10.00
4.	Somanadri Bhupal	1000	10	10.00
5.	G. Aparna Reddy	1000	10	10.00
6.	Shalini Bhupal	1000	10	10.00
7.	G Keshav Reddy	500	5	5.00
8.	G Mallika Reddy	500	5	5.00
9.	Krishna Ram Bhupal	500	5	5.00
10.	Shriya Bhupal	500	5	5.00
	Total	**10000**	**100**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	-NA-	-NA-	-NA-
Profit/(Loss) after tax	-NA-	-NA-	-NA-
Share Capital	100	100	100
Reserves and Surplus(excluding revaluation reserves)	Nil	Nil	Nil
Dividend (%)	Nil	Nil	Nil
Earning Per Share (Rs)	-NA-	-NA-	-NA-
Book Value per share (Rs)	10	10	10

*As on March 31, 2005, commercial operations had not commenced and therefore Profit & Loss A/c has not be drawn

JEGURUPADU POWER PLANT SERVICES (P) LIMITED

Jegurupadu Power Plant Services Private Limited was incorporated on December 27, 2001 with its registered office located at Paigah House, 156-159, Sardar Patel Road, Secunderabad 500 003. The company was incorporated for providing operating and maintenance facilities relating to electrical and all other kinds of generation projects.

Directors as on December 31, 2005

The board of directors of Jegurupadu Power Plant Services Private Limited as on March 31, 2005 comprises:

S. No.	Name	Designation
1.	Somanadri Bhupal	Director
2.	G.V. Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares	Amount	% of Shareholding
1.	G V Krishna Reddy	2000	20	20.00
2.	G Indira Krishna Reddy	2000	20	20.00
3.	G. V. Sanjay Reddy	1000	10	10.00
4.	Somanadri Bhupal	1000	10	10.00
5.	G Aparna Reddy	1000	10	10.00
6.	Shalini Bhupal	1000	10	10.00
7.	G Keshav Reddy	500	5	5.00
8.	G Mallika Reddy	500	5	5.00
9.	Krishna Ram Bhupal	500	5	5.00
10.	Shriya Bhupal	500	5	5.00
	Total	**10000**	**100**	**100**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	-NA-	-NA-	-NA-
Profit/(Loss) after tax	-NA-	-NA-	-NA-
Share Capital (Issued & Paid-up)	100	100	100
Reserves and Surplus (excluding revaluation reserves)	Nil	Nil	Nil
Dividend (%)	Nil	Nil	Nil
Earning Per Share (Rs)	-NA-	-NA-	-NA-
Book Value per share (Rs)	10	10	10

* As on March 31, 2005, commercial operations had not commenced and therefore Profit & Loss A/c has not be drawn

GVK CITY (P) LTD.

The Company was originally incorporated in the State of Andhra Pradesh as GVK eCity Pvt. Ltd on January 9, 2001 and later changed its name to GVK City Pvt. Ltd w.e.f. December 10, 2003. The company is currently engaged in the construction of GVK One, a shopping mall that combines shopping with leisure and entertainment. The Mall is expected to commence by August 2006.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	G. Indira Krishna Reddy	Director
3.	Somanadri Bhupal	Director
4.	G.V.Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares	Amount	% of Shareholding
1.	G. V. Krishna Reddy	2000	20	20.00
2.	G. Indira Krishna Reddy	2000	20	20.00
3.	G. V. Sanjay Reddy	1000	10	10.00
4.	Somanadri Bhupal	1000	10	10.00
5.	G. Aparna Reddy	1000	10	10.00
6.	Shalini Bhupal	1000	10	10.00
7.	G. Keshav Reddy	500	5	5.00
8.	G. Mallika Reddy	500	5	5.00
9.	Krishna Ram Bhupal	500	5	5.00
10.	Shriya Bhupal	500	5	5.00
	Total	**10000**	**100**	**100.00**

Financia l Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	-NA-	-NA-	-NA-
Profit/(Loss) after tax	-NA-	-NA-	-NA-
Share Capital (Issued & Paid-up) Share Application Money	100	100	100
Reserves and Surplus (excluding revaluation reserves)	Nil	Nil	Nil
Dividend (%)	Nil	Nil	Nil
Earning Per Share (Rs)	-NA-	-NA-	-NA-
Book Value per share (Rs)	-5.95	-5.95	-5.95

GVK COAL (TOKISUD) (P) LTD

This company has been incorporated on August 29, 2005 as a Special Purpose Vehicle (SPV) specifically to undertake mining & supply the entire output to GVK Power (Goindwal Sahib) Ltd for its exclusive consumption.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	Somanadri Bhupal	Director
3.	G.V. Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No . of shares	Amount	%
1	Somanadri Bhupal	7,400	74	74
2	GVK Power (Goindwal Sahib) Ltd	2,600	26	26
	Total	**10,000**	**100**	**100.00**

GVK TECHNICAL & CONSULTANCY SERVICES (P) LTD.

The company was incorporate on December 7, 2000 and has its registered office at 156-159 Paigah House, S P Road, Secunderabad 500 003. It offers technical and consultancy services to various corporate bodies.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G.V. Krishna Reddy	Chairman
2.	Somanadri Bhupal	Director
3.	G. V. Sanjay Reddy	Director
4.	Indira Krishna Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares	Amount	%
1.	G. V. Krishna Reddy	2000	20	20.00
2.	G. Indira Krishna Reddy	2000	20	20.00
3.	G. V. Sanjay Reddy	1000	10	10.00
4.	Somanadri Bhupal	1000	10	10.00
5.	G. Aparna Reddy	1000	10	10.00
6.	Shalini Bhupal	1000	10	10.00
7.	G. Keshav Reddy	500	5	5.00
8.	G. Mallika Reddy	500	5	5.00
9.	Krishna Ram Bhupal	500	5	5.00
10.	Shriya Bhupal	500	5	5.00
	Total	**10000**	**100**	**100.00**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004
Total Revenue (Excluding changes in stock)	12,544	2,026
Profit/(Loss) after tax	1,054	44
Share Capital	100	100
Reserves and Surplus (excluding revaluation reserves)	1,199	144
Dividend (%)	NA	NA
Earning Per Share (Rs)	105.47	4.46
Book Value per share (Rs)	119.92	14.45

GVK HYDEL (P) LTD.

The company has been incorporated on June 17, 2005 and has its registered office at 156-159 Paigah House, S P Road, Secunderabad 500 003. The company is into the business of generating, harnessing, developing, accumulating, distributing and supplying electricity by setting up Hydro electric Power Projects.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G.V. Krishna Reddy	Chairman
2.	Somanadri Bhupal	Director
3.	G. V. Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares	Amount	%
1	G V Sanjay Reddy	5,000	50	50
2	Somanadri Bhupal	5,000	50	50
	Total	**10,000**	**100**	**100.00**

DHAULASIDH POWER (P) LTD.

The company has been incorporated on July 1, 2002 and has its registered office at Block – C- 46, Set No 8, SDA, Chota Simla, Simla. The company is into the business of generating, harnessing, developing, accumulating, distributing and supplying electricity by setting up Hydro electric Power Projects.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	Somanadri Bhupal	Director
2.	G. V. Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares	Amount	%
1	Somanadri Bhupal	5,000	50	50
2	A Issac George	5,000	50	50
	Total	**10,000**	**100**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004
Total Revenue (Excluding changes in stock)	NIL	NIL
Profit/(Loss) after tax	NIL	NIL
Share Capital	100	100
Reserves and Surplus (excluding revaluation reserves)	NIL	NIL
Dividend (%)	NA	NA
Earning Per Share (Rs)	NA	NA
Book Value per share (Rs)	10	10

* As on March 31, 2005, commercial operations had not commenced and therefore Profit & Loss A/c has not be drawn

ALAKNANDA HYDRO POWER COMPANY LIMITED

Alakananda Hydropower Company Limited is developing a 330 MW Hydropower Project in the district of Pauri Garhwal and Tehri Garhwal in the state of Uttaranchal.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	GVK Krishna Reddy	Chairman
2.	G. Indira Krishna Reddy	Director
3.	Somandri Bhupal	Director
4.	GV Sanjay Reddy	Director
5.	Y. Ramamurty	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

Name of the Shareholder	No. of Shares	Amount	%
GVK Hydel Pvt. Ltd	30,99,000	30990	99.97
G V Krishna Reddy	500	5	0.03
G Indira Krishna Reddy	100	1	-
G V Sanjay Reddy	100	1	-
G Aparna Reddy	100	1	-
Somanadri Bhupal	100	1	-
Shalini Bhupal	100	1	-
Total	**31,00,000**	**31000**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	Nil	Nil	Nil
Profit/(Loss) after tax	Nil	Nil	Nil
Share Capital	31,000	31,000	28,207
Reserves and Surplus (excluding revaluation reserves)	451.31	451.31	1366.79
Dividend (%)	Nil	Nil	Nil
Earning Per Share (Rs)	Nil	Nil	Nil
Book Value per share (Rs)	10	10	10

GVK POWER (GOINDWAL SAHIB) LTD.

The company was incorporated in the State of Andhra Pradesh December 4, 1997 and received the Certificate of Commencement of Business on February 20, 1998. This company is a Special Purpose Vehicle incorporated to take up the project of setting of a 500 MW coal based Power at Goindwal Sahib village in Punjab. The company has also signed a PPA with Punjab State Electricity Board.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G.V. Krishna Reddy	Chairman
2.	Somanadri Bhupal	Director
3.	G. V. Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares	Amount	%
1	GVK Power (Krishnapatnam) Pvt. Ltd	24,650	246.5	49.3
2	GVK Power (Ratlam) Pvt. Ltd	15,350	153.5	30.7
3	GVK Cements Limited	9,300	93	18.6
4	G V Krishna Reddy	100	1	0.2
5	G Indira Krishna Reddy	100	1	0.2
6	G V Sanjay Reddy	100	1	0.2
7	Somanadri Bhupal	100	1	0.2
8	G Aparna Reddy	100	1	0.2
9	Shalini Bhupal	100	1	0.2
10	A Issac George	100	1	0.2
	Total	**50,000**	**500**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	NIL	NIL	NIL
Profit/(Loss) after tax	NIL	NIL	NIL
Share Capital	500	500	7
Reserves and Surplus(excluding revaluation reserves)	NIL	NIL	NIL
Dividend (%)	NA	NA	NA
Earning Per Share (Rs)	NA	NA	NA
Book Value per share (Rs)	10	10	10

GVK POWER (KRISHNAPATNAM) (P) LTD.

The Company was originally incorporated in the State of Andhra Pradesh as GVK Power Ltd on August 4, 1994 and received the Certificate of Commencement of Business on November 11, 1994. The name of the company was changed to GVK Power (Krishnapatnam) Ltd on December 17, 1997 and later changed its to GVK Power (Krishnapatnam) Pvt. Ltd on June 1, 1999. This company is a Special Purpose Vehicle incorporated for setting up of a 500 MW coal based power plant at Krishnapatnam, Andhra Pradesh for which the company has entered into a PPA with AP Transco.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	G. Indira Krishna Reddy	Director
3.	Somanadri Bhupal	Director
4.	G. V. Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares	Amt. (Rs)	%
1	GVK Power (Goindwal Sahib) Ltd	24650	246.5	82.19
2	GVK Cements Ltd	4650	46.5	15.5
3	G. V. Sanjay Reddy	100	1	0.33
4	Somanadri Bhupal	100	1	0.33
5	G. V. Krishna Reddy	100	1	0.33
6	G. Indira Krishna Reddy	100	1	0.33
7	G. Aparna Reddy	100	1	0.33
8	Shalini Bhupal	100	1	0.33
9	S. Mohan Gurunath	100	1	0.33
	Total	**30,000**	**300**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	NIL	NIL	-NA-
Profit/(Loss) after tax	NA	NA	-NA-
Share Capital	300	300	100
Reserves and Surplus (excluding revaluation reserves)	NIL	NIL	Nil
Dividend (%)	NIL	NIL	Nil
Earning Per Share (Rs)	NIL	NIL	-NA-
Book Value per share (Rs)	10	10	10

*As on March 31, 2005, commercial operations had not commenced and therefore Profit & Loss A/c has not be drawn

GVK POWER (RATLAM) (P) LTD.

The Company was originally incorporated as GVK Power (Ratlam) Limited in the State of Andhra Pradesh on April 25, 1997 and the Certificate of Commencement of Business was issued on May 29, 1997. The name of the Company was changed to GVK Power (Ratlam) Pvt. Ltd on April 23, 1999. This company is a Special Purpose Vehicle incorporated to set up a 180 MW liquid fuel (diesel) based Power Plant at Ratlam in the State of Madhya Pradesh. The company has accordingly signed a PPA with Madhya Pradesh State Electricity Board

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	A. Issac George	Director
3.	Somanadri Bhupal	Director
4.	G.V.Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares	Amt. (Rs)	%
1	GVK Cements Ltd	4650	46.50	46.5
2	GVK Power (Krishnapatnam) (P) Ltd	4650	46.50	46.5
3	G. V. Sanjay Reddy	100	1	1
4	Somanadri Bhupal	100	1	1
5	G. V. Krishna Reddy	100	1	1
6	G. Indira Krishna Reddy	100	1	1
7	G. Aparna Reddy	100	1	1
8	Shalini Bhupal	100	1	1
9	A. Issac George	100	1	1
	Total	**10000**	**100**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	-NA-	-NA-	-NA-
Profit/(Loss) after tax	-NA-	-NA-	-NA-
Share Capital	100	100	100
Reserves and Surplus(excluding revaluation reserves)	-NA-	-NA-	-NA-
Dividend (%)	Nil	Nil	Nil
Earning Per Share (Rs)	-NA-	-NA-	-NA-
Book Value per share (Rs)	10	10	10

* As on March 31, 2005, commercial operations had not commenced and therefore Profit & Loss A/c has not be drawn

GVK CEMENTS LTD.

The Company was incorporated in the State of Andhra Pradesh on December 6, 1996 and got the Commencement of Business certificate on September 18, 1997. Its main object being production, manufacture, refining and dealing in all kinds of Portland cement, various cement products and taking any lease or erecting, constructing, establishing, operating and maintaining cement factories, quarries, workshops and other the like works.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	Somanadri Bhupal	Director
3.	G.V.Sanjay Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the Shareholder	No. of shares	Amt. (Rs)	%
1.	GVK Power (Goindwal Sahib) Ltd	24650	246.5	49.3
2.	GVK Power (Krishnapatnam) Private Ltd	24650	246.5	49.3
3	G. V. Sanjay Reddy	100	1	0.2
4	Somanadri Bhupal	100	1	0.2
5	G. V. Krishna Reddy	100	1	0.2
6	G. Indira Krishna Reddy	100	1	0.2
7	G. Aparna Reddy	100	1	0.2
8	Shalini Bhupal	100	1	0.2
9	Y. Chandramouli	100	1	0.2
	Total	**50,000**	**500**	**100**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	-NA-	-NA-	-NA-
Profit/(Loss) after tax	-NA-	-NA-	-NA-
Share Capital	500	500	500
Reserves and Surplus (excluding revaluation reserves)	Nil	Nil	Nil
Dividend (%)	Nil	Nil	Nil
Earning Per Share (Rs)	-NA-	-NA-	-NA-
Book Value per share (Rs)	10	10	10

* As on March 31, 2005, commercial operations had not commenced and therefore Profit & Loss A/c has not be drawn

ORBIT TRAVEL & TOURS (P) LTD.

The Company was incorporated in the State of Andhra Pradesh on October 17, 1983 and has its registered office at 6-2-1239/1/B, Raj Bhavan Road, Hyderabad. Since its inception it became a members of International Air Transport Association (IATA). Services being provided by it range from air tickets through computerized reservations to assistance in procuring Passports, Visas, Hotel & Car bookings, Holiday packages and Foreign Exchange. The ticketing division has been awarded the five Top Agents Award by various Airlines like Singapore Airlines, British Airways, Lufthansa and Cathy Pacific. Andhra Bank awarded Top Agent for sales through Credit Cards during 1995-96 while in the year 2000 it was awarded as one of the top ten Agents by Swiss Air.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	G. Indira Krishna Reddy	Vice-Chairperson
3.	Shalini Bhupal	Managing Director
4.	G. V. Sanjay Reddy	Director
5.	Somanadri Bhupal	Director
6.	G Aparna Reddy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	No. of shares of Rs 100 each	Amount Rs.	%
1.	G. V. Krishna Reddy	2400	240	40.00
2.	G. Indira Krishna Reddy	2400	240	40.00
3.	G .V. Sanjay Reddy	300	30	5.00
4.	Somanadri Bhupal	300	30	5.00
5.	Shalini Bhupal	300	30	5.00
6.	G. Aparna Reddy	300	30	5.00
	Total	**6000**	**600**	**100.00**

Financial Performance

(Amounts in Rs.'000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	807	723	710
Profit/(Loss) after tax	460	480	370
Share Capital (Issued & Paid-up)	600	600	600
Reserves and Surplus(excluding revaluation reserves)	164	107	59
Dividend (%)	Nil	Nil	Nil
Earning Per Share (Rs)	76.66	80.00	61.66
Book Value per share (Rs)	373.33	278.33	198.33

GVK NOVOPAN INDUSTRIES (P) LTD.

The Company was incorporated on March 28, 2003 and has its registered office at Nos 23, 26, 27aa 7 22ee, Balanagar Village & Mandal Mahboobnagar District, Andhra Pradesh. The company is in the business of manufacturing prelaminated particle boards and has a plant at Balanagar village.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	G. Indira Krishna Reddy	Director
3.	N. Anil Kumar Reddy	Director
4.	G. V. Sanjay Reddy	Director
5.	Somanadri Bhupal	Director
6.	Y. Rama Murthy	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	G V Sanjay Reddy	9000	90	90.00
2	Somanadri Bhupal	1000	10	10.00
	Total	**10,000**	**100**	**100.00**

Financial Performance

(Amounts in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	-NA-	-NA-	-NA-
Profit/(Loss) after tax	-NA-	-NA-	-NA-
Share Capital	100	100	10
Reserves and Surplus(excluding revaluation reserves)	Nil	Nil	Nil
Dividend (%)	Nil	Nil	Nil
Earning Per Share (Rs)	-NA-	-NA-	-NA-
Book Value per share (Rs)	10	10	10

* As on March 31, 2005, commercial operations had not commenced and therefore Profit & Loss A/c has not be drawn

GVK AIRPORT HOLDINGS (P) LTD.

The company was incorporated on June 10, 2005 and has its registered office at Paigah House, 156-159, S P Road, Secunderabad 500 003. The main object of the company is to route investment directly or indirectly into companies engaged in the airport and other infrastructure facilities.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G V Krishna Reddy	Chairman
2	G V Sanjay Reddy	Director
3	Somanadri Bhupal	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	G V Sanjay Reddy	5,000	50	50
2	Somanadri Bhupal	5,000	50	50
	Total	**10,000**	**100**	**100.00**

NOVOPAN INDUSTRIES LIMITED.

The company was originally incorporated on July 15, 1974 with the name of Novopan India Limited and had commenced its commercial operations from 29th September, 1979 as manufacturers of plain and Malamine Faced Particle Boards. The company's plant was set up with the technical collaboration of Farhni Institute of Switzerland, the world leaders in Particle Board Technology.

The company has pioneered the concept of Pre-laminated particle board for the first time in the country and are leading manufacturers of Particle Boards with the brand name "NOVOPAN". The Company's brand name has become a generic name in the market and products are preferred by major Government Organization and others. During the year 1991, the company has set up a subsidiary in the name of M/s GVK America Inc., in USA.

During the year 1994, through the Scheme of Reverse Merger, the company had merged with GVK Hotels Limited (which initially incorporated as private limited company on 31st August, 1984) and consequently the name of the company was changed to Novopan Industries Limited w.e.f. 1st April, 1994. After the said reverse merger, the company had diversified in hospitality business apart from the existing particle board business. Precisely, our company was having two divisions namely (1) Particle Board Division and (2) Hotel Division.

During the year 1999-2000, through the Scheme of Arrangement & Amalgamation, the company's Hotel Division has been de-merged w.e.f. April 1, 1999.

The Novopan Industries Limited is a consistent dividend paying company and its particle boards manufacturing plant is situated at IDA Phase – II, Patancheru, Medak District, Andhra Pradesh, which is being operated at optimum capacity.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G.V. Krishna Reddy	Chairman
2.	G. Indira Krishna Reddy	Vice-Chairperson
3.	N. Anil Kumar Reddy	Managing Director
4.	Somanadri Bhupal	Director
5.	G. V. Sanjay Reddy	Director
6.	R. Surender Reddy	Director
7.	M. P. Murti	Director
8.	A. Issac George	Director
9.	Y. Rama Murty	Director

As on December 31, 2005, no investor complaints are pending.

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Category	No. of shares of Rs. 10/- each	Amount Rs.	% to total capital
1.	Promoters	5790259	57,902.59	65.85
2.	Public	2169609	21696.09	24.68
3.	Financial Institutions	832889	8328.89	9.47
	Total	**8792757**	**87,927.57**	**100.00**

Financial Performance

(Amounts in Rs.'000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	580100	547000	498200
Profit/Loss) after tax	40200	23200	18500
Share Capital	87900	87900	87900
Reserves and Surplus (excluding revaluation reserves)	392900	430800	426700
Dividend (%)	20	18	17
Earning Per Share (Rs)	4.57	2.64	2.10
Book Value per share (Rs)	54.69	59.00	58.53

Highest & Lowest price on the Stock Exchange(s) in the last six months:

Month	High (Rs.)		Low (Rs.)	
	BSE	NSE	BSE	NSE
July 2005	61.50	61.60	52.55	53.00
August 2005	92.00	91.50	47.00	53.80
September 2005	94.40	94.65	67.50	68.10
October 2005	75.30	75.50	48.15	49.10
November 2005	76.45	77.90	50.50	50.00
December 2005	72.90	73.25	59.00	57.00

(Source: BSE & NSE)

Closing Share Price on the Bombay Stock Exchange Limited, Mumbai (BSE) on December 30, 2005 was Rs. 65.05

Closing Share Price on The National Stock Exchange of India Ltd., (NSE) on December 30, 2005 was Rs. 65.10

GVK PETROCHEMICALS (P) LTD.

The company was incorporated on August 21, 1982 and has its registered office at 1-10-60/3, Suryodaya, Begumpet, Hyderabad 500 016. It is engaged in the business of manufacturing Amino Resins and Formaldehyde which a significant raw material in the manufacture of particle Boards.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G.V.Krishna Reddy	Chairman
2.	Somanadri Bhupal	Vice-Chairman
3.	Dr.P.Krishnam Raju	Executive Director (Operations)
4.	Shalini Bhupal	Executive Director (Finance)
5.	G.Indira Krishna Reddy	Director
6.	G.V.Sanjay Reddy	Director
7.	N. Anil Kumar Reddy	Director
8.	S A Naqui	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No	Name of the shareholder	No. of shares Rs. 1000/- each	Amount Rs.	%
1.	M/s Carolina Investments Ltd	18249	18,249	30.67
2.	GVK Capital & Finance Ltd	8390	8,390	14.10
3.	G. Indira Krishna Reddy	7643	7,643	12.85
4.	G. V. Sanjay Reddy	6557	6,557	11.02
5.	Shalini Bhupal	5178	5,178	8.70
6.	Somanadri Bhupal	4098	4,098	6.89
7.	Aparna Reddy	3778	3,778	6. 35
8.	G. V. Krishna Reddy	2678	2,678	4.50
9.	M/s Guardian Holdings Ltd	1842	1,842	3.10
10.	Krishnaram Bhupal	1080	1,080	1.82
	Total	**59,493**	**59,493**	**100**

Financial Performance

(Amounts in Rs.'000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	101557	65858	111,981
Profit/Loss) after tax	12791	1864	7,692
Share Capital	59493	37800	37800
Reserves and Surplus (excluding revaluation reserves)	223217	17117	15712
Dividend (%)	0	0	10
Earning Per Share (Rs)	215	49.31	203.49
Book Value per share (Rs)	4749	1453	1416

PINAKINI SHARE & STOCK BROKERS LTD

Pinakini Share and Stock Brokers Limited was incorporated on May 10, 1995 with its registered office located at 2nd Floor, Suryodaya, 1-10-60/3, Begumpet, Hyderabad 500 016. The company received its certificate of commencement of business on May 19, 1995. The company was incorporated for carrying on the business of stock broking services, portfolio management, merchant banking, underwriters, equity research and trading.

Pinakini Share and Stock Brokers Limited is registered with SEBI as a depository participant (IN-DP-NSDL-167-2000). NSE has allotted a depository participant identification number (IN 302084) and logical unit device number (0291).

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	G. Indira Krishna Reddy	Vice-Chairperson
3.	N. Anil Kumar Reddy	Executive Director
4.	Ravi Narayana Reddy	Whole-time Director
5.	G. V. Sanjay Reddy	Director
6.	G. Aparna Reddy	Director
7.	Somanadri Bhupal	Director
8.	Shalini Bhupal	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	No. of shares	Amount Rs.	%
1.	Lunar Capital ServicesPvt Ltd	490000	4,900	32.67
2.	G V Krishna Reddy	170000	1,700	11.33
3.	G. Indira K Reddy	170000	1,700	11.33
4.	G V Sanjay Reddy	170000	1,700	11.33
5.	Shalini Bhupal	120000	1,200	8.00
6.	Somanadri Bhupal	100000	1,000	6.67
7.	L. Ravinarayana Reddy/	80000	800	5.33
8.	G. Aparna Reddy	70000	700	4.67
9.	GVK Petrochemicals Pvt. Ltd	50000	500	3.33
10.	N. Anil Kumar Reddy	40000	400	2.67
11.	N. Anil Kumar Reddy A/c Lunar	40000	400	2.67
	Total	**1500000**	**15,000**	**100.00**

Financial Performance

(Amounts in Rs.'000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	17068	12691	12342
Profit/Loss) after tax	4971	4667	3902
Share Capital	15000	15000	15000
Reserves and Surplus (excluding revaluation reserves)	32228	27315	25220
Dividend (%)	0	15%	14%
Earning Per Share (Rs)	3.31	3.11	2.60
Book Value per share (Rs)	31.49	28.21	26.81

GVK CAPITAL & FINANCE LTD

GVK Capital & Finance Limited was originally incorporated on September 21, 1993 as Pinakini Securities Private Limited with its registered office located at 2nd Floor, Suryodaya, 1-10-60/3, Begumpet, Hyderabad 500 016. The company was converted to a public limited company, being Pinakini Securities Limited on June 16, 1994. The name of the company was subsequently changed to GVK Capital & Finance Limited on February 13, 1995. The company is a Non-Banking Finance Company (NBFC), duly registered with RBI (bearing no: B-09-00216), carrying on the business of investments, extending Inter Corporate deposits, besides other activities.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G.V.Krishna Reddy	Chairman
2.	G.Indira Krishna Reddy	Vice-Chairperson
3.	G.V.Sanjay Reddy	Director
4.	G Aparna Reddy	Director
5.	Somanadri Bhupal	Director
6.	Shalini Bhupal	Director

Shareholding pattern as on December 31, 2005

(Amounts in Rs. '000)

S. No.	Name of the shareholder	No. of shares	Amount Rs.	%
1.	Lunar Capital Services Pvt Ltd	1668400	16,684	52.98
2.	Metro Architects & Const.P.Ltd	1000000	10,000	31.76
3.	G V Krishna Reddy	90000	900	2.86
4.	G. Indira K Reddy	90000	900	2.86
5.	G V Sanjay Reddy	70000	700	2.22
6.	G. Aparna Reddy	70000	700	2.22
7.	Somanadri Bhupal	50000	500	1.59
8.	Shalini Bhupal	50000	500	1.59
9	GVK Petrochemicals (P) Ltd	20200	202	0.64
10.	G V Keshav Reddy	10000	100	0.32
11.	Krishnaram Bhupal	10000	100	0.32
12.	Shriya Bhupal	10000	100	0.32
13	G.Mallika Reddy	10000	100	0.32
	Total	**3148600**	**31,486**	**100.00**

Financial Performance

(Amounts in Rs.'000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	3,103	6,814	10,126
Profit/Loss) after tax	104	1,998	2,010
Share Capital	31,486	31,486	31,486
Reserves and Surplus (excluding revaluation reserves)	33,007	33,014	31,016
Dividend (%)	0	0	0
Earning Per Share (Rs)	0.02	0.63	0.64
Book Value per share (Rs)	20.52	20.48	19.85

GVK INFRASTRUCTURE HOLDINGS (P) LTD

The Company was incorporated in the State of Karnataka on June 25, 2002 and has its registered office at No144, Shubram Complex, M G Road, Bangalore 560001. This is an Investment company to invest in shares, stocks, debentures, bonds, loans, bills, hundis etc apart from acting as Portfolio Managers, Consultants, Corporate Investment Advisors.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	G.V. Sanjay Reddy	Director
3.	Somanadri Bhupal	Director

Shareholding pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1.	G V Krishna Reddy	10,12,500	10,125	3.33
2.	Somanadri Bhupal	500	5	0.0
3.	G.V. Sanjay Reddy	500	5	0.0
	Trinity Advisors Private Limited	1,38,82,500	1,38,825	45.67
	Brightstar International NV	1,55,04,000	1,55,040	51.00
	Total	**3,04,00,000**	**3,04,000**	**100.00**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	5440	840	10
Profit/(Loss) after tax	4710	170	-4
Share Capital (Issued & Paid-up) Share Application Money	1000	1000	1000
Reserves and Surplus (excluding revaluation reserves)	4840	120	NIL
Dividend (%)	NA	NA	NA
Earning Per Share (Rs)	47.12	1.65	NA
Book Value per share (Rs)	57.05	10	10

GVK ENERGY HOLDINGS (P) LTD

The Company was incorporated in the State of Andhra Pradesh on March 27, 2003 originally as GVK Power Pvt. Ltd and changed its name to GVK Energy Holdings Pvt. Ltd on July 6, 2004. The main objects of the company include generation, harnessing, accumulation, transmission, distribution and supply of electricity by setting up power plants by use of liquid, gaseous or solid fuels, constructions, establishment, operation, management of power stations, boiler houses, steam turbines, switch yards, an investment company to buy, hold, sell, underwrite, invest, acquire various securities including equity, preference, stocks, debentures, bonds, commercial papers etc.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	G.V. Sanjay Reddy	Director
3.	Somanadri Bhupal	Director

Shareholding pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1	Gaurdian Holdings Ltd	255000	2,550	51
2	Trinity Advisors (P) Ltd	235000	2,550	47
3	G V Krishna Reddy	2,000	20	0.4
4	G Indira Krishna Reddy	2,000	20	0.4
5	G V Sanjay Reddy	1,000	10	0.2
6	Somanadri Bhupal	1,000	10	0.2
7	G Aparna Reddy	1,000	10	0.2
8	Shalini Bhupal	1,000	10	0.2
9	G V Mallika Reddy	500	5	0.1
10	G V Keshav Reddy	500	5	0.1
11	Shriya Bhupal	500	5	0.1
12	Krishnaram Bhupal	500	5	0.1
	Total	**500000**	**5,000**	**100.00**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	NIL	NIL	NIL
Profit/(Loss) after tax	-110	-190	NIL
Share Capital	100	100	100
Reserves and Surplus (excluding revaluation reserves)	NIL	NIL	NIL
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs)	NIL	NIL	NIL
Book Value per share (Rs)	10	10	10

JK OPERATIONS & MAINTENANCE (P) LTD

The Company was incorporated in the State of Andhra Pradesh on December 1, 2002 and has its registered office at 156-159 Paigah House, S D Road, Secunderabad 500 003. The object of this company being operation & maintenance contractors for expressways, highways, roads, bridges for levy/collection of toll fees and to provide operations & maintenance facilities to companies engaged in the above mentioned areas.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	B. Mahender Kumar	Director
2.	Y. Chandramouli	Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Names	No. of shares of Rs. 10/- each	Amount Rs.	% to total capital
1	G. V. Krishna Reddy	2,000	20	20
2	G. Indira Krishna Reddy	2,000	20	20
3	G. V. Sanjay Reddy	1,000	10	10
4	Somanadri Bhupal	1,000	10	10
5	G. Aparna Reddy	1,000	10	10
6	Shalini Bhupal	1,000	10	10
7	G. Mallika Reddy	500	5	5
8	G. V. Keshav Reddy	500	5	5
9	Shriya Bhupal	500	5	5
10	Krishnaram Bhupal	500	5	5
	Total	**10,000**	**100**	**100.00**

Financial Performance

(Amounts in Rs.'000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003'
Total Revenue (Excluding changes in stock)	Nil	1100	NIL
Profit/(Loss) after tax	-8	1090	NIL
Share Capital (Issued & Paid-up)	100	100	100
Reserves and Surplus(excluding revaluation reserves)	1083	1090	NIL
Dividend (%)	Nil	Nil	NA
Earning Per Share (Rs)	NA	109.14	NA
Book Value per share (Rs)	117.63	118.46	9.28

TRINITY ADVISORS (P) LTD

The Company was incorporated in the State of Tamil Nadu on October 22, 2002 and has its registered office at 4/8, Bragathambal Road, Nungambakkam, Chennai 600 034. The main object being acting as advisors, consultants, developers, commission agents, brokers, arrangers, traders, consultants, corporate investment advisors for arranging investment tie-ups to projects in various fields like infrastructure etc and providing them technical, engineering services, feasibility reports, trading on contract or commission or turnkey basis whether in India or outside.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	C. T. Thomas	Director
2.	R. V. Rajsekharan	Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Names	No. of shares of Rs. 10/- each	Amount Rs.	% to total capital
1	G. V. Krishna Reddy	8,000	80	80
2	G. Indira Krishna Reddy	1,000	10	10
3	G. V. Sanjay Reddy	500	5	5
4	Somanadri Bhupal	500	5	5
	Total	**10,000**	**100**	**100.00**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003'
Total Revenue (Excluding changes in stock)	1510	3680	NIL
Profit/(Loss) after tax	1450	3620	-8
Share Capital (Issued & Paid-up) Share Application Money	100	100	100
Reserves and Surplus (excluding revaluation reserves)	5064	3610	-8
Dividend (%)	NIL	Nil	Nil
Earning Per Share (Rs)	144.93	362.26	Nil
Book Value per share (Rs)	485.38	350.45	8.43

ALTITUDE DESIGN AND DEVELOPMENT (P) LTD

The company was incorporated on May 25, 2004 and has its registered office at B-97, Sethi Colony, Jaipur 302 001.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	D. P. Sharma	Director
2.	Mahesh Mathur	Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Names	No. of shares of Rs. 10/- each	Amount Rs.	% to total capital
1.	G. V. Krishna Reddy	2,000	20	20
2.	G. Indira Krishna Reddy	2,000	20	20
3	G. V. Sanjay Reddy	1,000	10	10
4	Somanadri Bhupal	1,000	10	10
5	G. Aparna Reddy	1,000	10	10
6	Shalini Bhupal	1,000	10	10
7	G. Mallika Reddy	500	5	5
8	G. V. Keshav Reddy	500	5	5
9	Shriya Bhupal	500	5	5
10	Krishnaram Bhupal	500	5	5
	Total	**10,000**	**100**	**100.00**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005
Total Revenue (Excluding changes in stock)	NIL
Profit/(Loss) after tax	-5
Share Capital (Issued & Paid-up) Share Application Money	100
Reserves and Surplus (excluding revaluation reserves)	-5
Dividend (%)	NIL
Earning Per Share (Rs)	NIL
Book Value per share (Rs)	-8.54

BLUE STREAK LAND HOLDINGS (P) LTD

The Company was incorporated on January 1, 2004 and has its registered office at Paigah House, 156-159, S P Road, Secunderabad 500 003. The company carries on the business of investments in immovable properties.

Directors as on December 31, 2005

S. No.	Name	Designation
1	Shalini Bhupal	Director
2	Somanadri Bhupal	Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the shareholder	No. of shares Rs. 10/- each	Amount Rs.	% toTotal Capital
1	Shalini Bhupal	5000	50	50.00
2	Somanadri Bhupal	5000	50	50.00
	Total	**10000**	**100**	**100.00**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004 (3 Months)
Total Revenue (Excluding changes in stock)	6	0.00
Profit/(Loss) after tax	-18	-7
Share Capital	100	100
Reserves and Surplus (excluding revaluation reserves)	-25	-7
Dividend (%)	0.00	0.00
Earning Per Share (Rs.)	-1.77	-0.72
Book Value per share (Rs.)	7.50	9.28

PLATEAU CONSTRUCTION & ENGINEERING (P) LTD

The Company was incorporated in the State of Tamil Nadu on September 25, 2003 and has its registered office at 4/8, Bragathambal Road, Nungambakkam, Chennai 600 034. The main objects is to carry on the business of builders, engineers, architects, interior designers, contractors, bridges, culverts, roads, highways, expressways, railways, ropeways, airports, malls, theme parks, movie theatres, multiplexes, amusement parks either by itself or through any other contractors or agents or sub-agents and the business of advisors, consultants, developers, commission agents, brokers, arrangers and traders and supply of technical, engineering, feasibility reports etc, operating, maintaining, advising and aiding infrastructure projects whether in India or outside.

Directors as on December 31, 2005

S. No.	Name	Designation
1	C. T. Thomas	Director
2	R. V. Rajasekharan	Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the shareholder	No. of shares Rs. 10/- each	Amount Rs.	% toTotal Capital
1	G V Krishna Reddy	2,000	20	20
2	G Indira Krishna Reddy	2,000	20	20
3	G V Sanjay Reddy	1,000	10	10
4	Somanadri Bhupal	1,000	10	10
5	G Aparna Reddy	1,000	10	10
6	Shalini Bhupal	1,000	10	10
7	G V Mallika Reddy	500	5	5
8	G V Keshav Reddy	500	5	5
9	Shriya Bhupal	500	5	5
10	Krishnaram Bhupal	500	5	5
	Total	**10,000**	**100**	**100.00**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004
Total Revenue (Excluding changes in stock)	98993	1228
Profit/(Loss) after tax	7129	1222
Share Capital (Issued & Paid-up)	100	100
Reserves and Surplus(excluding revaluation reserves)	8352	1222
Dividend (%)	NIL	NIL
Earning Per Share (Rs)	712.94	122.27
Book Value per share (Rs)	844.37	131.21

BOWSTRING PROJECT & INVESTMENTS (P) LTD

The company was incorporated on February 16, 2004 and has its registered office at R-777, New Rajendra Nagar, New Delhi 110 060. It was incorporated to facilitate undertaking and management of projects and investments.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	Swatantra Dhawan	Director
2.	Hemanth Sharma	Director

Shareholding pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the shareholder	No. of shares Rs. 10/- each	Amount Rs.	%
1.	G V Krishna Reddy	2,000	20	20
2.	G Indira Krishna Reddy	2,000	20	20
3	G V Sanjay Reddy	1,000	10	10
4	Somanadri Bhupal	1,000	10	10
5	G Aparna Reddy	1,000	10	10
6	Shalini Bhupal	1,000	10	10
7	G V Mallika Reddy	500	5	5
8	G V Keshav Reddy	500	5	5
9	Shriya Bhupal	500	5	5
10	Krishnaram Bhupal	500	5	5
	Total	**10000**	**100**	**100**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005
Total Revenue (Excluding changes in stock)	NIL
Profit/(Loss) after tax	-10
Share Capital (Issued & Paid-up)	100
Reserves and Surplus (excluding revaluation reserves)	-10
Dividend (%)	NIL
Earning Per Share (Rs)	NIL
Book Value per share (Rs)	-15.60

MARWELL ARCHITECTS & CONTRACTORS (P) LTD.

The Company was incorporated in the State of Karnataka on September 19, 2003 and has its registered office at 111, 1st Floor, Binny Layout, 2nd Stage, Vijayanagar, Bangalore 560 040. The main objects is to carry on the business of builders, engineers, architects, interior designers, contractors, bridges, culverts, roads, highways, expressways, railways, ropeways, airports, malls, theme parks, movie theatres, multiplexes, amusement parks either by itself or through any other contractors or agents or sub-agents and the business of advisors, consultants, developers, commission agents, brokers, arrangers and traders and supply of technical, engineering, feasibility reports etc, operating, maintaining, advising and aiding infrastructure projects whether in India or outside.

Directors as on December 31, 2005

S. No.	Name	Designation
1	K. G. Ramakrishnan	Director
2	G. Chandrasekhara Babu	Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the shareholder	No.of shares Rs. 10/- each	Amount Rs.	% toTotal Capital
1	G V Krishna Reddy	2,000	20	20
2	G Indira Krishna Reddy	2,000	20	20
3	G V Sanjay Reddy	1,000	10	10
4	Somanadri Bhupal	1,000	10	10
5	G Aparna Reddy	1,000	10	10
6	Shalini Bhupal	1,000	10	10
7	G V Mallika Reddy	500	5	5
8	G V Keshav Reddy	500	5	5
9	Shriya Bhupal	500	5	5
10	Krishnaram Bhupal	500	5	5
	Total	**10,000**	**100**	**100.00**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004
Total Revenue (Excluding changes in stock)	7638	1801
Profit/(Loss) after tax	5326	1795
Share Capital (Issued & Paid-up)	100	100
Reserves and Surplus (excluding revaluation reserves)	7121	1795
Dividend (%)	NIL	NIL
Earning Per Share (Rs)	532.60	179.54
Book Value per share (Rs)	719.78	186.58

METRO ARCHITECTS & CONTRACTORS (P) LTD

The Company was incorporated on February 16, 2004 and has its registered office at R – 540, New Rajinder Nagar, New Delhi 110 060. The main objects is to carry on the business of builders, engineers, architects, interior designers, contractors, bridges, culverts, roads, highways, expressways, railways, ropeways, airports, malls, theme parks, movie theatres, multiplexes, amusement parks either by itself or through any other contractors or agents or sub-agents and the business of advisors, consultants, developers, commission agents, brokers, arrangers and traders and supply of technical, engineering, feasibility reports etc, operating, maintaining, advising and aiding infrastructure projects whether in India or outside.

Directors as on December 31, 2005

S. No.	Name	Designation
1	Swatantra Dhawan	Director
2	Hemant Sharma	Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the shareholder	No.of shares Rs. 10/- each	Amount Rs.	% toTotal Capital
1	G V Krishna Reddy	2,000	20	20
2	G Indira Krishna Reddy	2,000	20	20
3	G V Sanjay Reddy	1,000	10	10
4	Somanadri Bhupal	1,000	10	10
5	G Aparna Reddy	1,000	10	10
6	Shalini Bhupal	1,000	10	10
7	G V Mallika Reddy	500	5	5
8	G V Keshav Reddy	500	5	
9	Shriya Bhupal	500	5	5
10	Krishnaram Bhupal	500	5	5
	Total	**10,000**	**100**	**100.00**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004
Total Revenue (Excluding changes in stock)	NIL	NIL
Profit/(Loss) after tax	-10	-5.5
Share Capital (Issued & Paid-up)	100	100
Reserves and Surplus (excluding revaluation reserves)	-20	NIL
Dividend (%)	NIL	NIL
Earning Per Share (Rs)	NIL	NIL
Book Value per share (Rs)	-16.02	8.62

GVK JAIPUR-KISHANGARH EXPRESSWAY LIMITED

GVK Jaipur-Kishangarh Expressway Limited, was originally incorporated on April 1, 2002 as GVK Jaipur-Kishangarh Expressway Private Limited. The name of the company was changed to GVK Jaipur-Kishangarh Expressway Limited on November 3, 2004. The registered office of the company is located at Toll Plaza at Km 278 Village – Tshekaria, Tehsil – Sanjaner, Jaipur 322 021. The company was incorporated for designing, engineering, financing, constructing, operating, maintaining and widening the existing 2 lane project highway on Jaipur-Kishangarh section of the National Highway No. 8 in the State of Rajasthan to 6 lanes.

Directors as on December 31, 2005

Sl. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	A. Ramakrishna	Independent Director
3.	C. B. Mouli	Independent Director
4.	G.V. Sanjay Reddy	Director
5.	Somanadri Bhupal	Director
6.	B. Krishnaiah	Director
7.	K.V. Rangaswami	Director

Sl. No.	Name	Designation
8.	J. Ganguly	Director
9.	K.Balarama Reddi	Independent Director
10.	R.S. Agarwal	Independent Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the shareholder	No. of shares Rs. 10/- each	Amount Rs.	% toTotal Capital
1.	L & T Infrastructure Developments Projects Ltd	4,04,68,000	404,680	33.40
2.	GVK Infrastructure Holdings (P) Ltd	4,88,48,600	488,486	40.31
3.	B. Seenaiah & Co (Projects) Ltd	1,92,22,300	192,223	15.86
4.	GVK International NV	1,26,30,800	126,308	12.49
5.	G. V. Krishna Reddy	100	1	0.00
6.	G. V. Sanjay Reddy	100	1	0.00
7.	Somanadri Bhupal	100	1	0.00
	TOTAL	**12,11,70,000**	**12,11,700**	**100**

Financial Performance

(Amounts in Rs.'000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	5810	NIL	NIL
Profit/(Loss) after tax	3360	NIL	NIL
Share Capital	896,160	520,000	520,000
Reserves and Surplus (excluding revaluation reserves)	2,065,700	1,055,000	NIL
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs)	NIL	NIL	NIL
Book Value per share (Rs)	10	10	10

*As on March 31, 2005, commercial operations had not commenced and therefore Profit & Loss A/c has not be drawn

BLUE STREAK CONSULTANTS (P) LTD

The Company was incorporated in the State of Karnataka on October 24, 2002. The main object being acting as advisors, consultants, developers, commission agents, brokers, arrangers, traders, consultants, corporate investment advisors for arranging investment tie-ups to projects in various fields like infrastructure etc and providing them technical, engineering services, feasibility reports, trading on contract or commission or turnkey basis whether in India or outside.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	K. G. Ramakrishnan	Director
2.	G. Chandrasekhara Babu	Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the Shareholder	No. of Shares	Amount in Rs	% to total capital
1	Mr. G V Krishna Reddy	2,000	20	20
2	Mrs. G Indira Krishna Reddy	2,000	20	20
3	G V Sanjay Reddy	1,000	10	10
4	Som Bhupal	1,000	10	10
5	Mrs. G Aparna Reddy	1,000	10	10
6	Mrs. Shalini Bhupal	1,000	10	10
7	Ms. G V Mallika Reddy	500	5	5
8	Mas. G V Keshav Reddy	500	5	5
9	Ms. Shriya Bhupal	500	5	5
10	Mr. Krishnaram Bhupal	500	5	5
	Total	**10,000**	**100**	**100.00**

Financial Performance

(Amount in Rs. '000)

For the period ended	March 31, 2005	March 31, 2004 (3 Months)	March 31, 2003
Total Revenue (Excluding changes in stock)	106610	12,080	NIL
Profit/(Loss) after tax	9723	12,062	-11
Share Capital	100	100	100
Reserves and Surplus (excluding revaluation reserves)	21786	12,062	-11
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs.)	972.40	1206.23	NIL
Book Value per share (Rs.)	2187.78	1215.17	7.78

TAJ GVK HOTELS & RESORTS LIMITED

The company has been incorporated on February 2, 1995 and has its registered office at Taj Krishna, Road No: 1, Banjara Hills, Hyderabad 500 034.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G V Krishna Reddy	Executive Chairman
2.	G Indira Krishna Reddy	Managing Director
3.	Shalini Bhupal	Executive Director
4.	R K Krishna Kumar	Director
5.	Raymond N Bickson	Director
6.	Anil P Goel	Director
7.	R Surender Reddy	Director
8.	Somanadri Bhupal	Director
9.	G V Sanjay Reddy	Director

S. No.	Name	Designation
10.	N Anil Kumar Reddy	Director
11.	Dr. Abid Hussain	Director
12.	D R Kaarthikeyan	Director
13.	C B Mouli	Director
14.	N K Singh	Director
15.	Dr. A Ramakrishna	Additional Director
16.	T.R Prasad	Additional Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the Shareholder	No. of Shares	Amount in Rs	% to total capital
1	Promoter Group Companies	37995615	75991.23	60.60
2	Promoters	8806290	17612.58	14.04
3	Indian Public	6724266	13448.53	10.73
4	Banks & MFs	5877296	11754.59	9.37
5	NRI	384850	769.70	0.61
6	Bodies corporate	902603	1805.21	1.44
7	Financial Institutions	2010575	4021.15	3.21
	Total	**62701495**	**125402.99**	**1000.00**

Financial Performance

(Amounts in Rs.'000)

For the period ended	March 31, 2005	March 31, 2004	March 31, 2003
Total Revenue (Excluding changes in stock)	1161000	881000	709100
Profit/(Loss) after tax	220900	127100	94400
Share Capital	125400	125400	125400
Reserves and Surplus (excluding revaluation reserves)	1071300	914800	829600
Dividend (%)	45	30	20
Earning Per Share (Rs.)	17.61	10.14	7.53
Book Value per share (Rs.)	91.39	77.90	73.21

Highest & Lowest price on the Stock Exchange(s) in the last six months:

Month	BSE		NSE	
	High	Low	High	Low
July 2005	523.00	395.00	465.00	355.55
August 2005	646.00	440.00	649.95	442.05
September 2005	680.00	507.00	667.00	522.00
October 2005*	143.00	142.00	98.15	101.70
November 2005*	159.00	156.95	118.00	117.55
December 2005*	197.00	196.90	154.00	152.10

***(Source:** BSE & NSE)*

*As on October 18, 2005 there has been a stock split in the ratio of 1:5

Closing Share Price on BSE on December 30, 2005 was Rs 179.00

Closing Share Price on NSE on December 3, 2005 was Rs. 179.85

Investor grievance as on December 31, 2005 is NIL

GVK DAVIX TECHNOLOGIES (P) LTD

The company has been incorporated on February 25, 2005 and has its registered office at 210, My Home Tycoon, 6-3-1192, Kundanbagh, Begumpet, Hyderabad 500 016. The name change of the company was with effect from 05-08-2005. This company has been incorporated carry on, deal in the business of training and Research & Development in the field of drug discovery, bio-informatics, biotechnology, life sciences, IT products, biosciences, internet based products, electronic, Information Technology enabled services, agro-based products, in pharmaceutical products and its intermediate, development of new product lines; and to use the technologies so developed for industrial and commercial productions in India and abroad.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G V Krishna Reddy	Chairman
2	D S Brar	Director
3	G Indira Krishna Reddy	Director
4	G V Sanjay Reddy	Director
5	Somanadri Bhupal	Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the Shareholder	No. of Shares	% to total capital
1	G V Sanjay Reddy	4,500	0.06
2	Somanadri Bhupal	1,000	0.01
3	D S Brar	18,04,500	25.03
4	GVK Petrochemicals Private Limited	36,00,000	49.93
5	Madhubani Investments Private Limited	18,00,000	24.97
	Total	**72,10,000**	**100.00**

Inogent Laboratories (P) Ltd

The company has been incorporated on June 1, 2005 and has its registered office at 210, My Home Tycoon, 6-3-1192, Kundanbagh, Begumpet, Hyderabad 500 016. The main object of the company is to carry on, deal in the business of training and Clinical Research & Development in the field of drug discovery, bio-informatics, bio-technology, life sciences, natural, chemical & physical sciences and related services, biosciences, agro-based products, to buy, sell, manufacture trade, in pharmaceutical products in pharmaceutical products and its intermediates, development of new product lines; and to use the technologies so developed for industrial and commercial productions in India and abroad.

Directors as on December 31, 2005

S. No.	Name	Designation
1	G V Krishna Reddy	Chairman
2	D S Brar	Director
3	G V Sanjay Reddy	Director
4	Mrs. Shernaz Feroz Vakil	Additional Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the Shareholder	No. of Shares	Amount in Rs	% to total capital
1	GVK Davix Technologies Private Limited	51,00,000	5100	51.00
2	GVK Biosciences Private Limited	29,00,000	2900	29.00
3.	Dai-Ichi Karkaria Ltd.	20,00,000	2000	20.00
	Total	**1,00,00,000**	**10000**	**100.00**

AIRPORT DEVELOPERS (P) LTD

The company was incorporated on June 10, 2005 with its registered office at Paigah House, 156-159, S P Road, Secunderabad 500 003. The main objective of this company is to route investments directly or indirectly in the companies engaged in the airport and other infrastructural facilities.

Directors as on December 31, 2005

S. No.	Name	Designation
1.	G. V. Krishna Reddy	Chairman
2.	G. V. Sanjay Reddy	Director
3.	Somanadri Bhupal	Director

Shareholding Pattern as on December 31, 2005

(Amount in Rs. '000)

S. No.	Name of the Shareholder	No. of Shares	Amount in Rs	% to total capital
1.	G. V. Sanjay Reddy	5000	50	50
2.	Somanadri Bhupal	5000	50	50
	Total	**10000**	**100**	**100**

Disassociation of the Promoters in the past three years

GVK America Inc. a wholly owned subsidiary of Novopan Industries Limited was acquired by ATC, Chile in September, 2005. The shareholding was sold as the industry in which GVK America Inc. was operating, i.e., manufacture of laminated particle boards was under recession.

RELATED PARTY TRANSACTIONS

Names of the Related Parties	Nature of relationship
G V K Industries Limited	**Subsidiary**
Paigah House Hotel Private Limited Jegurupadu Power Plant Services Private Limited GVK Energy Holdings Private Limited Transoceanic Projects Limited, Mauritius Guardian Holdings Limited, Mauritius GVK Power (Goindwal Sahib) Limited	Companies over which the key management personnel exercise Significant influence:

(Amounts in Rs.'000)

Names of the related parties	Nature of transactions	Six months ended September 30, 2005	Year ended March 31, 2005
G V K Industries Limited	Revenue from Operating & Maintenance services	65,936	73,209
	Interest free unsecured loan	-	22,000
	Dividends received	67,479	-
Guardian Holdings Limited, Mauritius	Purchase of shares of GVKIndustries Limited	828,922	-
Paigah House Hotel Private Limited	Note 1 below	-	-
GVK Power (Goindwal Sahib) Limited	Advance for investments	2,500	-
GVK Energy Holdings Private Limited	Share application money received	2,500	-
Transoceanic Projects Limited, Mauritius	Share application money received	999,552	-
	Purchase of shares of Gautami Power Limited	170,520	-
Closing balances			
GVK Power (Goindwal Sahib) Limited	Receivable	2,500	
GVK Industries Limited	Receivable	25,719	2,174
	(Payable)	(22,000)	(22,000)

Notes:

1. The term loan of the Company amounting to Rs. 700,000 is secured by way of mortgage of "Paigah House" a property of Paigah House Hotel Private Limited; exclusive first charge on the revenues of Jegurupadu Power Plant Services Private Limited excluding reimbursement of expenses under the existing Operations and Maintenance Agreement.
2. Pledge of 35,000 equity shares of the Company held by the respective shareholders.
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 from the year ended March 31, 2005. Accordingly, the disclosures as prescribed by AS 18 have been made prospectively from the year ended March 31, 2005.
3. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.

EXCHANGE RATES AND CURRENCY OF PRESENTATION

This Prospectus contains translations of some Rupee amounts into US Dollars which should not be construed as a representation that those Rupee or US Dollar amounts could have been, or could be, converted into US Dollars or Indian Rupees, as the case may be, at any particular rate, the rates stated below, or at all. Except as otherwise stated in this Prospectus, all translations from Indian Rupees to US Dollars contained in this Prospectus have been based on the rate given by the Reserve Bank of India.

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one US Dollar could be exchanged at the rate given by the Reserve Bank of India. The row titled average in the table below is the average of the daily rate on the last day of each full month during the period.

In this Prospectus, U.S. Dollar amounts have been translated into Rupees for each period, and presented solely to comply with the requirements of the Clause 6.8.4 of the SEBI Guidelines. Investors are cautioned to not rely on such translated amounts. Investors are cautioned not to rely on such translated amounts

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The dividends paid by our Company during the last five fiscal years are presented below.

(Rs. in million)

	Year ended March 31, 2001	**Year ended March 31, 2002**	**Year ended March 31, 2003**	**Year ended March 31, 2004**	**Year ended March 31, 2005**
Face Value of Equity Share (per share)	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-
Interim Dividend on Equity Shares (Rs. in million)	42.625	56.000	31.500	27.650	Nil
Final Dividend on Equity Shares (Rs. in million)	Nil	Nil	Nil	Nil	Nil
Dividend Rate (%)	12178.57%	16000%	9000%	7900%	Nil
Dividend Tax (Rs. in million)	7.395	Nil	Nil	3.542	Nil

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. Dividends have been paid in our Company through telegraphic transfer. Some of our loan agreements and sanction letters from our lenders contain a condition that dividends may not be paid if there are dues owed to the lenders or if there are subsisting events of default in respect of the loan facility with the respective lenders. Some other such arrangements contain the condition that a dividend payout higher than a specified percentage (10% or 20%) would require the consent of the respective lender and that we may make payments of dividends only out of current year profits after making provisions for all expenses and liabilities, including repaying the dues of the lenders.

SECTION V: FINANCIAL STATEMENTS

Financial Information

SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AS AT AND PROFITS AND LOSSES FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005 AND FOR THE YEARS ENDED MARCH 31, 2005, 2004, 2003, 2002 AND 2001 AND CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005 AND FOR THE YEARS ENDED MARCH 31, 2005, 2004 AND 2003, AS RESTATED, OF GVK POWER & INFRASTRUCTURE LIMITED (FORMERLY JEGURUPADU OPERATING AND MAINTENANCE COMPANY).

Auditors' report as required by Part II of Schedule II to the Companies Act, 1956

December 17, 2005

To

The Board of Directors,
GVK Power & Infrastructure Limited,
(formerly Jegurupadu Operating and Maintenance Company),
R-540, New Rajender Nagar,
New Delhi-110 060.

Dear Sirs,

We have examined the financial information of GVK Power & Infrastructure Limited ('GVK' or 'the Company') annexed to this report, for the purposes of inclusion in the Red Herring Prospectus('the RHP'), which has been prepared in accordance with the requirements of:

a. paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000, as amended by notification SEBI/CFD/DIL/DIP/16 / 2005/19/9 dated September 19, 2005, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and

c. the terms of reference received from the Company, requesting us to carry out work, proposed to be included in the RHP of the Company in connection with its proposed Initial Public Offer ('IPO').

The IPO will be for a fresh issue by the Company of 8,275,556 equity shares of Rs 10 each, at such premium, by way of book building process, as may be decided by the Board of Directors (referred to as 'the Offer'). The Offer is being made through the 100 percent book-building scheme.

Financial information as per the audited financial statements

1. We have examined the attached restated summary statement of assets and liabilities of the Company as at September 30, 2005, March 31, 2005, 2004, 2003, 2002 and 2001, the attached restated summary statement of profits and losses for each of the period/years ended on those dates and the attached restated summary statement of cash flows for the six months ended September 30, 2005 and the years ended March 31, 2005, 2004 and 2003 ('summary statements') (see Annexures 1, 2 and 3) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in Annexure 4 to this report. The summary statements as at and for the years ended March 31, 2002 and 2001, are based on the financial statements for those years, which were been audited and reported upon by Arthur Andersen & Associates, Chartered Accountants (a member firm of Andersen Worldwide, an affiliation of accounting firms which has ceased operations). The summary statements as at and for the year ended March 31, 2004 are based on the financial statements for that year, jointly audited and reported upon by us and B.Vijaya Kumar & Co., Chartered Accountants, and those as at and for the years ended March 31, 2005, 2003 and as at and for the six months ended September 30, 2005 are based on the financial statements for the respective years/period solely audited and reported upon by us. Based on our examination of these summary statements, we confirm that:

   - the impacts of changes in accounting policies adopted by the Company as at and for the six months ended September 30, 2005 have been adjusted with retrospective effect in the attached summary statements;
   - the prior period items have been adjusted in the summary statements in the years to which they relate;
   - there are no extraordinary items, which need to be disclosed separately in the summary statements; and
   - there are no qualifications in the auditors' reports, which require any adjustments to the summary statements.

2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at and for the six months ended September 30, 2005 are enclosed as Annexure 5 to this report.

Other financial information

3. We have examined the following financial information of the Company proposed to be included in the RHP as approved by you and annexed to this report:

   i. Details of Rates of dividend as enclosed in Annexure 6;

   ii. Accounting ratios based on the restated profits relating to earnings per share (basic and diluted), net asset value and return on net worth as enclosed in Annexure 7;

   iii. Details of other income, as appearing in Annexure 8;

   iv. Details of unsecured loans, as appearing in Annexure 9;

   v. Details of sundry debtors, as appearing in Annexure 10;

   vi. Details of secured loans, as appearing in Annexure 11;

   vii. Details of investments, as appearing in Annexure 12;

   viii. Details of loans and advances, as appearing in Annexure 13;

   ix. Details of current liabilities and provisions, as appearing in Annexure 14;

   x. Details of contingent liabilities, as appearing in Annexure 15;

   xi. Capitalisation statement as at September 30, 2005 as enclosed in Annexure 16;

   xii. Details of related party transactions, as appearing in Annexure 17;

   xiii. Segmental reporting, as appearing in Annexure 18;

   xiv. Statement of tax shelters as enclosed in Annexure 19; and

   xv. Statement of possible tax benefits available to the Company and its shareholders as enclosed in Annexure 20.

4. In respect of the 'Financial information as per the audited financial statements' and 'Other Financial Information' contained in this report, we have relied upon the audited financial statements for the years ended March 31, 2001 and 2002 which were audited by Arthur Andersen & Associates, Chartered Accountants (a member firm of Andersen Worldwide, an affiliation of accounting firms which has ceased operations), as referred to paragraph 1 above.

5. In our view, the 'Financial information as per the audited financial statements' and 'other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

6. The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

7. This report should not be in any way construed as a reissuance or redrafting of any of the previous audit reports issued by us or by other firm of chartered accountants 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 your information and for inclusion in the RHP in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date : December 17, 2005

GVK Power & Infrastructure Limited

Annexure 1: Summary Statement of Assets and Liabilities, as restated

(Amounts in Rs.'000)

	As at September 30, 2005	As at March 31,				
		2005	2004	2003	2002	2001
Fixed Assets						
Gross block	441	441	441	441	441	441
Less: Accumulated depreciation	319	306	280	254	228	202
Net block	**122**	**135**	**161**	**187**	**213**	**239**
Investments	**1,874,555**	**891,817**	**-**	**-**	**-**	**-**
Deferred Tax Asset	**861**	**735**	**657**	**536**	**417**	**361**
Current Assets, Loans and Advances						
Sundry debtors	25,719	2,174	13,085	12,118	23,845	14,567
Unbilled revenues	6,114	2,004	7,308	14,650	23,553	32,160
Cash and bank balances	568,897	1,366	17,182	10,369	45,346	1,810
Loans and advances	4,124	1,192	1,185	1,394	1,860	412
Total	**604,854**	**6,736**	**38,760**	**38,531**	**94,604**	**48,949**
Total	**2,480,392**	**899,423**	**39,578**	**39,254**	**95,234**	**49,549**
Liabilities and Provisions						
Secured loans	700,000	700,000	-	-	-	-
Unsecured loans	642,000	142,000	-	-	-	-
Current liabilities and provisions	40,641	4,009	3,167	2,678	65,236	8,824
Total	**1,382,641**	**846,009**	**3,167**	**2,678**	**65,236**	**8,824**
Networth	**1,097,751**	**53,414**	**36,411**	**36,576**	**29,998**	**40,725**
Represented by:						
Equity share capital	53,200	350	350	350	350	350
Share application money pending allotment	1,002,052	-	-	-	-	-
Reserves and surplus						
General reserves	-	20,071	20,071	17,522	13,225	8,731
Profit and loss account	42,499	32,993	15,990	18,704	16,423	31,644
Net Worth	**1,097,751**	**53,414**	**36,411**	**36,576**	**29,998**	**40,725**

Notes:

The above statement should be read with the significant accounting policies appearing in Annexure 5 and Notes on adjustments for restated financial statements appearing in Annexure-4.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 2 : Summary Statement of Profits and Losses, as restated

(Amounts in Rs.'000)

	Six months ended September 30, 2005	Years ended March 31,				
		2005	2004	2003	2002	2001
Income						
Fees and Billable expenses :						
Operating fees	20,104	38,691	38,802	40,364	39,688	36,831
Incentive fees	6,142	1,484	1,626	27,258	30,596	37,124
Fees for technical services	20,000	-	-	-	-	-
Billable expenses	19,690	33,034	30,901	31,998	37,973	83,501
Other income	51,336	1,321	2,295	867	342	169
Total Income	**117,272**	**74,530**	**73,624**	**100,487**	**108,599**	**157,625**
Expenditure						
Personnel expenses	10,409	19,283	16,948	17,120	17,003	14,004
Operating expenses	10,542	14,495	15,662	15,393	21,143	69,632
Financial expenses	37,969	8,833	-	-	-	-
Depreciation	13	26	26	26	26	26
Total Expenditure	**58,933**	**42,637**	**32,636**	**32,539**	**38,172**	**83,662**
Profit before tax	**58,339**	**31,893**	**40,988**	**67,948**	**70,427**	**73,963**
Current tax	16,099	14,968	14,946	25,180	25,491	31,247
Deferred tax	(126)	(78)	550	(210)	-	-
Fringe benefit tax	81	-	-	-	-	-
Taxes of earlier year	-	(635)	-	-	-	-
Net Profit after tax	**42,285**	**17,638**	**25,492**	**42,978**	**44,936**	**42,716**

GVK Power & Infrastructure Limited

Annexure 2 : Summary Statement of Profits and Losses, as restated ***(Contd.)***

(Amounts in Rs.'000)

	Six months ended September 30, 2005	**Years ended March 31,**				
		2005	**2004**	**2003**	**2002**	**2001**
Adjustments						
Increase/(decrease) in net profits:						
(Refer Annexure 4)						
Due to changes in accounting policies:						
Gratuity	-	-	(1,363)	239	679	333
Leave encashment	-	-	(463)	41	106	207
Other Adjustments						
Billable expenses	-	-	1,826	(280)	(1,785)	(47,583)
Incentive fees	-	-	7,764	(7,764)	-	-
Operating expenses	-	-	-	-	1,000	47,043
Total impact of adjustments	**-**	**-**	**7,764**	**(7,764)**	**-**	**-**
Tax adjustments						
(Refer Annexure 4)						
Taxes of earlier years	-	(635)	635	-	-	1,569
Current Tax	-	-	(3,535)	2,956	280	214
Deferred Tax	-	-	671	(91)	57	189
Total of adjustments after tax impact	**-**	**(635)**	**5,535**	**(4,899)**	**337**	**1,972**
Net Profit, as restated	**42,285**	**17,003**	**31,027**	**38,079**	**45,273**	**44,688**
Profit and Loss account, beginning of the year	32,993	15,990	18,704	16,423	31,644	41,248
Balance available for appropriations, as restated	75,278	32,993	49,731	54,502	76,917	85,936
Appropriations:						
Transfer to general reserve	32,779	-	2,549	4,298	4,494	4,272
Dividend	-	-	27,650	31,500	56,000	42,625
Tax on dividend	-	-	3,542	-	-	7,395
Balance carried forward, as restated	**42,499**	**32,993**	**15,990**	**18,704**	**16,423**	**31,644**

Notes:

The above statement should be read with the significant accounting policies appearing in Annexure 5 and Notes on adjustments for restated financial statements appearing in Annexure-4.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 3 : Summary Statement of Cash Flows, as restated

(Amounts in Rs.'000)

		Six months ended September 30, 2005	Years ended March 31, 2005	2004	2003
I.	**Cash flow from operating activities**				
	Net profit as restated	42,285	17,003	31,027	38,079
	Adjustments for:				
	Depreciation	13	26	26	26
	Dividend Income	(50,775)	-	-	-
	Interest income	(561)	(1,319)	(834)	(867)
	Interest expense	37,969	8,833	-	-
	Provision for retirement benefits	550	178	366	285
	Income tax	16,180	14,968	17,846	22,224
	Deferred taxes	(126)	(78)	(121)	(119)
	Operating profit before working capital changes	45,535	39,611	48,310	59,628
	Movements in working capital:				
	Decrease / (increase) in sundry debtors	(23,545)	10,911	(967)	11,727
	Decrease / (increase) in unbilled revenues	(4,110)	5,304	7,342	8,903
	Decrease / (increase) in loans and advances	57	(90)	17	55
	Increase / (decrease) in current liabilities	5,231	(356)	44	(6,844)
	Cash generated from operations	23,168	55,380	54,746	73,469
	Direct taxes paid (net of refunds)	(7,264)	(15,047)	(17,505)	(21,841)
	Net cash from operating activities - (A)	**15,904**	**40,333**	**37,241**	**51,628**
II.	**Cash flows from investing activities**				
	Purchase of investments	(999,442)	(891,817)	-	-
	Advance for investments	(2,500)	-	-	-
	Dividends received	67,479	-	-	-
	Interest received	72	1,402	764	895
	Net cash from/(used in) investing activities - (B)	**(934,391)**	**(890,415)**	**764**	**895**
III.	**Cash flows from financing activities**				
	Share application money	1,002,052	-	-	-
	Proceeds from long-term borrowings	-	842,000	-	-
	Proceeds from short-term borrowings	753,100	-	-	-
	Repayment of short-term borrowings	(253,100)	-	-	-
	Interest paid	(16,034)	(7,734)	-	-
	Dividends paid	-	-	(27,650)	(87,500)
	Tax on dividends paid	-	-	(3,542)	-
	Net cash from/(used in) financing activities - (C)	**1,486,018**	**834,266**	**(31,192)**	**(87,500)**

(Amounts in Rs.'000)

	Six months ended September 30, 2005	Years ended March 31,		
		2005	2004	2003
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**567,531**	**(15,816)**	**6,813**	**(34,977)**
Cash and cash equivalents at the beginning of the period/year	1,366	17,182	10,369	45,346
Cash and cash equivalents at the end of the period / year	**568,897**	**1,366**	**17,182**	**10,369**
Components of cash and cash equivalents as at				
Cash on hand	15	-	-	-
With scheduled banks:				
On current accounts	68,931	1,366	844	1,803
On deposit accounts	499,951	-	16,338	8,566

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 4: Notes on adjustments for restated financial statements

(Amount in Rs. '000, unless otherwise stated)

A. Adjustments resulting from changes in the Accounting policies

1. Deferred Taxes

The Company has adopted Accounting Standard (AS) – 22, "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India ('the ICAI') for the first time in preparation of the financial statements for the year ended March 31, 2003. Accordingly, for the purpose of this statement, the deferred tax asset/liability has been recognised in the respective years of origination with a corresponding effect to the summary statement of profits and losses, as restated, with a corresponding adjustment to general reserve as at March 31, 2003. Further opening balance in General Reserve account as at April 1, 2000 has been adjusted for the effect of prior years.

2. Gratuity

During the year ended March 31, 2004, the Company has changed its accounting policy to accrue gratuity liability on an actuarial basis in accordance with Accounting Standard – 15 "Accounting for Retirement Benefits in the Financial Statements of Employers" instead of full liability basis. Accordingly, gratuity expense has been recomputed in line with the new accounting policy and adjustments have been made for the gratuity expense for the years ended March 31, 2003, 2002 and 2001 and opening balance in Profit and Loss Account as at April 1, 2000 has been adjusted for the effect of prior years.

3. Leave Encashment

During the year ended March 31, 2004, the Company has changed its accounting policy to accrue leave encashment liability on an actuarial basis in accordance with Accounting Standard – 15 "Accounting for Retirement Benefits in the Financial Statements of Employers" instead of full liability basis. Accordingly, leave encashment expense has been recomputed in line with the new accounting policy and adjustments have been made for the leave encashment expense for the years ended March 31, 2003, 2002 and 2001 and opening balance in Profit and Loss Account as at April 1, 2000 has been adjusted for the effect of prior years.

B. Other adjustments

4. Billable expenses and Operating expenses

In the year ended March 31, 2001 the Company had recognised reimbursable expenses amounting to Rs. 47,043 towards certain technical services availed during the years ended 1995 to 2000. The related expenses and corresponding income recognised in the year ended March 31, 2001 have been restated to exclude expenses and thereby income pertaining to earlier periods.

Revenue from billable expenses for the years ended March 31, 2004, 2003, 2002 and 2001 have been restated to give effect to reimbursable billable expenses, such as for restated provisions for payment of gratuity and leave encashment.

In the year ended March 31, 2002 the Company had recognised reimbursable expenses amounting to Rs. 1,000, paid towards service tax. Subsequently during the year ended March 31, 2003, based on the view that service tax was not leviable on the related services, the Company treated the amount so paid in the earlier year as recoverable. Accordingly, related expenses and corresponding income recognised have been restated during the year ended March 31, 2002.

5. Incentive Fees

During the year ended March 31, 2003, the Company had recognised incentive fees amounting to Rs. 7,764, based on the management's estimation of notional power generation. However, during the year ended March 31, 2004, due to refusal of payment of incentive by the customer against such notional power generation, the Company had reversed the same. Accordingly, adjustments have been made in the summary statements of the Profits and Losses, as restated, for the years ended March 31, 2004 and 2003.

6. Taxes of earlier years

During the year ended March 31, 2005 the Company had reversed Rs. 635 being the income tax excess provided in the preceding year. Accordingly the same has been restated in the year ended March 31, 2004. Income tax demand pertaining to the assessment year 1997-98 and 1998-99 amounting to Rs. 1,569 provided during the year ended

March 31, 2001 has been restated with a corresponding adjustment to the Opening Balance in Profit and Loss Account as at April 1, 2000.

7. ***Tax Adjustments***

Provision for taxes both current and deferred relating to the six months ended September 30, 2005 and the years ended March 31, 2005, 2004, 2003, 2002 and 2001 have been restated to give effect of increase or decrease in profit before tax and timing differences due to change in accounting policies and other adjustments.

8. ***Service tax liability adjustment***

Pursuant to the provisions of the Finance Act, 2004 the Company had recognised service tax liability and corresponding receivables amounting to Rs. 2,759 in respect of maintenance and repairs services rendered to the customer during the year ended March 31, 2004. However, in view of the subsequent amendment in the Finance Act, 2005, the Company had reversed such liability and receivables as at March 31, 2005. Accordingly, the liability and receivables as at March 31, 2005 and 2004 have been restated to the same extent.

C. Non - adjustments/Regroupings

1. The following regroupings have been made in the summary statements of assets and liabilities and profit and losses, as restated:

Employee costs

Employee costs in the nature of salaries, allowances, bonus, staff welfare, contribution to provident fund and other funds included as a part of Operating Expenses for the years ended March 31, 2003, 2002 and 2001 have been disclosed separately as personnel expenses in the summary statement of profits and losses, as restated.

Advance against share capital from promoters

Advance against share capital from promoters disclosed as part of shareholders funds as at March 31, 2004, 2003, 2002 and 2001 has been regrouped under current liabilities in the summary statement of assets and liabilities, as restated.

2. *Others*

Fees and billable expenses for the six months ended September 30, 2005, include fees of Rs. 20,000 for one-time technical assistance rendered to GVK Industries Limited in relation to 220 MW expansion project.

D. Restated opening profit and loss account

Restatement of Profit and Loss Account of the Company as at April 1, 2000

	Rs.
Profit and Loss account as at April 1, 2000, as per audited financial statements	42,732
Decrease in the accumulated profit at April 1, 2000 as a result of adjustment for:	
Add: Current taxes in respect of increase in taxable profits due to changes in accounting policies relating to earlier years	85
Less: Current taxes of earlier years	1,569
Profit and loss account as at April 1, 2000, as restated	**41,248**

As per our report of even date

For S.R.Batliboi & Associates Chartered Accountants	For and on behalf of the Board of Directors
Per Utkarsh Palnitkar Partner Membership No: 40030	G.V. Sanjay ReddyDirector
Place : Hyderabad	Place : Hyderabad
Date : December 17, 2005	Date : December 17, 2005

GVK Power & Infrastructure Limited

Annexure 5: Significant Accounting Policies

a. Basis for preparation of Financial Statemens

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards (AS) issued by the Institute of Chartered Accountants of India ("the ICAI"). The financial statements have been prepared under the historical cost convention on an accrual basis.

b. Fixed assets and depreciation

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

The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

Depreciation is provided on Straight Line method at the rates mentioned below which are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956:

	Rates
Furniture and fittings	6.33
Office equipment	4.75

Fixed assets individually costing Rs. 5,000 or less are fully depreciated in the period of purchase.

c. 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. 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.

d. Revenue recognition

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

(i) Rendering of services

Revenues represent amounts billed or accrued for services rendered and for expenses incurred in relation to such services, in accordance with the Operation and Maintenance agreement with M/s G V K Industries Limited.

Per the operations and maintenance agreement, the Company's income comprises of (a) Operating fees (b) Incentive fees and (c) Reimbursement of actual expenses. Operating fees are receivable based on certain defined levels of Actual Annual Availability ("AAA") of plant. The Company is also eligible to receive incentive fees, if the AAA and/or if the actual generation of power are higher than the defined levels.

The AAA of the power plant for the purpose of determining the operating fees and incentive fees are measured annually according to a tariff year, currently ending on June 19. Expenses incurred for the purposes of operating and maintaining the power plant are reimbursed by GVK Industries Limited.

The Company recognizes base fees as they become billable, and accrues for incentive fees, based on the qualifying operating levels achieved as at the tariff year-end, or, if unavailable, management's estimation thereof.

(ii) Interest

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

(iii) Dividends

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

e. Foreign currency transactions

(i) 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.

(ii) 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; and 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.

(iii) 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 period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

f. Retirement benefits

(i) The Company's contribution to Provident Fund is recognised on accrual basis.

(ii) Gratuity liability under the Payment of Gratuity Act and provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made as of June 2005 and 2004 and liabilities for the three months ended September 30, 2005 and 2004 was estimated based on the corresponding expenses accrued during the previous three months ended June 30, 2005 and 2004.

g. Income tax

Tax expense comprises both current and deferred taxes. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. 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.

h. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed as the amount of net profit for the period available to equity shareholders, divided by the aggregate of the weighted average number of equity shares calculated for the purpose of computing basic earnings per share, and the weighted average number of equity share which would be issued on the conversion of all the dilutive potential equity shares into equity shares.

i. Provisions

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

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place : Hyderabad

Date : December 17, 2005

For and on behalf of the Board of Directors

G.V. Sanjay Reddy
Director

Place : Hyderabad

Date : December 17, 2005

GVK Power & Infrastructure Limited

Annexure 6 : Details of rates of dividend

	Six months ended September 30, 2005	Years ended March 31,				
		2005	2004	2003	2002	2001
Class of Shares						
Equity Shares Face Value (Rs.)	10	10	10	10	10	10
Dividend (%)	-	-	7,900	9,000	16,000	12,179

Notes:

1. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date:December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 7 : Accounting Ratios

	Six months ended September 30, 2005	Years ended March 31,				
		2005	2004	2003	2002	2001
Basic Earnings per share (Rs.)	7.95	3.20	5.83	7.16	8.51	8.40
Diluted Earnings per share (Rs.)	6.26	3.20	5.83	7.16	8.51	8.40
Return on Net Worth (%)	44.19	31.83	85.21	104.11	150.92	109.73
Net asset value per equity share (Rs.)	17.99	1,526.11	1,040.31	1,045.03	857.09	1,163.57
Weighted average number of equity shares used for:						
Basic Earnings Per share	5,320,000	5,320,000	5,320,000	5,320,000	5,320,000	5,320,000
Diluted Earnings Per share	6,759,492	5,320,000	5,320,000	5,320,000	5,320,000	5,320,000
Total number of equity shares outstanding at the end of each period	5,320,000	35,000	35,000	35,000	35,000	35,000

Notes:

1. The ratios have been computed as under:

   Basic Earnings per share (Rs) = $\dfrac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$

   Diluted Earnings per share (Rs) = $\dfrac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the period}}$

   Return on Net Worth (%) = $\dfrac{\text{Net profit after tax, as restated}}{\text{Net worth, as restated, at the end of the period}}$

   Net asset value per equity share (Rs.) = $\dfrac{\text{Net worth, as restated, at the end of the period}}{\text{Number of equity shares outstanding at the end of the period}}$

2. Net profit, as restated, as appearing in the summary statement of profits and losses, has been considered for the purpose of computing the above ratios. 3: In the extra-ordinary general meeting held on August 22, 2005 the members of the Company approved the issue of 5,285,000 equity shares of Rs.10/- each as fully paid up bonus shares in the ratio of 151 equity shares for every one equity share held in the Company. In accordance with the measurment principles laid down under Accounting Standard 20 “Earnings Per Share” earnings per share calculations have been adjusted, for the change in the number of equity shares, for all the periods for which earnings per share data were presented.

3. Networth is computed after excluding share application money.

4. Diluted earnings per share has been computed after considering the impact of dilutive equity shares arising from share application money. For this purpose,weighted average number of equity shares used for diluted earnings per share is restated if the impact on diluted earnings per share is anti-dilutive, after restatement of profits.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 8: Details of other income

(Amount in Rs.'000)

	Six months ended September 30, 2005	Years ended March 31,				
		2005	2004	2003	2002	2001
Other income as restated	51,336	1,321	834	867	342	169
Profit before tax, as restated	58,339	31,893	48,752	60,184	70,427	73,963
Percentage	88.00%	4.14%	1.71%	1.44%	0.49%	0.23%

(Amount in Rs.'000)

	Nature	Six months ended September 30, 2005	Years ended March 31,				
			2005	2004	2003	2002	2001
Other income:							
Interest Income on bank deposits	Recurring	561	1,319	834	867	342	169
Dividend from subsidiary, net of dividends declared out of pre-acquisition profits	Recurring	50,775	-	-	-	-	-
Miscellaneous Income	Non-recurring	-	2	-	-	-	-
Total		**51,336**	**1,321**	**834**	**867**	**342**	**169**

Notes:

1. Profit before tax has been computed based on the audited profit before tax for the respective periods, increased/(decreased) for the impact of total adjustments.

2. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 9: Details of unsecured loans

(Amount in Rs '000)

	As at September 30, 2005	As at March 31,				
		2005	2004	2003	2002	2001
Loan from a subsidiary	22,000	22,000				
Loan from a bank	120,000	120,000	-	-	-	-
Short term loans from others	500,000	-	-	-	-	-
Total	**642,000**	**142,000**	**-**	**-**	**-**	**-**

Notes:

1. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.
2. Loan from a bank amounting to Rs.120,000 represents loan from IndusInd Bank Limited repayable after two years from the date of grant of loan (i.e. February 12, 2005). Interest on the said loan was payable at 7.25% p.a., 6.00% p.a., 6.50% and 7.6% p.a. for the periods February 14, 2005 to April 12, 2005, April 12, 2005 to May 13, 2005, May 13, 2005 to June 30, 2005 and July 1, 2005 to September 30, 2005 respectively.
3. Loan from a Subsidiary amounting to Rs. 22,000 represents interest free loan from GVK Industries Limited to be adjusted after two years from the end of March 31, 2005 against amounts receivables for services to be rendered by the Company in the future.
4. Short Term Loan from others amounting to Rs.500,000 represents loan from Standard Chartered Investment and Loan (India) Limited. Interest on the said loan was payable at 8.50% per annum.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 10: Details of sundry debtors

(Amount in Rs.'000)

	As at September 30, 2005	As at March 31, 2005	2004	2003	2002	2001
a) Debts outstanding for a period exceeding six months						
– Unsecured, considered good	-	-	-	1,139	12,727	-
– Unsecured, considered doubtful	-	-	-	-	-	-
b) Other debts						
– Unsecured, considered good	25,719	2,174	13,085	10,979	11,118	14,567
– Unsecured, considered doubtful	-	-	-	-	-	-
Total	**25,719**	**2,174**	**13,085**	**12,118**	**23,845**	**14,567**

Notes:

1. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.
2. The entire debtors of the Company represent amount receivable from GVK Industries Limited, a Subsidiary Company.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power and Infrastructure Limited.

Annexure 11 : Details of secured loans

(Amount in Rs.'000)

	As at September 30, 2005	As at March 31,				
		2005	2004	2003	2002	2001
Term Loan	700,000	700,000	-	-	-	-

Notes:

1. In February 2005, the Company borrowed term loan amounting to Rs.700,000 from Infrastructure Leasing and Financial Services Limited (IL & FS), repayable over a period of 7 years. The said term loan is fully secured by way of (i) Pledge and Exclusive first charge on dividends to be received on 62,225,000 equity shares of GVK Industries Limited and (ii) Exclusive first charge on revenues of the Company excluding reimbursement of expenses under the existing operations and maintenance agreements.
2. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad
Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad
Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 12: Details of investments

(Amount in Rs '000)

	As at September 30, 2005	As at March 31,				
		2005	2004	2003	2002	2001
Trade (Unquoted)						
A) In subsidiary company Rs 10 each fully paid-up Equity Shares of GVK Industries Limited	1,704,035	891,817	-	-	-	-
Number of Equity Shares	134,958,400	86,877,100	-	-	-	-
B) In other companies Rs.10 each fully paid-up Equity Shares of Gautami Power Limited	170,520	-	-	-	-	-
Number of Equity Shares	17,052,000	-	-	-	-	-

Notes:

1. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.
2. GVK Industries Limited has become subsidiary of the company effective from September 21, 2005.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 13: Details of loans and advances

(Amount in Rs.'000)

	As at September 30, 2005	**As at March 31,**				
		2005	**2004**	**2003**	**2002**	**2001**
A. Unsecured,Considered good						
Advance tax, net of provision	-	-	-	262	645	326
Advances recoverable in cash or in kind or for value to be received	135	177	87	91	159	71
Advance for investments	2,500	-	-	-	-	-
Deposits	1,000	1,015	1,015	1,028	1,015	15
Interest accrued	489	-	83	13	41	-
Total	**4,124**	**1,192**	**1,185**	**1,394**	**1,860**	**412**

Notes:

1. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 14: Details of current liabilities and provisions

(Amount in Rs.'000)

	As at September 30, 2005	As at March 31,				
		2005	2004	2003	2002	2001
Sundry Creditors	2,829	461	791	707	938	864
Interest accrued but not due on loans	23,034	1,099	-	-	-	-
Advance from promoters	-	-	260	260	6,891	6,891
Other liabilities	3,308	445	211	251	232	148
Taxation, net of advance tax	8,858	-	79	-	-	-
Fringe Benefit tax	58	-	-	-	-	-
Proposed dividend	-	-	-	-	56,000	-
Retirement benefits	-	-	-	-	-	-
-Gratuity	1,714	1,390	1,220	950	743	589
Leave encashment	840	614	606	510	432	332
Total	**40,641**	**4,009**	**3,167**	**2,678**	**65,236**	**8,824**

Notes:

1. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 15: Details of Contingent Liabilities

Service tax matters under appeal

The Company has received an order from the Service Tax authorities demanding service tax including estimated penalty, on the revenues of the Company for the period up to March 31, 1999. An amount of Rs. 1,000 thousands has been deposited with the authorities in this regard and the same is included under loans and advances. The consequential liability in respect of service tax, penalty and interest is estimated as follows:

(Amount in Rs. '000)

As at September 30, 2005	As at March 31, 2005	2004	2003	2002	2001
53,924	48,245	36,450	21,680	19,652	12,212

The Company has been legally advised that its services are not covered by the provisions of the service tax. Accordingly, the Company has filed an appeal against the order issued by the appropriate authorities. The Company believes that, there would be no impact of the outcome of appeal, either on the profit or on the shareholder funds as the entire amount would be recovered from GVK Industries Limited pursuant to the terms and conditions of the O&M agreement.

Notes:

The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place : Hyderabad

Date : December 17, 2005

For and on behalf of the Board of Directors

G.V. Sanjay Reddy
Director

Place : Hyderabad

Date : December 17, 2005

GVK Power & Infrastructure Limited

Annexure 16: Capitalisation statement as at September 30, 2005

(Amounts in Rs. '000)

	Pre Issue	Post Issue*
Borrowings		
Short term debts	500,000	500,000
Long term debts	842,000	842,000
Total debts	**1,342,000**	**1,342,000**
Shareholders' funds		
-Share Capital	53,200	236,445
-Share application money pending allotment	1,002,052	2500
-Reserves and surplus	42,499	3,986,602
Total Shareholders' funds	**1,097,751**	**4,225,547**
Total capitalization	2,439,751	5,567,547
Long term debt/equity ratio	1.22	0.32

* Share capital and reserves and surplus post issue can be calculated only on the conclusion of the book building process.

Notes:

1. Long term debts include current portion of long term debt repayable over the next twelve months.
2. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 17 - Details of related party transactions

Names of the Related Parties	Nature of relationship
G V K Industries Limited	**Subsidiary**
Paigah House Hotel Private Limited	**Companies over which the key management personnel exercise Significant influence:**
GVK Energy Holdings Private Limited	
Jegurupadu Power Plant Services Private Limited	
Transoceanic Projects Limited, Mauritius	
Guardian Holdings Limited, Mauritius	
GVK Power (Goindwal Sahib) Limited	

(Amounts in Rs.'000)

Names of the related parties	Nature of transactions	Six months ended September 30, 2005	Year ended March 31, 2005
G V K Industries Limited	Revenue from Operating & Maintenance services	65,936	73,209
	Interest free unsecured loan	-	22,000
	Dividends received	67,479	-
Guardian Holdings Limited, Mauritius	Purchase of shares of GVK Industries Limited	828,922	-
Paigah House Hotel Private Limited	Note 1 below	-	-
GVK Power (Goindwal Sahib) Limited	Advance for investments	2,500	-
GVK Energy Holdings Private Limited	Share application money received	2,500	-
Transoceanic Projects Limited, Mauritius	Share application money received	999,552	-
	Purchase of shares of Gautami Power Limited	170,520	-
Closing balances			
GVK Power (Goindwal Sahib) Limited	Receivable	2,500	-
GVK Industries Limited	Receivable	25,719	2,174
	(Payable)	(22,000)	(22,000)

Notes:

1. The term loan of the Company amounting to Rs. 700,000 is also secured by way of mortgage of "Paigah House" a property of Paigah House Hotel Private Limited; and exclusive first charge on the revenues of Jegurupadu Power Plant Services Private Limited excluding reimbursement of expenses under the existing Operations and Maintenance Agreement.
2. Pledge of 35,000 equity shares of the Company held by the respective shareholders; and
3. 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 from the year ended March 31, 2005. Accordingly, the disclosures as prescribed by AS 18 have been made prospectively from the year ended March 31, 2005.
4. The figures disclosed above are based on the restated financial statements of GVK Power & Infrastructure Limited.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad
Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad
Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 18 – Segmental Reporting

Segment Information

Segmental information is required to be disclosed as per the Accounting Standard (AS) 17 – “Segment Reporting” issued by the Institute of Chartered Accountants of India. AS 17 is applicable to the Company effective from the year ended March 31, 2005. Accordingly, the disclosures as prescribed by AS 17 have been made prospectively from the year ended March 31, 2005.

Based on the analysis of the Company’s internal organization and management structure the management of the Company has classified its business activities as “Operating and Maintenance Services” segment. No separate financial information is provided since the Company has only one reportable segment.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the Board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 19 - Statement of Tax Shelters

Particulars		**Six months ended September 30, 2005**	**Years ended March 31,**				
			2005	**2004**	**2003**	**2002**	**2001**
Tax rate	A	33.66%	36.59%	35.88%	36.75%	35.70%	39.55%
Net profit before tax, as restated	B	**58,339**	**31,893**	**48,752**	**60,184**	**70,427**	**73,963**
Tax at notional rates	C= (A*B)	19,637	11,670	17,490	22,118	25,142	29,252
Adjustments							
Permanent Differences							
Dividend income, not taxable		(50,775)	-	-	-	-	-
Expenses disallowed		38,969	8,833	-	-	-	-
	D	(11,806)	8,833				
Timing Differences							
Depreciation as per the Companies Act, 1956		13	26	26	26	26	26
Depreciation as per the Income Tax Act, 1961		(12)	(25)	(28)	(21)	(24)	(26)
Provision for gratuity		324	170	270	207	154	374
Provision for leave encashment		226	8	96	78	100	91
	E	551	179	364	290	256	465
Net adjustments	F= (D+E)	(11,255)	9,012	364	290	256	465
Tax expense thereon	G = (F*A)	(3,788)	3,298	131	107	91	184
Interest payable under the Income Tax Act, 1961	H	250	-	-	-	-	-
Tax effect of adjustments	I	-	-	225	(1)	(22)	28
Current tax, as restated	J=(C+G+H+I)	16,099	14,968	17,846	22,224	25,211	29,464

Notes:

1. The aforesaid Statement of Tax Shelters has been prepared as per the Summary statement of Profits and Losses, as restated, of GVK Power & Infrastructure Limited.
2. The figures for the period ended March 31, 2005 and September 30, 2005 are based on the provisional computation of total income prepared by the Company. Since the same has not been filed, it is subject to any changes which may be made between the date of this statement and the date of filing the income-tax return with the Income-tax authorities.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: December 17, 2005

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: December 17, 2005

GVK Power & Infrastructure Limited

Annexure 20: Statement of Possible Tax Benefits Available to the Company and its Shareholders

For details please refer page 56 of the Prospectus

Summary Statements of Consolidated Assets and Liabilities as at and Consolidated Profits and Losses and Consolidated Cash Flows for the six months ended September 30, 2005, as Restated, under Indian GAAP (including subsidiary), of GVK Power & Infrastructure Limited (formerly Jegurupadu Operating and Maintenance Company).

Auditors' report as required by Part II of Schedule II to the Companies Act, 1956

January 07, 2006

To

The Board of Directors,
GVK Power & Infrastructure Limited,
(formerly Jegurupadu Operating and Maintenance Company),
R-540, New Rajender Nagar,
New Delhi-110 060.

Dear Sirs,

We have consolidated examined the financial information of GVK Power & Infrastructure Limited ('GVKPIL' or 'the Company') and its subsidiary, GVK Industries Limited ('GVKIL' or 'the Subsidiary') (together referred to as 'the Group') as at and for the six months ended September 30, 2005 annexed to this report, for the purposes of inclusion in the Red Herring Prospectus ('the RHP'), which has been prepared in accordance with the requirements of:

a. paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000, as amended by notification SEBI/CFD/DIL/DIP/16 / 2005/19/9 dated September 19, 2005, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and

c. the terms of reference received from the Company, requesting us to carry out work, proposed to be included in the RHP of the Company in connection with its proposed Initial Public Offer ('IPO').

The IPO will be for a fresh issue by the Company of 8,275,556 equity shares of Rs 10 each, at such premium, by way of book building process, as may be decided by the Board of Directors (referred to as 'the Offer'). The Offer is being made through the 100 percent book-building scheme.

Consolidated financial information as per the audited consolidated financial statements

1. We have examined the attached restated summary statement of consolidated assets and liabilities of the Group as at September 30, 2005, the attached restated summary statement of consolidated profits and losses and the attached restated summary statement of consolidated cash flows for the six months ended on that date ('summary statements') (see Annexures 1, 2 and 3) as prepared by the Company and approved by the Board of Directors. The summary statements are based on the consolidated financial statements as at and for the six months ended September 30, 2005, which have been audited and reported upon by us ('consolidated financial statements'). Based on our examination of these summary statements, we confirm that:

   - adjustments for changes in accounting policies adopted by the Group, in the attached summary statements, are not applicable considering the fact that the summary statements are presented as at and for the six months ended September 30, 2005 only;

   - there are no prior period items requiring adjustment in the summary statements;

   - there are no extraordinary items, which need to be disclosed separately in the summary statements ; and

   - the summary statements have not been adjusted in respect of the matters of emphasis in the auditors' report on the consolidated financial statements as referred above, as the impact of such matters of emphasis is not presently ascertainable (see Note 3 of Annexure 4).

2. The summary of significant accounting policies adopted by the Group pertaining to the consolidated financial statements as at and for the six months ended September 30, 2005 and other notes on the consolidated financial statements are enclosed as Annexure 4 to this report.

3. In our view, the 'Consolidated financial information as per the audited consolidated financial statements' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

4. The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

5. This report should not be in any way construed as a reissuance or redrafting of the previous audit report issued by us nor should this report be construed as a new opinion on the financial statements referred to herein.

6. This report is intended solely for your information and for inclusion in the RHP in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Associates

Chartered Accountants

per Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date : January 07, 2006

GVK Power & Infrastructure Limited

Annexure 1 : Summary Statement of Consolidated Assets and Liabilities, as restated

(Amounts in Rs.'000)

	As at September 30, 2005
Fixed Assets	
Gross block	10,073,017
Less: Accumulated depreciation	4,347,776
Net block	**5,725,241**
Capital Work-in-Progress (including capital advances)	6,670,411
	12,395,652
Investments	**210,834**
Deferred Tax Asset	**861**
Current Assets, Loans and Advances	
Inventories	221,659
Sundry debtors	769,993
Unbilled revenues	964,536
Cash and bank balances	914,320
Loans and advances	180,609
Total	**3,051,117**
Grand Total	**15,658,464**
Liabilities and Provisions	
Secured loans	7,493,450
Unsecured loans	1,424,811
Deferred Tax Liability	1,217,003
Current liabilities and provisions	712,253
Total	**10,847,517**
Minority Interest	**2,626,815**
Net Worth	**2,184,132**
Represented by:	
Equity share capital	53,200
Share application money, pending allotment	1,002,052
Reserves and surplus	
Capital Reserve	1,123,869
Profit and Loss Account	5,011
Net Worth	**2,184,132**

Notes:

The above statement should be read with the notes as appearing in Annexure 4.

As per our report of even date

For S.R.Batliboi & Associates,
Chartered Accountants

Per
Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: January 07, 2006

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: January 07, 2006

GVK Power & Infrastructure Limited

Annexure 2 : Summary Statement of Consolidated Profits and Losses, as restated

(Amounts in Rs.'000)

	Six months ended September 30, 2005
Income	
Sale of Electrical Energy:	
Gross Earnings	85,190
Less: Prompt Payment Rebate	2,130
Net Earnings (A)	**83,060**
Operations and Maintenance services:	
Operating fees	19,000
Incentive fees	5,806
Fees for technical services	20,000
Billable expenses	18,512
Fees and Billable expenses (B)	**63,318**
Other income (C)	1,011
Total Income [(A)+(B)+(C)]	**147,389**
Expenditure	
Cost of Fuel	32,865
Personnel expenses	11,523
Operating, general administration and other expenses	14,830
Financial expenses	40,739
Depreciation	14,039
Total Expenditure	**113,996**
Profit before tax	**33,393**
Current tax	16,099
Deferred tax	(126)
Fringe benefit tax	115
Profit Before Minority Interest	**17,305**
Minority Interest	**12,508**
Net Profit, as restated	**4,797**
Profit and Loss Account, beginning of the period	32,993
Balance available for appropriations, as restated	37,790
Appropriations:	
Transfer to general reserve	32,779
Balance carried forward, as restated	**5,011**

Notes:

The above statement should be read with the notes as appearing in Annexure 4.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per
Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: January 07, 2006

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: January 07, 2006

GVK Power & Infrastructure Limited

Annexure 3 : Summary Statement of Consolidated Cash Flows, as restated

(Amounts in Rs.'000)

Particulars	**Six months ended September 30, 2005**
I. Cash flow from operating activities	
Net profit as restated	4,797
Adjustments for:	
Depreciation	14,039
Loss on sale of fixed assets	20
Interest income	(998)
Interest expense	40,673
Provision for retirement benefits	804
Minority Interest	12,508
Income tax	16,214
Deferred taxes	(126)
Operating profit before working capital changes	87,931
Movements in working capital :	
Increase in sundry debtors	(105,559)
Increase in unbilled revenues	(3,641)
Decrease in loans and advances	28,370
Decrease in current liabilities	(54,558)
Cash generated from operations	(47,457)
Direct taxes paid (net of refunds)	(11,973)
Net cash used in operating activities - (A)	**(59,250)**
II. Cash flows from investing activities	
Payments for net assets acquired of subsidiary, net of cash	(419,488)
Purchase of fixed assets	(47,413)
Proceeds from sale of fixed assets	20
Purchase of investments	(170,985)
Sale / redemption of investments	25,151
Advance for investments	(2,500)
Interest received	782
Net cash used in investing activities - (B)	**(614,433)**

(Amounts in Rs.'000)

Particulars		Six months ended September 30, 2005
III.	**Cash flows from financing activities**	
	Share application money	1,002,052
	Proceeds from long-term borrowings	20,376
	Repayment of long-term borrowings	(59,612)
	Proceeds from short-term borrowings	959,265
	Repayment of short-term borrowings	(303,100)
	Tax on Dividends	(9,464)
	Interest paid	(22,880)
	Net cash from financing activities - (C)	**1,586,637**
	Net increase in cash and cash equivalents (A+B+C)	**912,954**
	Cash and cash equivalents at the beginning of the period	1,366
	Cash and cash equivalents at the end of the period	**914,320**
	Components of cash and cash equivalents as at	**30-Sep-05**
	Cash and cheques on hand	10,266
	With scheduled banks:	
	On current accounts	124,573
	On deposit accounts	743,845
	On margin money deposit accounts	35,636

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per

Utkarsh Palnitkar
Partner
Membership No: 40030

Place: Hyderabad

Date: January 07, 2006

For and on behalf of the board of
GVK Power & Infrastructure Limited

G.V. Sanjay Reddy
Director

Place: Hyderabad

Date: January 07, 2006

GVK Power & Infrastructure Limited

Annexure 4

Notes to the Summary Statements of Consolidated Assets and Liabilities, Profits and Losses and Cash Flows, as restated, as at and for the six months period ended September 30, 2005

1. **Nature of Operations**

   GVK Power & Infrastructure Limited ("GVKPIL" or the "Parent Company") is engaged in the provision of operation and maintenance services to the power plants. GVK Industries Limited ("GIL" or the "Subsidiary Company") is engaged in generation of power. GIL has two power plants – the 216 MW Jegurupadu Phase I project ("Phase I") which commenced combined cycle operations in June 1997 and the 220 MW Jegurupadu Phase II project ("Phase II"), which is under construction.

2. **Summary of Significant Accounting Policies**

   a. Basis of preparation

      The Consolidated Financial Statements of GVKPIL together with its subsidiary (collectively termed as "the Company" or "the Group") are prepared under the historical cost convention on an accruals basis to comply in all material respects with the mandatory Accounting Standards (AS) issued by the Institute of Chartered Accountants of India ("ICAI").

      Investments in the subsidiary companies, except where investments are acquired exclusively with a view to its subsequent disposal in the immediate near future, are accounted in accordance with accounting principles as defined in the AS 21 "Consolidated Financial Statements".

      All material inter-company balances and inter-company transactions and resulting unrealized profits or losses are eliminated in full on consolidation.

      The Consolidated Financial Statements as at and for the six months period ended on September 30, 2005 include the financial statements of the following subsidiary:

Name of the Consolidated Entity	Country of Incorporation	Nature of Interest	% of Interest
GVK Industries Limited	India	Subsidiary	51.51%

   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 for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

      Depreciation is provided on Straight Line method at the rates mentioned below which are greater than or equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956 ("the Act"):

Particulars	Rates (%)
Factory buildings	3.34
Non-factory buildings	1.63
Plant and machinery	5.28
Data processing equipment	16.21
Office equipment, Electrical equipment and Air conditioners	4.75
Vehicles	9.50
Furniture and fixtures	6.33

   Fixed assets individually costing Rs. 5,000 or less are fully depreciated in the period of purchase.

c. Impairment

The carrying amounts of fixed assets are reviewed at each balance sheet date and if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets 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 assets over its remaining useful life.

d. Expenditure on project expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

e. 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 recognized a decline other than temporary in the value of such investments.

f. Revenue recognition

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

(i) Generation of power

Revenue from sale of energy is recognised on accrual basis in accordance with the provisions of the Power Purchase Agreement (“PPA”) with Transmission Corporation of Andhra Pradesh Limited (“AP Transco”).

(ii) Operation and maintenance services

Revenues from operation and maintenance services are billed or accrued for services rendered and for expenses incurred in relation to such services, in accordance with the terms and conditions of the Operation and Maintenance agreement. Per the operation and maintenance agreement, the Parent Company’s income comprises of (a) Operating fees (b) Incentive fees and (c) Reimbursement of actual expenses. Operating fees are receivable based on certain defined levels of Actual Annual Availability (“AAA”) of plant. The Parent Company is also eligible to receive incentive fees, if the AAA and/or if the actual generation of power are higher than the defined levels.

The AAA of the power plant for the purpose of determining the operating fees and incentive fees are measured annually according to a tariff year, currently ending on June 19.

The Parent Company recognizes base fees as it becomes billable, and accrues for incentive fees, based on the qualifying operating levels achieved as at the tariff year-end, or, if unavailable, based on management’s estimation thereof.

(iii) Interest

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

(iv) Dividends

Revenue is recognised when the right to receive payment is established by the balance sheet date.

g. Foreign currency transactions

(i) *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.

(ii) *Conversion*

Foreign currency monetary items are reported using the closing rate. Foreign Currency Loans for the Phase I project of the Subsidiary Company are stated only at the exchange rates at which the said loans were drawn (but not at the rates as on the date of the balance sheet) as the foreign exchange variation for repayment of principal and interest is fully reimbursable to the Subsidiary Company by AP Transco as per the PPA. 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; and 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.

(iii) *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 period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise, except in the case of such differences relating to construction or acquisition of a fixed asset, in which case they are adjusted in the carrying amounts of the respective fixed assets/capital work in progress, as the case may be.

(iv) *Forward Exchange Contracts not intended for trading or speculation purposes*

The difference between the forward rate and the exchange rate at date of the transaction is recognised as income or expense over the life of the contract, except in respect of liabilities incurred for acquiring fixed assets covered under a forward exchange contract entered before April 1, 2004 in which case, such difference is adjusted in the carrying amount of the respective fixed assets. Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense for the period, except in case of a forward exchange contract entered before April 1, 2004 relating to liabilities incurred for acquiring fixed assets, in which case, such profit or loss is adjusted in the carrying amount of the respective fixed assets.

h. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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.

i. Retirement benefits

(i) The Company's contribution to Provident Fund is recognised on an accruals basis.

(ii) Gratuity liability under the Payment of Gratuity Act, 1972 and provision for leave encashment are accrued and provided for on the basis of an actuarial valuation made at the end of each reportable period other than in respect of the whole time directors of the Subsidiary Company. In respect of whole time directors of the Subsidiary Company, retirement benefits in the nature of gratuity and leave encashment are provided in accordance with the contractual obligations.

j. Inventories

Spares, stores and consumables are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis.

k. Taxes on income

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 Income Tax Act, 1961. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

l. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

m. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values 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.

3. ***Other Notes***

Matters of Emphasis in the Auditors' Report on the Consolidated Financial Statements

a) *Sundry Debtors include accruals towards reimbursement of fixed charges for the financial years 1997-1998 to 2000-2001, on increased capital cost worked out as per ratios set out in the Power Purchase Agreement (PPA) aggregating to Rs. 451,250 thousands by the Subsidiary Company. The increased capital cost is subject to the approval of Central Electricity Authority (CEA). Pending approval of increased capital cost by CEA, the claim for reimbursement of fixed charges has not been made on AP Transco. The Subsidiary Company contends that it is entitled to reimbursement of fixed charges on increased capital cost under the terms of PPA and accordingly considers these amounts as good and recoverable. The Subsidiary Company has filed a writ petition before the Hon'ble High Court of New Delhi against CEA, seeking a direction to CEA to take a decision on approval of completed capital cost in a time bound manner. The matter is pending hearing. Pending such approvals, the impact of adjustments, if any, on such amounts is not presently ascertainable.*

b) *Sundry Debtors also include amounts billed on AP Transco by the Subsidiary Company towards reimbursement of minimum alternate tax under the provisions of Income Tax Act, 1961, for the period commencing from the financial year 2000-2001 upto the period ended March 31, 2005, aggregating to Rs. 136,766 thousands. While the Subsidiary Company contends that it is entitled to claim payments on account of minimum alternate taxes also under the provisions of PPA, in AP Transco's contention only taxes on the net taxable income under the regular provisions of the Income Tax Act, 1961 are reimbursable and not taxes levied on book profits under the deemed provisions of Section 115 JB of the Income Tax Act, 1961. Although, AP Transco is refuting such claims from time to time, in the Subsidiary Company's contention these amounts are considered as good and recoverable. The matters involved being interpretational in nature, the impact of adjustments, if any, on such amounts is not presently ascertainable.*

c) *Sundry Debtors further include an amount of Rs. 7,551 thousands, being the differential interest recovered by AP Transco considering the actual working Capital Limits as against the working Capital limits computed as per the terms of the PPA. The Subsidiary Company has filed a petition under Section 9 of Arbitration & Conciliation Act 1996, and the Hon'ble City Civil Court of Hyderabad has restrained AP Transco from considering the lower level of working capital limits by granting a stay in the matter. The appeal filed by AP Transco before the Hon'ble High Court of Andhra Pradesh against the aforesaid stay, is pending disposal. The matter being sub-judice, the impact of adjustments, if any, on such amounts is not presently ascertainable.*

d) *Loans and Advances include Rs. 17,626 thousands, being prepayment charges, premium for reduction in interest rates and other charges in connection with prepayment of loans incurred by the Subsidiary Company in earlier years to avail the benefit of reduced interest rates. In respect of the above, amounts aggregating to Rs. 11,915 thousands are pending to be claimed from AP Transco. In view of the Subsidiary Company, AP Transco, being the ultimate beneficiary, these amounts are considered as recoverable from them. Pending resolution on recoverability and* *estimation of quantum thereof not being possible, the impact on the consolidated accounts is not presently ascertainable.*

e) *Provision for current taxes was made by the Subsidiary Company taking into account the amount claimed as reimbursable from AP Transco as per the terms of the PPA till the financial year ended March 31, 2005. As mentioned in Note 3 (b) above, AP Transco is refuting claims for reimbursement of MAT made by the Subsidiary Company. Since the claims are disputed, the Subsidiary Company intends to offer amounts in respect of these claims to income tax as and when such claims are accepted by AP Transco. Pending resolution on recoverability and estimation of quantum thereof not being possible, the impact on the consolidated accounts is not presently ascertainable.*

The Auditors' opinion on the consolidated financial statements as at and for the six months period ended September 30, 2005 includes matters of emphasis in respect of (a) to (e) above. The restated summary statement of consolidated assets and liabilities of the Group as at September 30, 2005, the restated summary statement of consolidated profits and losses and the restated summary statement of consolidated cash flows for the six months ended on that date have not been adjusted in respect of the matters of emphasis in the auditors' report on the consolidated financial statements as referred above, as the impact of such matters is not presently ascertainable.

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

Per

Utkarsh Palnitkar
Partner
Membership No.:40030

Place : Hyderabad

Date : January 07, 2006

For and on behalf of the Board of Directors

G.V. Sanjay Reddy
Director

Place : Hyderabad

Date : January 07, 2006

GVK INDUSTRIES LIMITED

UNCONSOLIDATED SUMMARY STATEMENT OF ASSET AND LIABILITIES, SUMMARY STATEMENT OF PROFIT AND LOSS AND CASH FLOWS, AS RESTATED, UNDER INDIAN GAAP FOR THE SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2005 AND YEARS ENDED MARCH 31, 2005, MARCH 31, 2004, MARCH 31, 2003, MARCH 31, 2002 AND MARCH 31, 2001.

AUDITOR'S REPORT

The Board of Directors
GVK Industries Ltd
156-159, Paigah House
S.P.Road
Secunderabad.

Dear Sirs,

We have examined the financial information of GVK Industries Ltd, as attached to this report and initialled by us for identification.

The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") the Securities and Exchange Board of India – Disclosure and Investor Protection Guidelines,2000 (as amended vide Circular No.11 on August 14, 2003 and Circular No.14 on January 24, 2005) ("the Guidelines") issued by the Securities and Exchange Board of India (SEBI) on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act 1992 and related clarifications: and in accordance with instructions dated April 04 2005, received from the Company requesting us to carry out work in connection with the Offer Document being issued by GVK Power & Infrastructure Limited ("GVKPIL") in connection with its initial public offer of Equity Shares (referred to as "the Issue"). The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

A. Financial Information as per audited financial statements

We have examined:

a) the attached restated statement of Profits and Losses (Annexure I), as restated, of the Company for each of the financial years ending March 31st of 2005, 2004, 2003, 2002, 2001 and for the period ended 30th September 2005 and

b) the attached restated statement of Assets and Liabilities (Annexure II), as restated, as at the said dates enclosed to this report together referred to as "Restated Summary Statements".

These Restated Summary Statements have been extracted from the financial statements of the respective years and for the period ended 30th September 2005 audited by us and adopted by the Board of Directors/Members.

Based on our examination of these Restated Summary Statements, we state that:

- The restated profits have been arrived at after making such adjustments and regrouping, which in our opinion are appropriate for the year to which they relate, given in notes to accounts [Annexure IV(2) (1)] to this report.
- The Restated Summary Statements of the Company have been restated with retrospective effect in accordance with the significant accounting policies adopted by the Company as at September 30, 2005, shown in notes to accounts [Annexure IV (1)] to this report.
- The Restated Summary Statements have to be read in conjunction with the notes given in Annexure IV (2) to this report.
- There are no extra-ordinary items that need to be disclosed separately in the Summary Statements.

We further report that the dividends (subject to deduction of tax at source, where applicable) declared by the Company in respect of five financial year ended 31st March 2005 and for the period ended 30th September 2005 are as given in Annexure III.

B. Other Financial Information :

We have examined the following financial information relating to the Company proposed to be included in the Red Herring Prospectus, as approved by the Board of Directors and annexed to this report:

i) Summary of accounting ratios comprising earnings per share, net asset value and return on net worth which have been calculated based on restated profits as shown in Annexure "V" to this report.

ii) Capitalization statement of the Company as at 30th September 2005 is enclosed as Annexure "VI" to this report.

iii) Statement of other Income is enclosed as Annexure “VII” to this report.

iv) Age-wise analysis of Sundry Debtors as at 30th September 2005 is enclosed as Annexure “VIII” to this report

v) Details of “Secured Loans” and “Unsecured Loans” as at 30th September 2005, 31st March 2005, 2004, 2003, 2002 and 2001 are enclosed as Annexure “IX” to this report.

vi) Details of “Loans and Advances” as at 30th September 2005 are enclosed as Annexure “X” to this report.

vii) Cash Flow Statement in respect of each of the years ended March 31 of 2005, 2004, 2003, 2002, 2001 and for the period ended 30th September 2005 as shown in Annexure “XI” to this report.

viii) Details of “Related Party disclosures” in respect of each of the years ended 31st March, 2005, 2004, 2003, 2002, 2001 and for the period ended 30th September 2005 as shown in Annexure “XII” to this report.

ix) Statement of Indebtness as at 30th September 2005 are enclosed as Annexure “XIII”.

x) Statement of Tax Shelters is enclosed as Annexure “XIV”

In our opinion, the financial information of the Company attached to this report as mentioned in Paragraphs A and B above read together with the significant accounting policies and notes stated in Annexure IV (1) and Annexure IV (2) to this report and after making adjustments and regrouping as considered appropriate, have been prepared in accordance with Part II of Schedule II of the Companies Act and Guidelines of SEBI.

This report is intended solely for your information and for inclusion in the Red Herring Prospectus in connection with Initial Public offer of the GVKPIL and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For BRAHMAYYA & Co.,
Chartered Accountants.

(KOTESWARA RAO SSR)
Partner
Membership No.18952

Place: Hyderabad
Date: January 2, 2006

G V K INDUSTRIES LIMITED

Annexure-I

Summary of Profit and Loss Account, as restated

(Rs in Millions)

	For the period ended 30th September 2005	For the year ended				
		31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
Income						
Income from sale of electrical energy	1,377	2,970	3,072	3,180	3,334	3,542
Other Income	8	77	50	30	38	36
Total	**1,385**	**3,047**	**3,122**	**3,210**	**3,372**	**3,578**
Expenditure						
Fuel	674	1,383	1,397	1,289	1,294	1,327
Employees' remuneration and benefits	33	56	47	41	41	35
Generation, administration & Other expenses	264	395	402	436	429	401
Depreciation	257	507	506	506	506	506
Interest and finance charges	56	156	259	352	514	628
Total	**1,284**	**2,497**	**2,611**	**2,624**	**2,784**	**2,897**
Profit before Tax and Prior period adjustments	101	550	511	586	588	681
Adjustments relating to Prior period (net)	(256)	-	(25)	(1)	111	5
Profit / (Loss) before Tax	**(155)**	**550**	**486**	**585**	**699**	**686**
Provision for Taxation:						
Current tax	.	14	15	19	29	24
Earlier years	-	(12)	28	-	-	-
Deferred tax liability / (Asset)	(1,030)	41	(42)	40	-	-
Net Taxation	**(1,030)**	**43**	**1**	**59**	**29**	**24**
Net Profit after Tax as per audited statement of accounts (A)	**875**	**507**	**485**	**526**	**670**	**662**
Impact of Prior Period Adjustments (B)	**256**	**(182)**	**(2)**	**(26)**	**(117)**	**13**
Impact of Deferred Tax liability (C)	**(992)**	**214**	**(93)**	**148**	**(37)**	**65**
Net Profit, as restated (A+B+C)	**139**	**539**	**390**	**648**	**516**	**740**
Surplus at the beginning	2,810	2,567	2,177	1,825	1,571	1,120
Balance available for appropriation	**2,949**	**3,106**	**2,567**	**2,473**	**2,087**	**1,860**
Dividend	131	262	-	262	262	262
Tax on dividend	18	34	-	34	-	27
Balance carried to Balance Sheet	**2,800**	**2,810**	**2,567**	**2,177**	**1,825**	**1,571**

The accompanying accounting policies and notes on accounts are an integral part of this statement.

Summary of Assets and Liabilities, as restated

Annexure-II

(Rs in Millions)

	As at					
	30th September 2005	**31st March 2005**	**31st March 2004**	**31st March 2003**	**31st March 2002**	**31st March 2001**
Fixed Assets (A)						
Gross Block	10,092	10,078	10,050	10,034	10,030	10,025
Less: Accumulated Depreciation	4,347	4,091	3,579	3,069	2,558	2,048
Net Block	5,745	5,987	6,471	6,965	7,472	7,977
Capital Work-in-Progress	6,539	5,989	812	63	43	3
Sub-total (A)	12,284	11,976	7,283	7,028	7,515	7,980
Investments (B)	**40**	-	-	-	-	-
Current Assets, Loans and Advances (C):						
Inventories	222	228	222	210	203	191
Sundry Debtors	770	861	850	867	915	872
Cash and Bank balances	345	950	484	452	299	407
Other Current Assets	20	16	13	13	10	10
Loans and Advances	292	255	309	280	263	234
Sub-total (C)	1,649	2,310	1,878	1,822	1,690	1,714
Less: Liabilities & Provisions (D):						
Secured Loans	6,793	6,379	2,962	2,857	3,642	4,562
Unsecured Loans	805	1,100	427	407	300	150
Deferred Tax Liability	252	290	463	412	520	483
Current Liabilities and Provisions	704	1,089	213	552	475	477
Sub-total (D)	8,554	8,858	4,065	4,228	4,937	5,672
NET WORTH (A+B+C-D)	**5,419**	**5,428**	**5,096**	**4,622**	**4,268**	**4,022**
Net Worth Represented by:						
Share Capital (E)	2,620	2,620	2,620	2,620	2,620	2,620
Reserves and Surplus (F)	2,800	2,810	2,567	2,177	1,825	1,571
Capital Reserve (G)	2	2	2	2	2	2
Miscellaneous Expenditure (to the extent not written off or adjusted) (H)	3	4	93	177	179	171
NET WORTH (E+F+G-H)	**5,419**	**5,428**	**5,096**	**4,622**	**4,268**	**4,022**

The accompanying accounting policies and notes on accounts are an integral part of this statement.

Dividends

Annexure III

(Rs.in Millions)

	For the period ended	For the year ended				
	30th September 2005	31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
Equity Share Capital	2,620	2,620	2,620	2,620	2,620	2,620
Face Value (Rs.)	10	10	10	10	10	10
Nos.	262,000,000	262,000,000	262,000,000	262,000,000	262,000,000	262,000,000
Rate of Dividend (%)						
Interim	5	10	-	-	-	-
Final	-	-	-	10	10	10
Amount of Dividend						
Interim	131	262	-	-	-	-
Final	-	-	-	262	262	262
Corporate Dividend Tax						
Interim	18	34	-	-	-	-
Final	-	-	-	34	-	27

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

Annexure IV

1 Significant Accounting Policies:

1.1 The financial accounts have been prepared on historical cost convention in accordance with applicable accounting standards.

1.2 Fixed Assets:

Cost of Fixed Assets comprises purchase price, duties, levies and other directly and indirectly attributable costs for bringing the asset to its working condition for its intended use.

1.3 Depreciation:

Depreciation on the Fixed assets has been provided at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on straight-line basis.

1.4 Foreign Currency Transactions:

a) Foreign Currency Loans for Phase I: These loans are stated only at the exchange rates at which the said loans were drawn (but not at the rates as on the date of the balance sheet) as the foreign exchange variation for repayment of principal and interest are fully reimbursable to the company by Transmission Corporation of Andhra Pradesh Limited as per the Power Purchase Agreement.

b) Foreign Currency transactions in respect of Phase II: Transactions in foreign currencies are recorded at the rates ruling on dates of transaction. Monetary value of assets and liabilities on reporting date are translated at the rate on balance sheet date and the exchange differences are adjusted to the cost of Assets/Capital Work in progress.

1.5 Preliminary expenses and expenses on green belt are being amortized over a period of 10 years commencing from 1996-97.

1.6 Retirement benefits:

Provision for gratuity and leave encashment is made on the basis of actuarial valuation in respect of employees other than whole time directors. In respect of whole time directors retirement benefits are provided in accordance with the contractual obligations.

1.7 Inventories:

Spares, Stores and accessories are valued at cost. The cost is arrived at on weightage average method.

1.8 Expenditure on project expansion:

The expenditure during the construction period which cannot be directly attributable to the assets is treated as unallocated expenditure and will be allocated to Fixed Assets as and when they are put to use.

2 Notes to Accounts:

2.1 Adjustment/Regroupings/Impact of Prior period items:

(Rs.in Millions)

Particulars	**For the period ended 30th September 2005**	**For the year ended**				
		31st March 2005	**31st March 2004**	**31st March 2003**	**31st March 2002**	**31st March 2001**
Profit after tax as per Audited statement of accounts	875	507	485	526	670	662
Adjustments on account of:						
1) Prior Period items	256	(170)	(28)	(28)	(117)	13
Tax impact of Prior Period Adjustments	-	-	(2)	2	-	-
2) Provision for Tax for earlier years	-	(12)	28	-	-	-
3) Impact of Deferred Tax Liability	(992)	214	(93)	148	(37)	65
Total adjustment for prior period items/ provision for taxes	(736)	32	(95)	122	(154)	78
Net adjusted profit after tax	139	539	390	648	516	740

2.2 A.P. Transco during the year 2003-04 made a claim of Rs.20.48 crores against the company stating that effective Return on Equity (ROE) claimed by the company works out to 17.17% as pointed out by CAG as against 16% to be claimed as per Power Purchase Agreement.(PPA) Aggrieved of said claim, company preferred a writ petition before honourable High Court of A.P and the honourable High Court directed that the matter be referred to arbitration as envisaged in PPA. Pending arbitration, the High Court permitted the company to collect ROE @ 16% on monthly basis month which is accounted as income. Company is confident that its claim for ROE on monthly basis is strictly in accordance with PPA. If the decision is in favour of AP Transco, the liability on this account up to 30th September 2005 would be Rs.28.36 crores.

2.3 During February 2004, AP Transco has filed petitions before the Andhra Pradesh Electricity Regulatory Commission (APERC) for adjudication of certain matters relating to tariff provisions under the Power Purchase Agreement (PPA) without specifying any amount. Based on these petitions, APERC has issued notices to the company for hearing on these matters. The Company has filed a Writ petition before the Hon'ble High Court of Andhra Pradesh questioning the jurisdiction of APERC for adjudication of the matters under the PPA. The Hon'ble High Court of AP in June 2004 has issued interim directions to APERC not to proceed with the subject notice until further orders. Pending disposal of the matter no provision has been made in the books of account.

2.4 The Company has not recognized Deferred Tax Liability as per AS-22 only for the period after the expiry of the present agreement with AP Transco in 2015 since upto that time, AP Transco has to reimburse income tax payable by the Company.

2.5 Upto the accounting year 31st March, 2005, the Company had treated major maintenance expenditure incurred on combustion turbines as Deferred Revenue Expenditure in the year of incurring and charged the same to the profit and loss account of each year depending on the time for which the turbines were put to use in the said year taking the life of turbines as 24,000 working hours. However in the current accounting year which commenced on 1st April 2005 the said method of accounting has been discontinued and expenditure incurred on major maintenance is treated as revenue expenditure in the year in which it is incurred. In view of this the balance in deferred revenue expenditure as on 31st March 2005 is charged to profit and loss account on the current period i.e., period ended September 30, 2005.

2.6 The Current and Deferred tax impact of adjustments has been computed on the profit arrived after making the adjustments and on the basis of the rates applicable to the respective years.

(Rs. in Millions)

2.7 Estimated amounts of contracts remaining to be executed on capital account and not provided for:

	As at 30th September, 2005	**As at 31st March, 2005**	**As at 31st March, 2004**	**As at 31st March, 2003**	**As at 31st March, 2002**	**As at 31st March, 2001**
Claims against the Company not acknowledged as debts in respect of:						
Excise duty and Customs duty	-	-	7	7	40	40
Service Tax	49	48	-	-	-	-
Letters of Credit issued by Banks	80	130	75	702	824	819
Guarantees issued by Banks	842	281	232	115	114	114

(Rs. in Millions)

2.8 The Prior Period items in the Profit and Loss Account have been allocated to respective years.

	As at 30th September, 2005	**As at 31st March, 2005**	**As at 31st March, 2004**	**As at 31st March, 2003**	**As at 31st March, 2002**	**As at 31st March, 2001**
	109	380	4,439	-	-	-

2.9 The Prior Period items in the Profit and Loss Account have been allocated to respective years.

STATEMENT OF ACCOUNTING RATIOS

Annexure V

(Rs. in Millions)

	For the period ended 30th September 2005	For the year ended				
		31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
Earning Per Share (Rs.)	0.53	2.06	1.49	2.47	1.97	2.82
Net Assets Value per share (Rs.)	20.68	20.72	19.45	17.64	16.29	15.35
Return on Net Worth (%)	2.57	9.93	7.65	14.02	12.09	18.40
Weighted average number of equity shares outstanding at the end of the year	26,20,00,000	26,20,00,000	26,20,00,000	26,20,00,000	26,20,00,000	26,20,00,000

Formula:

Earning Per Share (Rs.) = ***Net Profit after tax as restated*** / Weighted average number of Equity Shares outstanding at the end of the year

Net Asset Value per share (Rs.) = **Net worth (excluding revaluation reserve) as restated** / Weighted average number of Equity Shares outstanding at the end of the year

Return on Net worth % = ***Net Profit after tax as restated*** / Net worth excluding revaluation reserve

CAPITALISATION STATEMENT

Annexure VI

(Rs.in Millions)

Sr. No		As at 30th September 2005
A.	Debt:	
	a) Short-term Debt	805
	b) Long-term Debt	6,793
	Total Debt :	**7,598**
B.	a) Equity Share Capital	2,620
	b) Reserves and Surplus after adjustment of Miscellaneous expenditure, to the extent not written off	2,799
	Total Equity (Net worth) :	**5,419**
C.	Long-term Debt/Equity:	1.25

STATEMENT OF OTHER INCOME

Annexure VII

(Rs.in Millions)

	For the period ended 30th September 2005	For the year ended				
		31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
Interest Income on :						
Deposits with Banks	8	14	19	19	24	36
Others	-	63	31	12	14	0
Total	**8**	**77**	**50**	**31**	**38**	**36**

STATEMENT OF SUNDRY DEBTORS

Annexure VIII

(Rs.in Millions)

		As on 30th September, 2005
A	Debts outstanding over six months:	
	Unsecured - Considered good	566
B	Other debts	
	Unsecured-Considered good	204
	Total	**770**

STATEMENT OF SECURED AND UNSECURED LOANS

Annexure IX

(Rs.in Millions)

	As at 30th September 2005	31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
A. SECURED LOANS						
1. Loans and Advances from Banks						
I. Rupee Term Loans						
Phase I	33	223	613	741	984	1,229
Phase II	3,926	3,084	491	-	-	-
Total Rupee Loans (i)	3,959	3,307	1,104	741	984	1,229
II. Foreign Currency Loan						
Phase I	467	699	1,265	1,913	2,543	3,131
Phase II	2,181	2,149	500	-	-	-
Total Foreign Currency Loans (ii)	2,648	2,848	1,765	1,913	2,543	3,131
B. Working Capital Loans	184	221	89	202	114	201
Total (iii)	184	221	89	202	114	201
C. Assets taken on lease	2	3	4	1	1	1
Total (iv)	2	3	4	1	1	1
Grand Total (i+ii+iii+iv)	**6,793**	**6,379**	**2,962**	**2,857**	**3,642**	**4,562**
D. Unsecured Loans from Banks						
Phase I	805	600	427	407	300	150
Phase II	-	500	-	-	-	-
Total	**805**	**1,100**	**427**	**407**	**300**	**150**

STATEMENT OF LOANS AND ADVANCES

Annexure X

(Rs.in Millions)

	As at 30th September, 2005
Advances Recoverable in Cash or kind or Value to be received secured considered good	
Advances	51
Deposits with customs/Port trusts & others etc.	222
Advance tax & tax deducted at source	19
Total	**292**

Cash Flow Statement, as restated

Annexure XI

(Rs.in Millions)

		For the period ended 30th September 2005	For the year ended				
			31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
A.	Cash-flow from operating activities Profit for the period	101	549	468	567	558	657
	Adjustments for:						
	Depreciation	256	507	506	506	506	506
	Interest and Financing	56	156	259	352	513	629
	Preliminary Expenses on Green Belt written off	1	3	3	3	3	3
	Deferred revenue expenses written off	-	113	162	146	137	138
	Interest earned	(8)	(14)	(19)	(19)	(24)	(36)
	Excess Depreciation written back	-	-	-	(1)	-	-
	Loss on sale of Assets & others	-	-	-	-	-	-
	Operating Profit before working capital changes	**406**	**1,314**	**1,379**	**1,554**	**1,693**	**1,897**
	Adjustments for:						
	Trade & Other receivables	31	46	(17)	(1)	(99)	(128)
	Inventories	6	(6)	(12)	(7)	(12)	14
	Depreciation for earlier years	44	-	-	-	-	-
	Trade & Other payables	(369)	841	2	64	(68)	(52)
	Cash generation from Operations	**118**	**2,195**	**1,352**	**1,610**	**1,514**	**1,731**
	Dividend paid	149	296	296	262	289	291
	Income Tax paid / (refund)	16	(3)	(21)	1	(23)	26
	Prior period items	256	-	25	1	(111)	(5)
	Interest paid	37	138	268	361	528	636
	Net cash from Operating activities	**(340)**	**1,764**	**784**	**985**	**831**	**783**
B.	Cash-flow from Investing activities						
	Sale of Assets & Others	-	1	-	-	-	-
	Investments matured	(40)	-	-	-	-	-
	Purchase of Fixed Assets	(14)	(29)	(17)	(24)	(47)	(3)
	Expenditure on Major Maintenance	173	(152)	(128)	(147)	(147)	(154)
	Expenditure on Expansion project	(508)	(5,218)	(750)	-	-	-
	Interest received	4	11	18	16	24	32
	Net cash from Investing activities	**(385)**	**(5,387)**	**(877)**	**(155)**	**(170)**	**(125)**
C.	Cash-flow from financing activities						
	Repayment of Term Loans	(422)	(956)	(777)	(872)	(833)	(797)
	Working Capital changes	(36)	132	(113)	88	(87)	40
	Increase in Term Loans	870	3,150	992	-	-	-
	Increase in Buyer's credit loan	4	1,091	-	-	-	-
	Increase in Short Term Loans	(295)	673	20	108	150	50
	Increase in Hire Purchase Loans	(1)	(1)	3	(1)	1	1
	Net cash from financing activities	**120**	**4,089**	**125**	**(677)**	**(769)**	**(706)**
Net increase in cash and cash equivalents		**(605)**	**466**	**32**	**153**	**(108)**	**(48)**
Cash & cash eqivalents at the beginning of the period		950	484	452	299	407	455
Cash & cash eqivalents at the end of the period		**345**	**950**	**484**	**452**	**299**	**407**

STATEMENT OF RELATED PARTY TRANSACTIONS

Annexure XII

Sr.No.	Name of the party	Nature of relation
1	Taj GVK Hotels & Resorts Ltd.	
2	Orbit travel and tours (P) Ltd.	
3	Novopan Industries Ltd.	
4	Paigah House Hotel (P) Ltd.	Common Directors
5	G V K City Pvt. Ltd	
6	G V K Technical & Consultancy Services (P) Ltd	
7	Jegurupadu Operating and Maintenance company (now known as GVK Power & Infrastructure Limited)	
8	Krishna Enterprises	Partners are related to Key Management personnel
9	Master Krishna Rambhupal	Relative of Key Management personnel
10	G V Krishna Reddy	
11	G V Sanjay Reddy	
12	Som Bhupal	Key Management personnel
13	V Rama Rao	
14	A Issac George	

(Rs.in Millions)

	Particulars	For the period ended 30th September 2005	For the year ended				
			31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
Hospitality Services	Common Directors Concerns	1	1	1	1	1	-
Air Tickets	Common Directors Concerns	9	11	9	8	4	-
Pre Laminated sheets	Common Directors Concerns	1	4	1	0	3	-
Rent	Relatives of Key Management Personnel	2	4	5	10	6	-
Man Power charges	Common Directors Concerns	4	4	-	-	-	-
Amounts receivable at the year end	Common Directors Concerns	35	55	35	-	-	-
Remuneration	Key Management Personnel	12	29	19	9	8	-
Amount outstanding at the year end	Common Directors	5	-	-	-	-	-
	Key Management Personnel	-	6	-	-	-	-

STATEMENT OF INDEBTEDNESS

Annexure XIII

S. No.	Nature of borrowing/debt	Facility	Sanctioned Amount (In Rs. million)	Outstanding as on 30.09.2005 (In Rs. million)	Rate of Interest (%)	Repayment Schedule
Secured borrowings as of September 30, 2005 are as follows						
A)	**Rupee Loans - Jegurupadu Phase I**					
1	IDBI Ltd	RTL	550	-	10.25	36 Quarterly Instalments
2	Life Insurance Corporation India Ltd	RTL	100	-	14.00	36 Quarterly Instalments
3	The Federal Bank Ltd	RTL	73	-	7.25	8 Quarterly Instalments
4	BNP Paribas Ltd	RTL	27	6	6.50	4 Quarterly Instalments
5	BNP Paribas Ltd	RTL	8	2	6.50	3 Quarterly Instalments
6	BNP Paribas Ltd	RTL	11	4	6.50	3 Quarterly Instalments
7	BNP Paribas Ltd	RTL	43	7	6.75	6 Quarterly Instalments
8	The Federal Bank Ltd	RTL	93	7	7.25	13 Quarterly Instalments
9	BNP Paribas Ltd	RTL	18	4	6.75	6 Quarterly Instalments
10	Industrial Investment Bank of India Ltd	RTL	100	2	17.17	36 Quarterly Instalments
B)	**Foreign Currency Loans - Jegurupadu Phase I**					
11	IDBI Ltd - JPY Loan	FCL	1,067	129	5.00	19 Half yearly instalments
12	IFCI Ltd - EURO Loan	FCL	773	43	10.00	18 Half yearly instalments
13	Canara Bank - Dollar Loan	FCL	536	104	3M Libor + 150BP	21 Quarterly Instalments
14	Bank of India - Dollar Loan	FCL	536	104	3M Libor + 150BP	21 Quarterly Instalments
15	Indian Overseas Bank - EURO Loan	FCL	339	66	3M Libor + 150BP	21 Quarterly Instalments
16	Indian Overseas Bank- Dollar Loan	FCL	65	21	3M Libor + 150BP	21 Quarterly Instalments

Both Rupee Currency and Foreign Currency loans are secured by:

i) *Pari passu* legal mortgage of Company's land situated at Nasik, and

ii) *Pari passu* first charge in the form of equitable mortgage by deposit of title deeds in respect of land and all buildings and movable plant and machinery, tools and accessories present and future situated at Jegurupadu, East Godavari District, A.P.

iii) *Pari passu* first charge in the form of hypothecation of the Company's movable (save and except six weeks book debts) plant and machinery & accessories present and future subject to prior charges of bankers for securing the borrowings for working capital requirements.

iv) In respect of loans from BNP Paribas and The Federal Bank Ltd listed under Secured Rupee loans, the security arrangement mentioned at ii & iii above are in the process of being created for which, the existing Term lenders have agreed to cede *pari-passu* charge to the said two banks. Hence classified under Secured Term loans.

C) Rupee Loans for Spares – Jegurupadu Phase I:

1	The Federal Bank Ltd	RTL	150	-	7.25	8 Quarterly instalments
2	State Bank of Mauritius	RTL	100	-	7.00	6 Quarterly instalments

The above loans are secured by exclusive first charge on all unused spares and inventory to the outstanding loans

D) Rupee Loans - Jegurupadu Phase II:

1	Federal Bank Ltd	RTL	250	190	8.00	43 Quarterly Instalments
2	IDFC Ltd	RTL	1,100	838	8.00	43 Quarterly Instalments
3	Indian Overseas Bank	RTL	1,000	762	8.00	43 Quarterly Instalments
4	State Bank of Bikaner & Jaipur	RTL	200	152	8.00	43 Quarterly Instalments
5	State Bank of Mysore	RTL	200	152	8.00	43 Quarterly Instalments
6	Union Bank of India	RTL	200	153	8.00	43 Quarterly Instalments
7	The Jammu & Kashmir Bank Ltd	RTL	500	500	8.00	43 Quarterly Instalments
8	IDBI Ltd	RTL	700	533	8.00	43 Quarterly Instalments
9	Syndicate Bank	RTL	850	647	8.00	43 Quarterly Instalments

E) Foreign Currency Loans – Jegurupadu Phase II:

10	Bank of Baroda – Dollar Loan	FCL	1,519	760	6M Libor + 250BP	14 Half yearly instalments
11	Canara Bank – Dollar Loan	FCL	651	326	3M Libor + 225 BP	43 Quarterly instalments
12	Standard Chartered Bank	Buyers Credit Loan	1,095	1,095	Libor + 50BP	bullet payments on the due date

Both Rupee and Foreign Currency Loans for Jegurupadu Phase-II are Secured by :

i) *Pari passu* first mortgage and charge on all the immovable and moveable properties (both tangible and intangible), both present and future of the expansion project and assets common for both Phase 1 and expansion project.

ii) *Pari passu* second mortgage and second charge on all the immovable and moveable properties (both tangible and intangible), both present and future, pertaining to Phase I (including all receivables).

iii) *Pari passu* first charge/assignment/security interest on all the revenues/receivables of the company pertaining to expansion project.

iv) *Pari passu* first charge/assignment/security interest on company's rights under the expansion Project Agreements, in respect of all clearances, licenses, permits, approvals and consents in respect of the expansion project, and letters of credit, guarantee or performance bond that may be provided in favour of Company by any party to any project agreement or contract pertaining to the expansion project.

v) Pledge of the shares of the company held by promoters representing GVK Group to be created after the loans of Phase I are fully repaid.

F) Working Capital Banks for Jegurupadu Phase I

1	State Bank of India	Fund based Limits	172	94	As negotiated from time to time with reference to various facilities	As per terms of facility
2	The Federal Bank Ltd	Fund based Limits	120	64	As negotiated from time to time with reference to various facilities	As per terms of facility
3	IDBI Bank Ltd	Fund based Limits	34	18	As negotiated from time to time with reference to various facilities	As per terms of facility
4	Standard Chartered Bank Ltd	Fund based Limits	17	8	As negotiated from time to time with reference to various facilities	As per terms of facility

The above working capital loans are secured by hypothecation of first charge on six weeks book debts

G) Hire purchase loans:

1	ICICI Bank Ltd	Vehicle Loan	1	-	5.00	Repayable in 36 Instalments
2	HDFC Bank Ltd	Vehicle Loan	4	2	5.00	Repayable in 36 Instalments
	Total Loans Outstanding			**6,793**		

STATEMENT OF TAX SHELTERS

Annexure XIV

(Rs. in million)

	For the period ended 30th September 2005	For the year ended				
		31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
Rate of Tax	**33.66%**	**36.5925%**	**35.8750%**	**35.70%**	**35.70%**	**36.75%**
A. Profit Before Tax but after Extraordinary Items						
a Gross Generation Profit	(96.17)	487.83	459.16	462.47	138.46	-
b Gross Non Generation Profit	-	16.48	18.10	18.26	21.60	-
Total Profit Before Tax (a+b)	(96.17)	504.31	477.26	480.73	160.06	-
c Tax on Generation Income	-	-	-	-	-	-
d Tax on Non Generation Profit	-	6.03	6.49	6.71	7.71	-
Total Tax on Book Profit (c+d)	-	6.03	6.49	6.71	7.71	-
Adjustments						
B. Permanent Differences (B)						
Tax Holiday claim u/s 801A/80I/80HH	(96.17)	487.83	459.16	462.47	138.46	-
Total Permanent Differences (B)	(96.17)	487.83	459.16	462.47	138.46	-
C. Timing Differences						
Difference between book depreciation and Tax depreciation	40.94	(2.46)	(49.89)	(110.51)	(190.46)	(298.17)
Net Provisions disallowed	4.65	0.53	2.59	0.60	0.86	0.17
Total Timing Differences (C)	45.59	(1.93)	(47.30)	(109.91)	(189.60)	(298.00)
D. Net Adjustments (B+C)	(50.58)	485.90	411.86	352.56	(51.14)	(298.00)
E. Taxable Income as per It Return						
Generation	-	-	-	-	-	-
Non Generation	-	16.48	18.10	18.26	21.60	-
Total Taxable Income	-	16.48	18.10	18.26	21.60	-
F. Tax as per Income Tax Return						
Net profit as per books	(155.03)	550.09	485.37	585.50	698.53	685.48
Tax U/s.115 JB	-	43.13	37.31	46.11	53.44	58.09
Total tax as per return	-	43.13	37.31	46.11	53.44	58.09
Less: Tax to be recovered from AP Transco *	-	29.58	22.52	26.46	24.05	34.09
Tax to be borne by the Company	-	13.55	14.79	19.65	29.39	24.00

* Pursuant to Power Purchase agreement, tax liability on generation income is to be reimbursed by AP Transco

GAUTAMI POWER LIMITED

UNCONSOLIDATED SUMMARY STATEMENT OF ASSET AND LIABILITIES, SUMMARY STATEMENT OF PROFIT AND LOSS AND CASH FLOWS, AS RESTATED, UNDER INDIAN GAAP FOR THE SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2005 AND YEARS ENDED MARCH 31, 2005, MARCH 31, 2004, MARCH 31, 2003, MARCH 31, 2002 AND MARCH 31, 2001.

AUDITOR'S REPORT

The Board of Directors
Gautami Power Ltd.
156-159, Paigah House
S.P.Road, Secunderabad.

Dear Sirs,

We have examined the financial information of Gautami Power Ltd. as attached to this report and initialled by us for identification.

The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") the Securities and Exchange Board of India – Disclosure and Investor Protection Guidelines, 2000 (as amended vide Circular No.11 on August 14, 2003 and Circular No.14 on January 24, 2005) ("the Guidelines") issued by the Securities and Exchange Board of India (SEBI) on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications: and in accordance with instructions dated April 4, 2005 received from the Company requesting us to carry out work in connection with the Offer Document being issued by GVK Power and Infrastructure Limited ("GVKPIL") in connection with Initial Public Offer of Equity Shares (referred to as "the Issue"). The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

A. Financial Information as per audited financial statements

We have examined:

a) the attached restated statement of Assets and Liabilities (Annexure I), as restated, as at 30th September 2005, 31st March 2005, 31st March 2004, 31st March 2003, 31st March 2002, 31st March 2001 enclosed to this report referred to as "Restated Summary Statements".

b) no Profit and Loss account has been prepared for the said periods as the Company's operations have not yet commenced.

These Restated Summary Statements have been extracted from the financial statements of each of the years ended 31st March of 2005, 2004 and 2003 and for the period ended 30th September, 2005 audited by us and for the years ended 31st March of 2002 and 2001 audited by M/s.C.B.Mouli & Asscoiates, Secunderabad and adopted by the Board of Directors/ Members.

Based on our examination of these Restated Summary Statements, we state that:

- The Restated Summary Statements of the company have been restated with retrospective effect in accordance with the significant accounting policies adopted by the Company as at September 30, 2005, shown in notes to accounts [Annexure II (1) to this report.
- The Restated Summary Statements are to be read in conjunction with the notes given in Annexure II (2) to this report.
- There are no extra-ordinary items that need to be disclosed separately in the summary statements.

B. Other Financial Information:

We have examined the following financial information relating to the Company proposed to be included in the Red Herring Prospectus, as approved by the Board of Directors and annexed to this report:

i) Details of "Secured Loans" and "Unsecured Loans" as at 30th September 2005, 31st March of 2005, 2004, 2003, 2002 and 2001 are enclosed as Annexure "III" to this report.

ii) Details of "Loans and Advances" as at 30th September 2005 are enclosed as Annexure "IV" to this report.

iii) Details of "Investments" as at 30th September, 2005 are enclosed as annexure "V".

iv) Statement of Indebtness as at 30th September 2005 are enclosed as annexure "VI".

v) Details of "Related party transactions" in respect of each of the years ended 31st March of 2005, 2004. 2003, 2002, 2001 and for the period ended 30th September 2005 are enclosed as Annexure "VII".

vi) No Tax Shelters were availed as the Company's operations have not yet commenced.

In our opinion, the financial information of the Company attached to this report as mentioned in Paragraphs A and B above read together with the significant accounting policies and notes stated in Annexure II (1) and Annexure II (2) to this report and after making adjustments and regrouping as considered appropriate, have been prepared in accordance with Part II of Schedule II of the Companies Act and Guidelines of SEBI.

This report is intended solely for your information and for inclusion in the Red Herring Prospectus in connection with Initial Public Offer of the GVKPIL and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For BRAHMAYYA & Co.,
Chartered Accountants.

(KOTESWARA RAO SSR)
Partner
Membership No.18952

Place: Hyderabad
Date: January 2, 2006

GAUTAMI POWER LIMITED

Annexure I

(Rs. In Millions)

Summary of Assets and Liabilities, as restated						
	As at					
	30th September 2005	**31st March 2005**	**31st March 2004**	**31st March 2003**	**31st March 2002**	**31st March 2001**
Fixed Assets (A)						
Gross Block	332	292	90	16	21	21
Less: Accumulated Depreciation	3	2	1	1	3	2
Net Block	329	290	89	15	18	19
Capital Work-in-Progress	7,394	2,152	391	102	86	86
Sub-total (A)	**7,723**	**2,442**	**480**	**117**	**104**	**105**
Investments (B)	**38**	**261**	-	-	-	-
Current Assets, Loans & Advances (C)						
Inventories	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	-	-
Cash and Bank balances	167	139	21	34	26	13
Other Current Assets	891	600	451	395	381	362
Loans and Advances	155	150	97	88	101	91
Sub-total (C)	**1,213**	**889**	**569**	**517**	**508**	**466**
Less: Liabilities & Provisions (D):						
Secured Loans	7,221	1,819	-	-	-	-
Unsecured Loans	-	-	-	172	160	284
Deferred Tax Liability	-	-	-	-	-	-
Deferred revenue on account of	-	-	-	-	-	-
Advance against Depreciation	-	-	-	-	-	-
Development Surcharge Fund	-	-	-	-	-	-
Current Liabilities and Provisions	124	144	29	26	28	49
Sub-total (D)	**7,345**	**1,963**	**29**	**198**	**188**	**333**
NET WORTH (A+B+C-D)	**1,629**	**1,629**	**1,020**	**436**	**424**	**238**
Net Worth Represented by:						
Share Capital & Share application (E)	1,734	1,734	1,030	438	426	240
Reserves and Surplus (Adjusted) (F)	-	-	-	-	-	-
Miscellaneous Expenditure (to the extent not written off or adjusted) (G)	105	105	10	2	2	2
NET WORTH (E+F-G)	**1,629**	**1,629**	**1,020**	**436**	**424**	**238**

The accompanying accounting policies and notes on accounts are an integral part of this statement.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

Annexure II

1. **Significant Accounting Policies:**

1.1 The financial accounts have been prepared on historical cost convention in accordance with applicable accounting standards.

1.2 Fixed Assets:

Cost of Fixed Assets comprises purchase cost, duties, levies and other directly / indirectly attributable costs for bringing the asset to working condition.

1.3 Depreciation:

Depreciation on the Fixed assets has been provided at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on straight-line basis.

1.4 Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate ruling on the date of transactions. Monetary value of assets and liabilities are translated on reporting date at the rate on Balance Sheet date and the exchange differences are taken to revenue.

1.5 Expenditure during Construction Period:

Expenditure incurred net of income during construction period which cannot be directly allocated to any assets is being treated as unallocated expenditure and the same will be allocated to Assets as and when they are put to use.

1.6 Retirement benefits:Contributions to Provident Fund and Employees State Insurance are charged to accounts and the same are remitted to authorities concerned. Provision for gratuity and leave encashment is provided on the basis of actuarial valuation.

1.7 Preliminary expenses will be written off over a period of 5 years equally commencing from the year of commercial operation.

1.8 Development expenses included in Miscellaneous Expenditure would be written off in the Year of commencement of commercial operation.

II Notes to Accounts.

2.1. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. In Millions

For the period ended 30th Sept' 2005	For the year ended 31st March 2005	For the year ended 31st March 2004	For the year ended 31st March 2003	For the year ended 31st March 2002	For the year ended 31st March 2001
4113	8990	2196	583	584	51

2.2. Contingent Liabilities not provided for:

a) On account of Guarantees issued by banks. Rs. In Millions

For the period ended 30th Sept' 2005	For the year ended 31st March 2005	For the year ended 31st March 2004	For the year ended 31st March 2003	For the year ended 31st March 2002	For the year ended 31st March 2001
437	437	329	329	328	371

b) Claims against the company not acknowledged as debts. Rs. In Millions

For the period ended 30th Sept' 2005	For the year ended 31st March 2005	For the year ended 31st March 2004	For the year ended 31st March 2003	For the year ended 31st March 2002	For the year ended 31st March 2001
5	5	9	9	9	8

2.3. No provision has been made in the accounts in respect of tax liability on interest earned in view of the decision of Supreme Court in the case of CIT Vs Bokaro Steel Ltd., (236 ITR, 315). Rs. In Millions

For the period ended 30th Sept' 2005	For the year ended 31st March 2005	For the year ended 31st March 2004	For the year ended 31st March 2003	For the year ended 31st March 2002	For the year ended 31st March 2001
0.51	5	5	7	6	3

2.4. Miscellaneous expenditure to the extent not written off or adjusted amounting to Rs.105 million includes an amount of Rs.95 million representing the expenditure incurred on Non-EPC civil works on the land surrendered to APIIC Ltd. consequent to the change in the location of the proposed power plant.

2.5. No Profit and Loss account has been prepared, as the Company's operations have not yet commenced.

GAUTAMI POWER LIMITED

Annexure III

STATEMENT OF SECURED AND UNSECURED LOANS

(Rs. in Millions)

Particulars	For the period ended 30th September 2005	For the year ended				
		31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
A SECURED LOANS						
1. Loans and Advance from Banks:						
Rupee Loans (A)	**3,057**	**1,381**	-	-	-	-
Foreign Currency Loans (B)	**4,159**	**433**	**-**	**-**	**-**	**-**
Vehicle Loans						
ICICI Bank Limited	4	5	-	-	-	-
HDFC Bank Limited	1	-	-	-	-	-
Total Vehicle Loans (C)	**5**	**5**	-	-	-	-
Grand Total (A+B+C)	**7,221**	**1,819**	-	-	-	-
B. UNSECURED LOANS	-	**-**	**-**	**172**	**160**	**284**

GAUTAMI POWER LIMITED

Annexure IV

STATEMENT OF LOANS AND ADVANCES

(Rs in Million)

		As at 30th September 2005
A	Advances Recoverable in Cash or kind or Value to be received, secured, considered good	
	Deposits with Customs, GAIL APTRANSCO and others	154
	Tax Deducted at source	1
	Total	**155**

Gautami Power Limited

Annexure V

INVESTMENTS (AT COST) SHORT TERM

(Rs. In Millions)

(In Mutual Funds)

PARTICULARS	For the period ended 30th September 2005	For the year ended				
		31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
Alliance Cash Manager - Daily Dividend Scheme	13	40	-	-	-	-
Birla Mutual Fund	-	60	-	-	-	-
Canara Bank Mutual Fund	-	10	-	-	-	-
Chola Liquid Fund	-	20	-	-	-	-
DSP Merill Lynch Floating Rate Fund		10	-	-	-	-
HSBC Floating Rate Fund - Short Term Plan	1	10	-	-	-	-
J M Mutual Fund	-	20	-	-	-	-
Kotak Floater Short Term Scheme	-	20	-	-	-	-
LIC MF Liquid Fund	-	31	-	-	-	-
Reliance Floater Fund	24	10	-	-	-	-
Sahara Liquid Fund	-	5	-	-	-	-
Sundaram Mutual Fund	-	25	-	-	-	-
Prudential ICICI Blended Plan	-	-	-	-	-	-
Total	**38**	**261**	**-**	**-**	**-**	**-**

STATEMENT OF INDEBTEDNESS
Annexure VI
Details of Secured Bowrrowings

Our secured borrowings as of September 30, 2005 are as follows:

(Rs. In Millions)

A. Rupee Loans

Sr. No.	Name of the Lender	Facility	Sanctioned Amount	Outstanding as on 30th September 2005	Rate of Interest	Repayment Schedule
1	Power Finance Corporation Ltd.	RTL	2,900	1,011	9%	40 quarterly Instalments
2	Small Industries Development Bank of India	RTL	700	244	9%	43 quarterly Instalments
3	Oriental Bank of Commerce	RTL	400	140	9%	43 quarterly Instalments
4	State Bank of Bikaner & Jaipur	RTL	400	141	9%	43 quarterly Instalments
5	State Bank of Hyderabad	RTL	400	141	9%	43 quarterly Instalments
6	State Bank of Mysore	RTL	250	86	9%	43 quarterly Instalments
7	Canara Bank	RTL	650	232	9%	43 quarterly Instalments
8	Indian Overseas Bank	RTL	300	106	9%	43 quarterly Instalments
9	Federal Bank Ltd.	RTL	200	68	9%	43 quarterly Instalments
10	Bank of Baroda	RTL	750	261	9%	43 quarterly Instalments
11	Union Bank of India	RTL	800	280	9%	43 quarterly Instalments
12	Indian Bank Ltd.	RTL	200	61	9%	43 quarterly Instalments
13	Allahabad Bank	RTL	120	42	9%	43 quarterly Instalments
14	State Bank of India	RTL	700	244	9%	43 quarterly Instalments
B. Foreign Currency Loans						
15	Bank of Baroda	FCL	876	648	3M Libor + 250BP	43 quarterly Instalments
16	Canara Bank	FCL	438	323	3M Libor + 400BP	43 quarterly Instalments
17	Standard Chartered Bank – Usance Facility	FCL	3,504	3,188	3M Libor + 55 BP	Repayable in 90 days from the date of disbursement

Sr. No.	Name of the Lender	Facility	Sanctioned Amount	Outstanding as on 30th September 2005	Rate of Interest	Repayment Schedule
C.	**Vehicle Loans**					
18	ICICI Bank Ltd.	Vehicle Loans	5	4	5%	35 monthly Instalments
19	HDFC Bank Ltd.	Vehicle Loans	1	1	5%	36 monthly instalments
	Total A+B+C		**13,594**	**7,221**		

The above loans are secured by:

(i) *Pari passu* first charge by mortgage of deposit of title deeds of immovable properties in respect of project land.

(ii) *Pari passu* first charge in the form of hypothecation of all movable assets of the project both present and future except specified receivables on which first charge would be given to working capital lenders.

(iii) *Pari passu* first charge/assignment/security interest on/of all the rights, titles interest and benefits and all licenses permit, approvals and consents in respect of the project.

(iv) Pledge of shares of the Company held by the promoters representing 51% of the paid up equity capital. Usance facility is secured against Letter of Credit issued by Canara Bank.

(v) Vehicle loans are secured by vehicles acquired utilizing the said loans.

Gautami Power Limited

Annexure: VII

STATEMENT OF RELATED PARTY TRANSACTIONS

Sl.no.	Name of the party	Nature of relation
1	Taj GVK Hotels & Resorts Ltd.	
2	Orbit Travel and Tours (P) Ltd.	
3	Novopan Industries Ltd.	**Common Directors**
4	Paigah House Hotel (P) Ltd.	
5	G V K Technical & Consultancy Services (P) Ltd.	
6	G V Sanjay Reddy	**Key Management Personnel**
7	S.Madhusudhan	

(Rs. In Millions)

Particulars		For the period ended 30th September' 2005	For the year ended				
			31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
Remuneration	Key Management Personnel	4	4*	-	-	-	-
Air Tickets	Common Directors Concerns	2	1	-	-	-	-
Man Power charges	Common Directors Concerns	5	6	-	-	-	-
Rent	Common Directors Concerns	1	4	-	-	-	-
Hospitality Services	Common Directors Concerns	-	1	-	-	-	-

*Part of the year only

MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this report, along with the section titled "Selected Financial Information" beginning on page 28 of this Prospectus. You should also read the section titled "Risk Factors" beginning on page 11, which discusses a number of factors and contingencies that could impact our Company's financial condition and results of operations.

The following discussion relates to our Company on an unconsolidated basis and is based on our Company's restated unconsolidated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards referred to in Section 211(3C) of the Companies Act and the other applicable provisions of the Companies Act. Our Company's fiscal year ends on March 31 of each year so all references to a particular fiscal year are to the twelve months ended March 31 of that year. Our historical financial performance may not be considered as indicative of future financial performance.

Business Overview

We provide and aim to provide operations and maintenance services to the power projects of GIL (Jegurupadu Phase I and Phase II) and in the future, to GPL. We have also financed the development of such projects through a combination of equity contributions to our subsidiaries and debt financing at the project company (usually on a limited recourse basis).

Jegurupadu Phase I became operational in August 1996 and a substantial portion of our income has been derived from the operational fees and incentives we receive from GIL. The Jegurupadu Phase II and GPL power project have not yet commenced operations and, therefore, have not contributed to our revenues. Jegurupadu Phase II is scheduled to commence its operations from December 2005 and the GPL power project is scheduled to commence operations by September 2006. Almost all of our revenues have historically been derived from GIL; specifically, the operational Jegurupadu Phase I power plant. As a result, the historical financial discussion below focuses primarily on the operations of the Jegurupadu Phase I facility and the results of operations for GIL.

Factors Affecting our Results of Operations

Our financial condition and results of operations are affected by numerous factors and the following are of particular importance:

- *Tariff and payment mechanism:* Our tariffs are fixed as per the relevant PPA and our revenues are primarily derived from the generation and sale of power under this tariff mechanism. Our tariff for Jegurupadu Phase I requires that we operate at or above a PLF of 68.49% to recover all our fixed charges. If we operate at or above 68.49% PLF, we are entitled to an incentive payment, but we must make disincentive payments to APDISCOMs if we are unable to operate above such level. Our tariffs for Jegurupadu Phase II and GPL power project require that we operate at or above 85% PLF, including committed incentive energy, and we are entitled to incentive payments if we operate at or above 85% PLF; under the terms of the PPA, we are required to make disincentive payments to APDISCOMs if we operate at a PLF of below 73.5% (including Committed Incentive Energy of 5%).

- *Availability of fuel:* Our operating results are affected by the availability of the deliverable natural gas, naphtha and HSD. GAIL has informed the new power projects being set up in the State of Andhra Pradesh that the existing fuel supply may not be sufficient to meet the demand of all the power generators in the State. GAIL will be allocating the existing quantity of natural gas on a *pro rata* basis to all the projects that are currently in operation in the State of Andhra Pradesh and including the new projects that are yet to be commissioned. In the event that the existing natural gas supply is allocated to the new projects, then the gas allocation to our Jegurupadu Phase I facility will be proportionately reduced, which would have a material adverse effect on our income, business prospects and results of operations.

- *Ability to sustain PLF and maximize income:* Recovery of our fixed charges from power generation for Jegurupadu Phase I requires that we operate at or above 68.49% PLF (including Deemed Generation). We are entitled to incentives for achieving generation over and above a PLF of 68.49% (including Notional Generation). Since fiscal 2003, APDISCOMs has not paid the incentives on Notional generation to the extent of Notional Generation that we are entitled to receive under our PPA for Jegurupadu Phase I.

- *Regulatory and significant economic changes:* We are regulated by the GoI by, among others, the Ministry of Environment and Forests and the State Pollution Control Board. The generation of power in the private sector gained impetus with the policy announcement by the GoI in the early 1990s, followed by tariff determination guidelines issued in 1995 and revised in 1998, assuring a fixed return on equity for IPPs. The EA, 2003 opened up new opportunities by allowing open access in power transmission and distribution. The GoI's initiatives for facilitating private investment in the power sector, such as the removal of a ceiling on foreign equity participation and the promotion of direct foreign investment in transmission through joint ventures and allowing independent power transmission companies, are likely to create a favourable business climate for us.

- *Competition*: Despite the fact that we are not affected by competition in the short-term due to our off-take arrangements under our PPAs, our results of operations could be affected by competition in the power 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 power companies. As our PPAs are subject to renewal upon expiry by mutual agreement with APDISCOMs, increased competition could affect our market share. As new entrants enter the market, the availability of natural gas may be limited. In the event that the existing natural gas supply is allocated to the new projects in the State of Andhra Pradesh, then the natural gas allocation to our Jegurupadu Phase I facility will be proportionately reduced.
- *Cost overruns:* If we are unable to complete projects on schedule, we will incur significant cost overruns. If we incur additional costs in connection with any unscheduled maintenance, our future results of operations could be adversely affected.
- *General economic and business conditions:* As a company with operations in India, we are affected by general economic conditions in the country and in particular factors that affect power demand and consumption in India. India's gross domestic product, or GDP, has been and will continue to be of importance in determining our operating results and future growth.

Our Significant Accounting Policies

Our financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and the relevant provisions of the Companies Act, 1956, and the accompanying notes thereto included in this Prospectus include information that is relevant to this discussion and analysis of our financial condition and results of operations. The financial statements requires 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 to our business and operations have been described below. The financial accounts have been prepared based on historical cost convention in accordance with applicable accounting standards.

Fixed Assets: Cost of Fixed Assets comprises purchase price, duties, levies and other directly and indirectly attributable costs associated with bringing the asset to its working condition for its intended use.

Depreciation: Depreciation on the Fixed Assets has been provided at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on a straight-line basis.

Foreign Currency Tra2nsactions: Foreign Currency Loans for Jegurupadu Phase I: These loans are stated only at the exchange rates at which the loans were drawn (but not at the rates as of the date of the balance sheet) as the foreign exchange variation on repayment of principal is fully reimbursable to us by APDISCOMs as per the terms and conditions of the PPA.

Foreign Currency transactions for Jegurupadu Phase II and GPL power project: Transactions in foreign currencies are recorded at the applicable rates on the date of the transaction. The monetary value of assets and liabilities are translated at the applicable rate on the balance sheet date and any exchange rate differences are adjusted to the cost of assets and capital work in progress.

Major Maintenance: Major maintenance of the gas turbines is required to be carried out after every 24,000 Equivalent Operating Hours (EOH) as per the manufacturer's specifications. As major maintenance has a useful life of 24,000 EOH, the expenditure incurred on major maintenance was charged proportionately on the basis of actual EOH at which the turbines were run in each year. However, we have changed our Accounting Policy such that, these expenses are charged to the P & L account in the year in which it is incurred.

Preliminary Expenses: Preliminary expenses and expenses on developing the landscaping at the project site were amortized over a period of 10 years. However we have changed our accounting policy in line with Accounting principles laid down under AS-26 ("intangible Assets"). All such expenses are charged to the P & L account in the year in which it is incurred.

Retirement benefits: Provision for gratuity and leave encashment is made on the basis of actuarial valuation in respect of employees other than full time directors. In respect of full-time directors, retirement benefits are provided in accordance with contractual obligations.

Inventories: Spares, stores and accessories are valued at cost. The cost is arrived at by using the weighted average method.

Expenditure during construction: Expenditure during the construction period that are directly attributable to any asset is capitalized and depreciated as and when the asset is put to use. Any expenditure that cannot be directly allocated to any asset is proportionately allocated to all the assets.

Adjustments

Our financial information of each for fiscal years 2001, 2002, 2003, 2004 and 2005 and the six months ended September 30, 2005 have been restated in compliance with SEBI Guidelines. In accordance with Indian GAAP, the effects of the restatement are shown as a cumulative effect on our adjusted profit after tax rather than as restatements of individual line items in our income statement.

Results of Operations for GVKPIL

	Six months ended September 30			
				(Rs. in '000)
	2005	**as percentage of Total Income (%)**	**2004**	**as percentage of Total Income (%)**
Income				
Fees and billable expenses :				
Operating fees	20,104	17.14	19,424	51.78
Incentive fees	6,142	5.24	1,484	3.96
Fees for technical services	20,000	17.05	-	-
Billable expenses	19,690	16.79	15,960	42.55
Other income	51,336	43.78	640	1.71
Total income	**117,272**	**100**	**37,508**	**100**
Expenditure				
Personnel expenses	10,409	8.88	9,065	24.17
Operating expenses	10,542	8.98	7,005	18.68
Financial expenses	37,969	32.38	-	-
Depreciation	13	0.01	13	0.03
Total expenditure	**58,933**	**50.25**	**16,083**	**42.88**
Profit before tax	**58,339**	**49.75**	**21,425**	**57.12**
Current tax	16,099	13.73	7,915	21.10
Deferred tax	(126)	(0.11)	(86)	(0.23)
Fringe benefit tax	81	0.07	-	-
Taxes of earlier year	-	-	-	
Net profit after tax	**42,285**	**36.06**	**13,596**	**36.25**
Adjustments				
Increase/(decrease) in net profits				
Due to changes in accounting policies:				
Gratuity	-	-	-	-
Leave encashment	-	-	-	-
Other adjustments				
Billable expenses	-	-	-	-
Incentive fees	-	-	-	-
Operating expenses	-	-	-	-
Total impact of adjustments	-	-	-	-
Tax adjustments				
Taxes of earlier years	-	-	(635)	(1.69)
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Total of adjustments after tax impact	-	-	(635)	(1.69)
Net profit, as restated	**42,285**	**36.06**	**12,962**	**34.56**

Six Months Ended September 30, 2005 Compared to Six Months Ended September 30, 2004

Income

Our total income, which is comprised of income in the form of operating fees, incentive fees, fees for technical services, billable expenses and other income, increased by 212.64% to Rs. 117.27 million in the six months ended September 30, 2005 from Rs. 37.51 million in the six months ended September 30, 2004. This increase was primarily due to a one-time fee of Rs. 20.00 million received on account of technical services rendered in connection with the expansion of Jegurupadu Phase II and an interim dividend of Rs.50.77 millions received during the period.

Expenditure

Our total expenditure, which is comprised of staff costs, other administrative expenses, interest and depreciation increased by 266.48% to Rs. 58.93 million in the six months ended September 30, 2005 from Rs. 16.08 million in the six months ended September 30, 2004. This increase was due to an increase in financing charges, being interest on term loans availed from a bank and a financial institution to fund our acquisition of CMS, USA's stake in GIL in February 2005.

Net Profit

Our net profit before tax increased by 172.23% to Rs. 58.34 million in the six months ended September 30, 2005 from Rs. 21.43 million in the six months ended September 30, 2004. This increase was due primarily to the one time fee received on account of technical services rendered in connection with the expansion of Jegurupadu Phase II and an interim dividend of Rs. 50.77 million received during the period.

	Year ended March 31,					
						(Rs. in '000)
	2005	**as percentage of Total Income (%)**	**2004**	**as percentage of Total Income (%)**	**2003**	**as percentage of Total Income (%)**
Income						
Fees and billable expenses :						
Operating fees	38,691	51.91	38,802	52.70	40,364	40.17
Incentive fees	1,484	1.99	1,626	2.21	27,258	27.13
Fees for technical services	-	-	-	-	-	-
Billable expenses	33,034	44.33	30,901	41.97	31,998	31.84
Other income	1,321	1.77	2,295	3.12	867	0.86
Total income	**74,530**	**100**	**73,624**	**100**	**100,487**	**100**
Expenditure						
Personnel expenses	19,283	25.87	16,948	23.02	17,120	17.04
Operating expenses	14,495	19.45	15,662	21.27	15,393	15.32
Financial expenses	8,833	11.85	-	-	-	-
Depreciation	26	0.03	26	0.04	26	0.03
Total Expenditure	**42,637**	**57.20**	**32,636**	**44.33**	**32,539**	**32.39**
Profit before tax	**31,893**	**42.80**	**40,988**	**55.67**	**67,948**	**67.61**
Current tax	14,968	20.08	14,946	20.30	25,180	25.06
Deferred tax	(78)	(0.10)	550	0.75	(210)	(0.21)
Fringe benefit tax	-	-	-	-	-	-
Taxes of earlier year	(635)	(0.85)	-	-	-	-
Net profit after tax	**17,638**	**23.67**	**25,492**	**34.62**	**42,978**	**42.76**

	Year ended March, 31					
	(Rs. in '000)					
	2005	as percentage of Total Income (%)	2004	as percentage of Total Income (%)	2003	as percentage of Total Income (%)
Increase/(decrease) in net profits						
Due to changes in accounting policies:						
Gratuity	-	-	(1,363)	(1.85)	239	0.24
Leave encashment	-	-	(463)	(0.63)	41	0.04
Other adjustments						
Billable expenses	-	-	1,826	2.48	(280)	(0.28)
Incentive fees	-	-	7,764	10.55	(7,764)	(7.73)
Operating expenses	-	-	-	-	-	-
Total impact of adjustments	**-**	**-**	**7,764**	**10.55**	**(7,764)**	**(7.73)**
Tax adjustments						
Taxes of earlier years	(635)	(0.85)	635	0.86	-	-
Current tax	-	-	(3,535)	(4.80)	2,956	2.94
Deferred tax	-	-	671	0.91	(91)	(0.09)
Total of adjustments after tax impact	**(635)**	**(0.85)**	**5,535**	**7.52**	**(4,899)**	**(4.88)**
Net profit, as restated	**17,003**	**22.82**	**31,027**	**42.14**	**38,079**	**37.88**

Year Ended March 31, 2005 Compared to Year Ended March 31, 2004

Income

Our total income remained flat at Rs. 74.53 million in fiscal year 2005 and at Rs. 73.62 million in fiscal year 2004.

Expenditure

Our total expenditure increased by 30.64% to Rs. 42.64 million in fiscal year 2005 from Rs. 32.64 million in fiscal year 2004. This increase was primarily due to an increase in our staff costs and increased interest charges of Rs. 8.83 million incurred to finance the acquisition of CMS, USA's stake in GIL on a loan of Rs. 820 million availed from a bank and a financial institution in February 2005.

Net Profit

Our net profit before tax decreased by 22.20% to Rs. 31.89 million in fiscal year 2005 from Rs. 40.99 million in fiscal year 2004.

Year Ended March 31, 2004 Compared to Year Ended March 31, 2003

Income

Our total income decreased by 26.74% to Rs. 73.62 million in fiscal year 2004 from Rs. 100.49 million in fiscal year 2003. This decrease was primarily due to a reduction of incentive fees by 94.03%, due to a reduction in PLF of 6.65% during the fiscal year due to the shortage of natural gas and was also due to excess incentive fees provided in the year 2003 being reversed in the year 2004 amounting to Rs.7.76 million.

Expenditure

Our total expenditure remained flat at Rs. 32.64 million in fiscal year 2004 and at Rs. 32.54 million in fiscal year 2003.

Net Profit

Our net profit before tax decreased by 39.68% to Rs. 40.99 million in fiscal year 2004 from Rs. 67.95 million in fiscal year 2003.

Year Ended March 31, 2003 Compared to Year Ended March 31, 2002

Income

Our total income decreased by 7.47% to Rs. 100.49 million in fiscal year 2003 from Rs. 108.60 million in fiscal year 2002. This decrease was primarily due to a 15.73% decrease in billable expenses during fiscal year 2003 relating to repairs and maintenance.

Expenditure

Our total expenditure decreased by 14.75% to Rs. 32.54 million in fiscal year 2003 from Rs. 38.17 million in fiscal year 2002. This decrease was primarily due to a 29.92% reduction in repair and maintenance costs of Rs. 4.2 million as compared to the previous fiscal year.

Net Profit

Our profit before tax decreased by 3.52% to Rs. 67.95 million in fiscal year 2003 from Rs. 70.43 million in fiscal year 2002.

Results of Operations for GIL

Summary of Power Purchase Agreement for Jegurupadu Phase I

Electricity generated by our plant to APDISCOMs under a long-term PPA, entered into on April 19, 1996 valid for a period of 18 years and renewable by mutual consent for another 15 years. Under the terms of the PPA, APDISCOMs is required to take-or-pay all of the electricity generated by our plant, provided that we operate the power station at a PLF of at least 68.49% in a tariff year. The tariff payable by APDISCOMs is based on a two-part structure, which consists of a fixed charge and variable charge. The monthly fixed charge includes the following:

1. Interest on debt, which is actual interest on the approved debt component. Interest payable on our foreign currency loan is determined at the prevailing exchange rates;
2. Return on equity at the rate of 16% on the approved equity component;
3. Interest on working capital based on the normative parameters at the prevailing interest rate charged by SBI;
4. Depreciation as per the rates under the Electricity Supply Act, limited to 90% of the value of the asset;
5. O&M expenses at the rate of 2% of the approved project cost, indexed to inflation;
6. Foreign exchange variation for debt repayment; and
7. Insurance premiums at the rate of 1% of the approved project cost, subject to actuals.

The variable charge component of the tariff includes the cost of fuel, the cost of transportation, minimum fuel off-take charges and all statutory duties, taxes, cesses and levies applicable thereon.

The formula for computing the variable charges under the tariff is as given below:

EUD x {(10hC) /G(100-A)}, where;

EUD = Energy units delivered in kWh;

h = Station Heat Rate of 2000 kilo Cal/kWh;

G = GCV of gas in kilo Cal/Standard Cubic Meter;

C = Rs. cost of gas per 1000 Standard Cubic Meter; and

A = Auxilliary consumption which is 3% of generation.

The PPA also provides for payment of incentives for power generation exceeding 68.49% of PLF and penalties in the event that the PLF falls below this threshold. Where PLF is greater than 68.49% (including Notional Generation) in any tariff year, an incentive payment of 0.525% of the equity is payable for every percentage increase in the PLF above 68.49%. However, incentives will be payable for a PLF above 85% only on actual generation and not on Notional Generation. If the PLF in any tariff year is below 68.49%, then the fixed charges for such tariff year will be determined by multiplying the fixed charges by the actual PLF for such tariff year, divided by the minimum PLF of 68.49%.

Income tax payable by us excluding tax on our incentives is reimbursed by APDISCOMs to GIL, provided that such reimbursement shall not exceed the actual taxes paid by GIL during such tariff year.

Although we are eligible for incentives up to a PLF of 85%, APDISCOMs has since fiscal year 2003 made payments to us only for actual generation. As a result of such non payments, we have filed a claim against APDISCOMs at the High Court of Andhra Pradesh to recover such dues.

Payment Mechanism for Jegurupadu Phase I

Payments due from APDISCOMs under the PPA are supported by a three-tier credit support mechanism as listed below:

- *Letter of Credit (LC):* For the payments due under the PPA, APDISCOMs shall open an Irrevocable Revolving Letter of Credit for an amount equal to monthly billing incuding taxes on income and incentives computed at 85% PLF. In the usual course, payment is received from APDISCOMs through the LC mechanism.
- *Escrow Arrangement:* Under the terms of the escrow agreement, APDISCOMs deposits all collections from certain identified collection centers into an escrow account established for the benefit of Jegurupadu Phase I. The amount required to be deposited in the escrow account on a monthly basis equals the monthly billing amount computed at a PLF of 100%. APDISCOMs is entitled to use the funds available in this account, so long as there is no default in the payment mechanism. In the event of a payment default, APDISCOMs is prohibited from utilizing funds available in the escrow account. The money so accumulated in the account is then available to GIL for payment of its bills.
- *State Government Guarantee*: This is the third level of credit enhancement mechanism. The GOAP guarantee covers all obligations of APDISCOMs under the PPA.

For a description of the tariff and payment mechanism for each project, please see "Power Purchase Agreement – Tariff Determination" on pages 78, 79 and 84 of this Prospectus.

	Six months ended September 30			
				Rs. in Million
	2005	**as percentage of Total Income (%)**	**2004**	**as percentage of Total Income (%)**
Income				
Income from sale of electrical energy	1,377	99.42	1,454	98.91
Other Income	8	0.58	16	1.09
Total	**1,385**	**100**	**1,470**	**100**
Expenditure				
Fuel	674	48.66	657	44.69
Employees' remuneration and benefits	33	2.38	25	1.70
Generation, administration & other expenses	264	19.06	194	13.20
Depreciation	257	18.56	254	17.28
Interest and finance charges	56	4.04	85	5.78
Total	**1,284**	**92.70**	**1,215**	**82.65**
Profit before tax and prior period adjustments	101	7.30	255	17.35
Adjustments relating to prior period (net)	(256)	(18.49)	-	-
Profit before tax	**(155)**	**(11.19)**	**255**	**17.35**
Net taxation	**(1,030)**	**(74.37)**	**5**	**0.34**
Net profit after tax as per audited statement of accounts	**875**	**63.18**	**250**	**17.01**
Impact of prior period Adjustments	**256**	**18.48**	**-**	**-**
Impact of Deferred Tax Liability	**(992)**	**(71.62)**		
Net Profit after prior period adjustments	**139**	**10.04**	**250**	**17.01**

Six Months Ended September 30, 2005 Compared to Six Months Ended September 30, 2004

Income

GIL's total income, which is principally income from the sale of electrical energy, decreased by 5.78% to Rs.1,385 million for the six months ended September 30, 2005 from Rs. 1,470 million for the six months ended September 30, 2004. The decrease in income was attributed to (i) reduction in fixed charges resulting from a lower amount of interest on term loans recovered under the fixed charges as the outstanding balances on which the interest has been computed had come down as a result of repayment of term loans. (ii) The entire fuel cost incurred could not be recovered as the station heat rate was higher than the normative provided for in the PPA as a result of the partial operation of the plant. (iii) As the plant load factor was lower the company was not entitled for incentives.

Expenditure

GIL's total expenditure increased by 5.67% to Rs. 1,284 million for the six months ended September 30, 2005 from Rs. 1,215 million for the six months ended September 30, 2004. GIL's total expenditure as a percentage of its total income was 92.70% in the six months ended September 30, 2005 compared to 82.65% in the six months ended September 30, 2004. The reason for the increase in the expenditure is on account of a change in the accounting policy followed by the company with respect to the charging of major maintenance expenditure. The expenditure attributable to major maintenance was being treated as deferred revenue expenditure and was being written of over a period of three years as there was a enduring benefit accruing to the company. For the half year ended September 30, 2005 the company has charged off the entire expenses so incurred during the period.

Fuel

GIL's fuel expenditure increased by 2.59% to Rs. 674 million for the period ended September 30, 2005 from Rs. 657 million for the period ended September 30, 2004. GIL's fuel expenditure as a percentage of its total income was 48.66% in the six months ended September 30, 2005 as compared to 44.69% in the six months ended September 30, 2004. This increase was due to the increased price of natural gas in the six months ended September 30, 2005 as compared with the six months ended September 30, 2004.

Employees' remuneration and benefits

GIL's employees' remuneration and benefits expenditure increased by 32% to Rs. 33 million for the period ended September 30, 2005 from Rs. 25 million for the period ended September 30, 2004. This increase was primarily due to an increase of salaries and wages due to an annual salary increase becoming effective during the first and second quarters of the fiscal year.

Generation, Administrative and Other expenses

GIL's generation, administrative and other expenses increased by 36% to Rs. 264 million for the six months ended September 30, 2005 from Rs. 194 million for the period ended September 30, 2004. The reason for the increase in the expenditure is on account of a change in the accounting policy followed by the company with respect to the charging of major maintenance expenditure. The expenditure attributable to major maintenance was being treated as deferred revenue expenditure and was being written off over a period of three years as there was a enduring benefit accruing to the company. For the half year ended September 30, 2005 the company has charged off the entire expenses of the major maintenance incurred.

Depreciation

GIL's depreciation expenditure has increased by 1.18% to Rs. 257 million for the six months ended September 30, 2005 from Rs.254 million for the six months ended September 30, 2004. The initial spares imported along with the capital equipment was being considered as part of the inventory of stores and spares; these were charged to the expenditure as and when the same is issued for repairs / maintenance. The initial inventory of stores and spares has now been capitalized and the depreciation attributable to these capitalized spares for the half year ended September 30, 2005 has been accounted for as a part of depreciation.

Interest and finance charges

GIL's interest and finance charges decreased by 34.12 % to Rs. 56 million for the six months ended September 30, 2005 from Rs. 85 million for the six months ended September 30, 2004. This decrease was primarily due to the repayment of Rs. 422.08 million of indebtedness during the six months ended September 30, 2005.

Profit before Tax

GIL's profit before tax decreased by 160.78% from Rs 255 million for the six months ended September 30,2004 to Rs. (155) million for the six months ended September 30, 2005.. This decrease in profit before tax is due to accounting of prior period adjustments amounting to Rs.256 million. This is on account of (1) Rs.41 million being gains realized on cancellation of forward contracts which was treated as income in the previous year is now being taken to the credit of Capital work in progress to comply with the accounting standards (2) Rs.173.67 million is on account of a change in the accounting policy followed by the company with respect to the charging of major maintenance expenditure. The expenditure attributable to major maintenance was being treated as deferred revenue expenditure and was being written off over a period of three years as there was a enduring benefit accruing to the company. The balance available in the deferred revenue expenditure as on March 31, 2005 which was Rs.173.67 million has been charged off to the profit and loss account in the current year as prior year adjustments. (3) Rs.43.96 million being the initial spares imported along with the capital equipment was being considered as part of the inventory of stores and spares; these were charged to the expenditure as and when the same is issued for repairs / maintenance. The initial inventory of stores and spares has now been capitalized and the depreciation attributable to these capitalized spares up to March 31, 2005 is being charged to the profit and loss account as prior period adjustments. (4) Minimum fuel off take charges of Rs. 6.92 million which was payable to BPCL under Naphtha sales agreement up to March 31, 2005 was reversed to the extent of Rs. 3.46 million as BPCL has agreed on a lower minimum fuel off take charges. The differential is accounted by credit to prior period adjustment.

Taxation

GIL had provided for deferred tax liability in its books up to March 31, 2005 to account for the income tax difference between the profits arrived at after charging depreciation under the Companies Act and the profits arrived at under the Income Tax Act. Under the Power Purchase Agreement the Company is entitled to a reimbursement of tax on its income from the project. Accordingly, the Company has estimated the reimbursement of future taxes to the tune of Rs.1,030 million. As the deferred tax liabilities as at 30th September, 2005 includes the above mentioned amount of Rs.1,030 million, the same is being reversed from the deferred tax liability amount. The amount attributable to future taxes up to 31st March, 2005 is Rs.992 million and the balance of Rs.38 million (Rs.1,030 – 992) is attributable to the six months period ended 30th September, 2005. After the above mentioned adjustment, the deferred tax liability will be Rs.252 million which is the tax that the Company is likely to pay. The same is being shown in the balance sheet as deferred tax liability.

Profit after Tax

GIL's net profit after tax increased by 250% to Rs. 875 million for the six months ended September 30, 2005 from Rs. 250 million for the six months ended September 30, 2004. This was due primarily on account of reversal of provision of deferred tax for earlier years.

	For the year ended 31 March					
						(Rs. Million)
	2005	**as percentage of Total Income (%)**	**2004**	**as percentage of Total Income (%)**	**2003**	**as percentage of Total Income (%)**
Income						
Income from sale of electrical energy	2,970	97.47	3,072	98.40	3,180	99.07
Other Income	77	2.53	50	1.60	30	0.93
Total	**3,047**	**100**	**3,122**	**100**	**3,210**	**100**
Expenditure						
Fuel	1,383	45.39	1,397	44.75	1,289	40.15
Employees' remuneration and benefits	56	1.84	47	1.50	41	1.28
Generation, administration & other expenses	395	12.96	402	12.88	436	13.58
Depreciation	507	16.64	506	16.21	506	15.76
Interest and finance charges	156	5.12	259	8.29	352	10.97
Total	**2,497**	**81.95**	**2,611**	**83.63**	**2,624**	**81.74**
Profit before tax and prior period adjustments	550	18.05	511	16.37	586	18.26
Adjustments relating to prior period (net)	–	–	-25	-0.80	-1	-0.03

	For the year ended 31 March					
	(Rs. Million)					
	2005	as percentage of Total Income (%)	2004	as percentage of Total Income (%)	2003	as percentage of Total Income (%)
Profit before tax	**550**	**18.05**	**486**	**15.57**	**585**	**18.23**
Net taxation	**43**	**1.41**	**1**	**0.03**	**59**	**1.84**
Net profit after tax as per audited statement of accounts	**507**	**16.64**	**485**	**15.54**	**526**	**16.39**
Impact of prior Period adjustments	**(182)**	**(5.97)**	**(2)**	**(0.06)**	**(26)**	**(0.81)**
Impact of Deferred Tax Liability	**214**	**7.02**	**(93)**	**(2.99)**	**148**	**4.61**
Net profit after prior period adjustments	**539**	**17.69**	**390**	**12.49**	**648**	**20.19**

Year Ended March 31, 2005 Compared to Year Ended March 31, 2004

Income

GIL's total income decreased by 2.40% to Rs. 3,047 million in fiscal year 2005 from Rs. 3,122 million in fiscal year 2004. This decrease was primarily due to a 32.86% lower incentive of Rs. 95.47 million for the fiscal year 2005 resulting from a 3.89% reduction in PLF from 79.19% in fiscal year 2004 to 75.3% in fiscal year 2005 due to the restricted natural gas supply from GAIL. Though we are eligible for Notional Generation up to 85% PLF, APDISCOMS has been paying us on the basis of actual generation and not on Notional Generation. As such, though we are eligible for Notional Generation, we are accounting for revenues only on the basis of actual generation. The reduction in total income was also due to a 36.90% reduction in recovery of lower interest from APDISCOMs on term loans as a result of GIL's repayment of debt during the fiscal year of Rs. 956.22 million.

Expenditure

GIL's total expenditure decreased by 4.37% to Rs. 2,497 million in fiscal year 2005 from Rs. 2,611 million in fiscal year 2004. This decrease was due primarily to a 39.77% decrease in GIL's interest and finance charges, which resulted from our repayment of debt of Rs. 956.22 million during the fiscal year. As a percentage of GIL's total income, total expenditure was 83.6% in fiscal year 2004 as compared to 81.9% in fiscal year 2005.

Fuel

GIL's fuel expenditure remained flat at Rs. 1,383 million in fiscal year 2005 and at Rs. 1,397 million in fiscal year 2004. As a percentage of GIL's total income, total fuel expenditure was 45.39% in fiscal year 2005 as compared to 44.75% for fiscal year 2004.

Employees' remuneration and benefits

GIL's employees' remuneration and benefits expenditure increased by 19.15% to Rs. 56.0 million for the fiscal year 2005 from Rs. 47.0 million for the year ended March 31, 2004. This increase was primarily due to an annual increase of salaries and wages.

Generation, Administrative and Other expenses

GIL's generation, administrative and other expenses remained flat at Rs. 395.0 million for the fiscal year 2005 and at Rs. 402.0 for the fiscal year 2004.

Depreciation

GIL's depreciation expenditure remained flat at Rs. 507.0 million for the fiscal year 2005 and at Rs. 506.0 million for the fiscal year 2004 as a result of GIL's straight-line depreciation accounting policy.

Interest and finance charges

GIL's interest and finance charges decreased by 39.77% to Rs. 156.0 million for the fiscal year 2005 from Rs. 259.0 million for the fiscal year 2004. This decrease was primarily due to the repayment of debt of Rs. 956.22 million during the fiscal year 2005.

Profit before Tax

GIL's profit before tax increased by 7.63% to Rs. 550.0 million for the fiscal year 2005 from Rs. 511.0 million for the fiscal year 2004. This increase was primarily due to foreign exchange fluctutions of Rs. 41.33 million earned by GIL in respect of the cancellation of forward contracts in respect of Jegurupadu Phase II.

Taxation

GIL's tax provision has increased to Rs. 43.00 million for the fiscal year 2005 from Rs.1.00 million for the fiscal year 2004. This increase was due primarily to GIL's provision for deferred tax liability for the fiscal year 2005.

Profit after Tax

GIL's net profit after tax increased by 4.54% to Rs. 507.00 million for the fiscal year 2005 from Rs. 485.00 million for the fiscal year 2004.

Net Profit as Restated

The financial statements as on 31st March, 2005 had to be restated on account of certain prior period adjustments and adjustments towards deferred tax liability. As a result of the above adjustment, our restated net profit increased to Rs.539 million in fiscal 2005 compared to Rs.390 million for fiscal 2004.

The prior period adjustments for Fiscal 2005 are as follows:

A) Rs.41 million being gains realized on cancellation of forward contracts which were treated as income in the previous year is now being taken to the credit of Capital work in progress to comply with the accounting standards. B) Rs.125 million is on account of a change in the accounting policy followed by the company with respect to the charging of major maintenance expenditure and hence debited to prior period adjustments. The expenditure attributable to major maintenance was being treated as deferred revenue expenditure and was being written off over a period of three years as there was a enduring benefit accruing to the Company. The Company has now decided to charge the entire major maintenance expenditure in the year in which it is incurred. The balance in the deferred revenue expenditure amounting to Rs.125 million is charged off to prior period adjustments. C) Rs.5 million being the depreciation on initial spares imported along with the capital equipment was being considered as part of the inventory of stores and spares; these were charged to the expenditure as and when the same is issued for repairs / maintenance. The initial inventory of stores and spares has now been capitalized and the depreciation attributable to these capitalized spares for the year ended 31st March 2005 is being charged to the profit and loss account as prior period adjustments. D) The income tax refund amounting to Rs 11 million received and accounted in 2004-05 attributable to the year 1998-99 now being reversed as prior period adjustments.

GIL had provided for deferred tax liability in its books up to 31st March, 2005 to account for the income tax difference between the profits arrived at after charging depreciation under the Companies Act and the profits arrived at under the Income Tax Act. Under the Power Purchase Agreement the Company is entitled to a reimbursement of tax on its income from the project. The estimated amount of future taxes that will be reimbursed by APTransco against the deferred tax liability provided up to 31st March, 2005 is Rs.214 million. The same has been adjusted on an year on year basis in the restated financials.

The main adjustments for Fiscal 2004 are as follows:

- Reversal of incentive receivable from APDISCOM attributable to notional generation amounting to Rs.32.70 million accounted as income in 2002-03 and reversed in 2003-04. The effect of the reversal is being removed by a credit to prior year adjustment in 2003-2004. fee receivable from APDISCOMs amounting to Rs. 32.72 million. The impact of this is given in the financial year 2002-03. Hence, treated as income being credit.
- Reversal of incentives payable to GVKPIL which is attributable to notional generation amounting to Rs. 7.6 million accounted as expenditure in 2002-03 reversed in 2003-04. The effect of the reversal is now being removed by debit to prior period adjustments.
- Income tax demand received during 2003-04 pertaining to the years 1997-98 and 1998-99 amounting to Rs.28 million accounted as a debit to prior year adjustments in 2003-04 now being reversed and being reversed as a credit to prior period adjustment and being accounted in the respect years.
- Rs.49 million is on account of a change in the accounting policy followed by the company with respect to the charging of major maintenance expenditure. The expenditure attributable to major maintenance was being treated as deferred revenue expenditure and was being written off over a period of three years as there was a enduring benefit accruing to the company. The Company has now decided to charge the entire major maintenance expenditure in the year in which it is incurred. The balance in the deferred revenue expenditure amounting to Rs.49 million is charged off to prior period adjustments.

- Rs.5 million being the depreciation on initial spares imported along with the capital equipment was being considered as part of the inventory of stores and spares; these were charged to the expenditure as and when the same is issued for repairs / maintenance. The initial inventory of stores and spares has now been capitalized and the depreciation attributable to these capitalized spares for the year ended 31st March 2004 is being charged to the profit and loss account as prior period adjustments.
- Rs. 2 million being minimum alternative tax payable as a result of the reversal of incentive income attributable to notional generation now being accounted for.
- GIL had provided for deferred tax liability in its books up to 31st March, 2005 to account for the income tax difference between the profits arrived at after charging depreciation under the Companies Act and the profits arrived at under the Income Tax Act. Under the Power Purchase Agreement the Company is entitled to a reimbursement of tax on its income from the project. The estimated amount of future taxes that will be reimbursed by APTransco against the deferred tax liability provided up to 31st March, 2004 is Rs.93 million. The same has been adjusted on an year-to-year basis in the restated financials.

Year Ended March 31, 2004 Compared to Year Ended March 31, 2003

Income

GIL's total income decreased by 2.74% to Rs. 3,122 million in fiscal year 2004 from Rs. 3,210 million in fiscal year 2003. This decrease was primarily due to a 34.54% lower incentive of Rs. 142.18 million in fiscal year 2004 as compared to the Rs. 218.13 million in fiscal year 2003 resulting from a reduction in PLF of 5.24% from 79.19% in fiscal year 2004 to 84.43% in fiscal year 2003 due primarily to the restricted natural gas supply from GAIL. The reduction in total income was also primarily due to reduction in recovery of lower interest from APDISCOMs on term loans due to the repayment of debt during the fiscal year 2004 of Rs. 989.16 million.

Expenditure

GIL's total expenditure remained flat at Rs. 2,611 million in fiscal year 2004 and at Rs. 2,624 million in fiscal year 2003. GIL's total expenditure as a percentage of its income was 83.63% in fiscal year 2004 as compared to 81.74% in fiscal year 2003.

Fuel

GIL's fuel expenditure increased 8.38% to Rs. 1,397 million in fiscal year 2004 from Rs. 1,289 million in fiscal year 2003. This increase was primarily due to an increase in the average price of natural gas in fiscal year 2004 as compared to fiscal year 2003. GIL's fuel expenditure as a percentage of total income was 44.75% for the fiscal year 2004 as compared to 40.15% for the fiscal year 2003.

Employees' remuneration and benefits

GIL's employees' remuneration and benefits expenditure increased by 14.63% to Rs. 47 million in fiscal year 2004 from Rs. 41 million in fiscal 2003. This increase was primarily due to an increase in annual salaries.

Generation, Administrative and Other expenses

GIL's generation, administration and other expenses deceased by 7.8% to Rs. 402 million in fiscal year 2004 from Rs. 436 million in fiscal year 2003. This decrease was primarily due to a 14.09% reduction in the O&M incentive fee and insurance premiums.

Depreciation

GIL's depreciation expenditure remained flat at Rs. 506 million in fiscal year 2004 and at Rs. 506 million in fiscal year 2003 in line with GIL's straight-line depreciation accounting policy.

Interest and finance charges

GIL's interest and finance charges decreased by 26.43% to Rs. 259 million in fiscal year 2004 from Rs. 352 million in fiscal year 2003. This decrease was primarily due to the repayment of Rs. 989.16 million of debt during the fiscal year.

Profit before Tax

GIL's profit before tax decreased by 12.8% to Rs. 511 million in fiscal year 2004 from Rs. 586 million in fiscal year 2003.

Taxation

GIL's tax provision decreased to Rs. 1.00 million in fiscal 2004 from Rs.59.00 million in fiscal 2003. This decrease was primarily due to GIL's provision for deferred tax credit in fiscal year 2004.

Profit after Tax

GIL's net profit after tax decreased by 7.80% to Rs. 485 million in fiscal year 2004 from Rs. 526.00 million in fiscal year 2003.

Net Profit as Restated

Our net profit as restated for fiscal 2004 has been restated due to certain items attributable to prior period adjustments and deferred tax liability. As a result, our adjusted profit decreased by 40.00% to Rs. 390 million in fiscal 2004 compared to Rs. 648 million for fiscal 2003.

The main adjustments for Fiscal 2004 are as follows:

- Reversal of incentive receivable from APDISCOM attributable to notional generation amounting to Rs.32.70 million accounted as income in 2002-03 and reversed in 2003-04. The effect of the reversal is being removed by a credit to prior year adjustment in 2003-2004. fee receivable from APDISCOMs amounting to Rs. 32.72 million. The impact of this is given in the financial year 2002-03. Hence, treated as income being credit.
- Reversal of incentives payable to GVKPIL which is attributable to notional generation amounting to Rs. 7.6 million accounted as expenditure in 2002-03 reversed in 2003-04. The effect of the reversal is now being removed by debit to prior period adjustments.
- Income tax demand received during 2003-04 pertaining to the years 1997-98 and 1998-99 amounting to Rs.28 million accounted as a debit to prior year adjustments in 2003-04 now being reversed and being reversed as a credit to prior period adjustment and being accounted in the respect years.
- Rs.49 million is on account of a change in the accounting policy followed by the company with respect to the charging of major maintenance expenditure. The expenditure attributable to major maintenance was being treated as deferred revenue expenditure and was being written off over a period of three years as there was a enduring benefit accruing to the company. The Company has now decided to charge the entire major maintenance expenditure in the year in which it is incurred. The balance in the deferred revenue expenditure amounting to Rs.49 million is charged off to prior period adjustments.
- Rs.5 million being the depreciation on initial spares imported along with the capital equipment was being considered as part of the inventory of stores and spares; these were charged to the expenditure as and when the same is issued for repairs / maintenance. The initial inventory of stores and spares has now been capitalized and the depreciation attributable to these capitalized spares for the year ended 31st March 2004 is being charged to the profit and loss account as prior period adjustments.
- Rs. 2 million being minimum alternative tax payable as a result of the reversal of incentive income attributable to notional generation now being accounted for.
- GIL had provided for deferred tax liability in its books up to 31st March, 2005 to account for the income tax difference between the profits arrived at after charging depreciation under the Companies Act and the profits arrived at under the Income Tax Act. Under the Power Purchase Agreement the Company is entitled to a reimbursement of tax on its income from the project. The estimated amount of future taxes that will be reimbursed by APTransco against the deferred tax liability provided up to 31st March, 2004 is Rs.93 million. The same has been adjusted on an year-to-year basis in the restated financials

The main adjustments for Fiscal 2003 are as follows:

- Incentive receivable from APDISCOMs attributable to notional generation amounting to Rs.32.70 million earlier accounted as income now reversed. The effect of the reversal is being removed by a debit to prior year adjustment in 2002-03 being fee receivable from APDISCOMs amounting to Rs. 32.70 million.
- Accounting of incentives payable to GVKPIL which is attributable to notional generation amounting to Rs.7.6 million.
- Rs.5 million being the depreciation on initial spares imported along with the capital equipment was being considered as part of the inventory of stores and spares; these were charged to the expenditure as and when the same is issued for repairs / maintenance. The initial inventory of stores and spares has now been capitalized and the depreciation attributable to these capitalized spares for the year ended 31st March 2003 is being charged to the profit and loss account as prior period adjustments.
- Rs. 2 million being minimum alternative tax credit as a result of the reversal of incentive income attributable to notional generation now being accounted for.
- GIL had provided for deferred tax liability in its books up to 31st March, 2005 to account for the income tax difference between the profits arrived at after charging depreciation under the Companies Act and the profits arrived at under the

Income Tax Act. Under the Power Purchase Agreement the Company is entitled to a reimbursement of tax on its income from the project. The estimated amount of future taxes that will be reimbursed by APTransco against the deferred tax liability provided up to 31st March, 2003 is Rs.148 million. The same has been adjusted on an year-to-year basis in the restated financials.

Year Ended March 31, 2003 Compared to Year Ended March 31, 2002

Income

GIL's total income decreased by 4.8% to Rs. 3,210 million in fiscal year 2003 from Rs. 3,372 million in fiscal year 2002. This decrease was primarily due to 7.11% lower incentives of Rs. 218.13 million for fiscal year 2003 as compared to Rs. 234.82 million in fiscal year 2002 resulting from a reduction in PLF of 1.3% from 84.43% in fiscal year 2003 to 85.73% in fiscal year 2002 primarily due to the restricted natural gas supply from GAIL. The reduction in total income was also due to a reduction in recovery of lower interest from APDISCOMs on term loans due to the repayment of debt during fiscal year 2003 of Rs. 951.11 million.

Expenditure

GIL's total expenditures decreased by 5.75% to Rs. 2,624 million in fiscal year 2003 from Rs. 2,784 million in fiscal year 2002. GIL's total expenditure as percentage of total income was in 81.74% in fiscal year 2003 as compared to 82.56% in fiscal year 2002. This decrease was primarily due to a 31.52% reduction in interest and finance charges of Rs. 162 million.

Fuel

GIL's fuel expenditure remained flat at Rs. 1,289 million in fiscal year 2003 and at Rs. 1,294 million in fiscal year 2002. GIL's total fuel expenditure as percentage of total income from the sale of electrical energy was 40.15% in fiscal year 2003 as compared to 38.37% in fiscal year 2002.

Employees' remuneration and benefits

GIL's employees' remuneration and benefits expenditure remained flat at Rs. 41 million in fiscal year 2003 and fiscal year 2002.

Generation, Administrative and Other expenses

GIL's generation, administrative and other expenses increased by 1.63% to Rs. 436 million in fiscal year 2003 from Rs. 429 million in fiscal year 2002. This increase was primarily due to a 6.96% increase in insurance costs of Rs. 5.44 million from Rs. 78.07 million in fiscal year 2002 to Rs. 83.51 million in fiscal year 2003 due to expanded insurance coverage and an increase in insurance premiums.

Depreciation

GIL's depreciation expenditure remained flat at Rs. 506 million in fiscal year 2003 and fiscal year 2002 as a result of GIL's straight-line depreciation accounting policy.

Interest and finance charges

GIL's interest and finance charges decreased by 31.52% to Rs. 352 million in fiscal year 2003 from Rs. 514 million in fiscal year 2002. This decrease was due primarily to the repayment of debt of Rs. 951.11 million during fiscal year 2003.

Profit before Tax

GIL's profit before tax remained flat at Rs. 586 million in fiscal year 2003 and at Rs. 588 million in fiscal year 2002.

Taxation

GIL's tax provision increased to Rs. 59.00 million in fiscal 2003 from Rs.29.00 million in fiscal 2002. This increase was due primarily to GIL's provision for deferred tax liability in fiscal year 2003.

Profit after Tax

GIL's net profit after tax decreased by 21.49% to Rs. 526 million in fiscal year 2003 from Rs. 670.00 million in fiscal year 2002.

Net Profit as Restated

Our net profit as restated for fiscal 2003 has been restated due to certain items attributable to prior period adjustments. As a result, our adjusted profit increased by 25.58% to Rs. 648 million in fiscal 2003 compared to Rs. 516 million for fiscal 2002.

The main adjustments for Fiscal 2003 are as follows:

- Incentive receivable from APDISCOMs attributable to notional generation amounting to Rs.32.70 million earlier accounted as income now reversed. The effect of the reversal is being removed by a debit to prior year adjustment in 2002-03 being fee receivable from APDISCOMs amounting to Rs. 32.70 million.
- Accounting of incentives payable to GVKPIL which is attributable to notional generation amounting to Rs.7.6 million.
- Rs.5 million being the depreciation on initial spares imported along with the capital equipment was being considered as part of the inventory of stores and spares; these were charged to the expenditure as and when the same is issued for repairs / maintenance. The initial inventory of stores and spares has now been capitalized and the depreciation attributable to these capitalized spares for the year ended 31st March 2003 is being charged to the profit and loss account as prior period adjustments.
- Rs. 2 million being minimum alternative tax credit as a result of the reversal of incentive income attributable to notional generation now being accounted for.

GIL had provided for deferred tax liability in its books up to 31st March, 2005 to account for the income tax difference between the profits arrived at after charging depreciation under the Companies Act and the profits arrived at under the Income Tax Act. Under the Power Purchase Agreement the Company is entitled to a reimbursement of tax on its income from the project. The estimated amount of future taxes that will be reimbursed by APTransco against the deferred tax liability provided up to 31st March, 2003 is Rs.148 million. The same has been adjusted on an year-to-year basis in the restated financials.

Liquidity and Capital Resources

Liquidity

Historically, our primary liquidity requirements have been to finance our working capital requirements for our operations and capital expenditures. We have met these requirements from cash flows from generations as well as from borrowings. We seek to maintain at least 45 days of operating expenses as cash and cash equivalents, and we also have working capital facilities extended by various banks.

Cash Flows

The table below summarizes GVKPIL's cash flows for the period indicated:

(Rs. in million)

	For the six months ended September 30, 2005	**For the year ended March 31,**		
		2005	**2004**	**2003**
Cash-flow from operating activities				
Net profit as restated	42.29	17.00	31.03	38.08
Net cash from operating activities	15.90	40.33	37.24	51.63
Net cash from / (used in) investing activities	(934.39)	(890.42)	0.76	0.89
Net cash from / (used in) financing activities	1,486.02	834.27	(31.19)	(87.50)

Cash flow from operating activities

Net cash provided by operating activities was Rs.15.90 million for the six months ended September 30, 2005 reflects adjustments for interest expense and income tax and dividend income. This also takes into account the increase in the current assets such as sundry debtors and a decrease in current liabilities.

Net cash for the fiscal 2005 amounts to Rs.40.33 million reflects adjustments for interest and income tax. Similarly, the net cash of Rs.37.24 million for the fiscal 2004 reflects adjustments in particular towards income tax. Net cash of Rs.51.63 million for fiscal 2003 reflects primarily adjustments towards decrease in sundry debtors, unbilled revenues and a decrease in current liabilities.

Cash flow from investment activities

Net cash from investment activities amounting to Rs.934.39 million for the period ended September 30, 2005 was utilized towards acquisition of equity shares of GIL. In the fiscal year 2005 also the net cash from investment activities was utilized towards acquisition of equity shares of GIL.

Cash flow from financing activities

Net cash from financing activities amounting to Rs.1,486.02 million includes share application money received amounting to Rs.1,002.05 million and an increase in short term borrowings amounting to Rs.500.00 million.

Net cash for the fiscal 2005 amounting to Rs.834.27 million represents long term borrowings net of interest on such borrowings. For the fiscal 2004, the net cash used in financing activities of Rs.31.19 million represents dividends and tax on dividends paid. For fiscal 2003, the net cash used in financing activities of Rs.87.50 million represents dividends paid.

The table below summarizes GIL's cash flows for the periods indicated:

(Rs. in million)

	For the six months ended September 30, 2005	For the year ended March 31,		
		2005	2004	2003
Cash-flow from operating activities				
Net cash from operating activities	(340)	1,764	784	985
Cash-flow from Investing activities				
Net cash from Investing activities	(385)	(5,387)	(877)	(155)
Cash-flow from financing activities				
Net cash from financing activities	120	4,089	125	(677)

Cash Flow from Operating Activities

Net cash used in operating activities of Rs.340 million for the period ended September 30, 2005 represents adjustments for depreciation, dividends paid, prior period adjustments and trade payables. Net cash provided by operating activities was Rs. 1,764 million in fiscal year 2005, which is inclusive of amounts payable to the EPC Contractor and other suppliers of capital equipment for the Jegurupadu Phase II amounting to Rs. 899.46 million. GIL's net cash provided by operating activities reflects adjustments for a number of non-cash items, primarily depreciation and deferred revenue expenses and decreasing interest costs. Net cash provided by operating activities was Rs. 784 million in fiscal year 2004. This reflected adjustments for non-cash items, particularly depreciation and deferred revenue expenses. Net cash provided by operating activities was Rs. 985 million in fiscal year 2003. This reflected adjustments for non-cash items, particularly depreciation and deferred revenue expenses.

Cash from Investing Activities

Net cash used in investing activities amounting to Rs.385 million for the period ended September 30, 2005 represents expenditure on Jegurupadu Phase II project. Net cash from investing activities was Rs. 5,387 million in fiscal year 2005, and consisted primarily of expenditure on the Jegurupadu Phase II project. Net cash used in investing activities was Rs. 877 million in fiscal year 2004 and was also due to expenditure on the Jegurupadu Phase II project. In fiscal year 2003, net cash from investing activities was Rs. 155 million, and consisted mainly of expenditure on major maintenance of Rs. 147 million.

Cash from Financing Activities

Net cash flow from financing activities of Rs.120 million for the period ended September 30, 2005 represents a net increase of term loans during the above period. It includes an increase in long term borrowings of Rs.870 million, payment of term loans amounting to Rs.422 million and payment of short term loans amounting to Rs.295 million and an increase in buyers' credit loan of Rs.4 million. Net cash from financing activities was Rs. 4,089 million, Rs. 125 million and an outflow of Rs. 677 million in fiscal year 2005, 2004 and 2003, respectively. The most significant component of the net cash from financing activities was a net increase of 427.59% in GIL's term loans for fiscal year 2005 as compared to fiscal year 2004 to finance the Jegurupadu Phase II project. The 157.3% increase in short-term borrowings was Rs. 673 million in fiscal 2005, including a Rs. 500 million bridge loan for Jegurupadu Phase II and Rs. 173 million for Jegurupadu Phase I, compared to Rs. 20 million in fiscal year 2004 and Rs. 108 million in fiscal year 2003.

Historical and Planned Capital Expenditure

As of March 31, 2005, Rs. 6,030.08 million had been spent on the Jegurupadu Phase II project and Rs. 3,535.55 million has been spent on the GPL power project. In fiscal year 2006, we expect to spend Rs. 1,173.62 million on the Jegurupadu Phase II project, of which Rs. 549.76 million has been spent as of September 30, 2005 and Rs. 9,459.61 million on the GPL power project, of which Rs. 8,285.00 million has been spent as of September 30, 2005. In fiscal 2007, we expect to spend Rs. 1,504.84 million on the GPL power project. We expect to fund our portion of the equity component of the GPL power project with a portion of net proceeds of the Issue. To the extent that we develop and operate new projects, we expect to fund any capital expenditure with a combination of debt and equity.

Indebtedness

GVKPIL:

For meeting our equity contribution requirement till the closure of the Issue, we have taken a bridge finance of Rs. 600 million from IL&FS. An amount of Rs. 300 million has been sanctioned by IL&FS by their letter dated October 10, 2005 and an another Rs. 300 million was sanctioned on November 23, 2005. The bridge loan was disbursed on October 21, 2005 and on December 8, 2005. We have utilized the funds from the bridge loan to make an equity investment in GPL such that our stake in GPL will increase from the current stake of 38.38% to 45.33%. The bridge loan has been secured by (i) a charge on certain immoveable properties, and (ii) by a cross-security on the security provided by us in respect of a Rs. 700 million term loan from IL&FS which includes the property on which our corporate office is situated and on the Equity Shares of our Promoters initially pledged to IL&FS and on the Equity Shares allotted to our Promoters by way of a bonus issue in August 2005. The Equity Shares allotted to our Promoters by way of a bonus issue has been pledged in favour of IL&FS on December 6, 2005. The above Equity Shares will be released from the pledge upon repayment of the birdge loans from the proceeds of the Issue.

The bridge loan has been secured by (i) a charge of certain immoveable properties, and (ii) by a cross-default on the security provided by us for the term loan from IL&FS which includes the property on which our corporate office is situated and on the Equity Shares of our Promoters initially pledged to IL&FS and on the Equity Shares allotted to our Promoters by way of a bonus issue in August 2005. The above security has been extended to the additional loan of Rs. 300 million.The Equity Shares allotted to our Promoters by way of a bonus issue has been pledged in favour of IL&FS on December 6, 2005.

In connection with our acquisition of CMS, USA's stake in GIL, we incurred indebtedness of Rs. 700 million from IL&FS and Rs. 120 million from a bank. Additionally, as security for a term loan of Rs. 700 million from IL&FS, availed by us for the acquisition of CMS (USA) stake in GIL, we have pledged 23.75% of the total equity of GIL in favour of IL&FS. Depending on the actual Issue Proceeds both loans are intended to be repaid from the net proceeds of the Issue. See "Objects of the Issue".

The following table summarizes our secured and unsecured long-term indebtedness as of September 30, 2005.

(Rs. in million)

	GIL	%	GPL	%	GVKPIL	%
Long Term Loans (Secured)	6,606.40	86.95	7,216.82	99.94	700.00	52.16
Unsecured loans	804.81	10.59	-	-	642.00	47.84
Working capital & others(secured)	187.05	2.46	4.41	0.06	-	-
Total	7,598.26	100.00	7,221.23	100.00	1,342.00	100.00

The following table presents details of our outstanding debt in respect of Jegurupadu Phase I and GVKPIL, together with the applicable currencies that mature, or in respect of which payment is due, in the fiscal years indicated. In respect of Jegurupadu Phase II and GPL power project, these details have not been given as the projects have not yet become operational.

Jegurupadu Phase I:

(Rs. in million)

Currency	Fiscal 2006	Fiscal 2007	Fiscal 2008
Indian Rupees	222.927	-	-
Euro	4.266	0.910	0.217
Japanese Yen	341.065	229.254	-
US$	3.589	3.589	0.873

Off-Balance Sheet Arrangements

All of our obligations are reflected on our balance sheet.

Quantitative and Qualitative Disclosure about Market Risk

Price of Fuel

We are dependent upon government-controlled companies, GAIL and BPCL, for our natural gas fuel requirements and our naphtha fuel requirements, respectively. We are subject to variations in the price of natural gas and naphtha at rates fixed by such companies. Naphtha can also be purchased from other petroleum suppliers. However, as fuel cost is a pass through costs for us, we are not affected by an increase in the price of fuel.

Exchange Rate Risk

For Jegurupadu Phase I, foreign exchange risk is borne by APDISCOMs. In respect of Jegurupadu Phase II and GPL power project, the foreign exchange component tariff protects us from foreign exchange risk to a large extent, except for equipment and service imports. As of September 30, 2005, the long-term indebtedness for GVKPIL, GIL and GPL aggregated Rs.14,893.22 million, of which 45.71% was denominated in a foreign currency.

Interest rate risk

Interest rate risk arises when 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. Our exposure to changes in interest rates is not material to our financial position or results of operations.

Transactions with Related Parties

We have certain transactions with our Promoter Group Companies, i.e., other GVK companies. For details, please refer to the section titled “Related Party Transactions” on page 186 of this Prospectus.

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 CMIE, inflation in India was approximately 3.7%, 6.5%, 4.6% and 5.1% in fiscal 2002, 2003, 2004 and 2005, 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.

Equity price risk

Equity price risk arises when we are exposed to changes in the fair value of any traded equity instruments that we may hold due to changes in the equity markets. Our exposure to changes in equity prices is not material to our financial position or results of operations.

Unusual or infrequent events or transactions

Except as described in this 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 entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Prospectus, to 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 in which we operate

We do not report industry segments under unconsolidated financial statements prepared in accordance with Indian GAAP.

New product or business segment

Other than as described in section entitled “Business” and elsewhere in this Prospectus, to our knowledge, there are no new products or business segments.

Seasonality of business

Seasonal variations in power demand do not affect our results of operations, since our PLF is determined on an annual basis.

Dependence on a single or few suppliers/customers

As described in the section titled “Risk Factors” and “Business” on pages 11 and 71 in this Prospectus, we depend on GAIL for our supply of natural gas and BPCL for our supply of naphtha, and we supply power solely to APDISCOMs.

Competitive conditions

In view of the long-term off-take arrangements with APDISCOMs, we do not foresee any competition in our business during the currency of the PPA. For further details, please refer to the discussions of our competition in the sections titled “Risk Factors” and “Business” on pages 11 and 71, respectively, of this Prospectus.

Significant developments after September 30, 2005 that may affect our future results of operations

Recently, a corporate restructuring plan was undertaken by us with the intention that GVKPIL become a holding company of the power projects promoted by other GVK companies, namely by GIL and GPL. As a result we have acquired 53.96% of the equity share capital of GIL and 38.38% of the equity share capital of GPL. For further details see “History and Corporate Structure” on page 95 of this Prospectus.

For meeting our equity contribution requirement till the closure of the Issue, we have taken a bridge finance of Rs. 600 million from IL&FS. An amount of Rs. 300 million has been sanctioned by IL&FS by their letter dated October 10, 2005 and an another Rs. 300 million was sanctioned on November 23, 2005. The bridge loan was disbursed on October 21, 2005 and on December 8, 2005. We have utilized the funds from the bridge loan to make an equity investment in GPL such that our stake in GPL will increase from the current stake of 38.38% to 45.33%. The bridge loan has been secured by (i) a charge on certain immoveable properties, and (ii) by a cross-security on the security provided by us in respect of a Rs. 700 million term loan from IL&FS which includes the property on which our corporate office is situated and on the Equity Shares of our Promoters initially pledged to IL&FS and on the Equity Shares allotted to our Promoters by way of a bonus issue in August 2005. The Equity Shares allotted to our Promoters by way of a bonus issue has been pledged in favour of IL&FS on December 6, 2005. The above Equity Shares will be released from the pledge upon repayment of the birdge loans from the proceeds of the Issue.

The bridge loan has been secured by (i) a charge of certain immoveable properties, and (ii) by a cross-default on the security provided by us for the term loan from IL&FS which includes the property on which our corporate office is situated and on the Equity Shares of our Promoters initially pledged to IL&FS and on the Equity Shares allotted to our Promoters by way of a bonus issue in August 2005. The above security has been extended to the additional loan of Rs. 300 million.The Equity Shares allotted to our Promoters by way of a bonus issue has been pledged in favour of IL&FS on December 6, 2005.

The Commissioning of the Jegurupadu Phase-II has shifted from December 2005 to middle of February 2006 primarily due to:

The commissioning tests could not be completed as programmed earlier due to insufficient vacuum built up in the Steam Turbine and the Condenser and unfavourable grid frequency conditions which did not allow the synchronization and running of the unit in parallel with the grid. As a result the necessary changes in the unit are being carried out such that the programmed Performance Acceptance Tests can be carried out by the middle of February 2006.

Except as stated above and elsewhere in this Prospectus, there are no subsequent developments after the date of the Auditor’s Report which we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of the Company.

New Accounting Standards

Our management does not believe that there will 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.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated herein, there is not outstanding or pending litigation, suit, criminal or civil prosecution proceeding initiated for offence (irrespective of whether specified paragraph (I) if Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against us, our Subsidiaries, associate, group companies, Promoters or Directors and there are no defaults, non payments or overdues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, or its subsidiaries and no disciplinary action has been taken by SEBI or any stock exchange against us, our Subsidiaries, associate, group companies, Promoters or Directors.

I. Cases involving GVK Power & Infrastructure Limited

Tax related cases

The Company has filed an appeal before the Commissioner of Central Excise against the order of the Assistant Commissioner Central Excise directing us to deposit a service tax of Rs. 2.7 million. An application for exemption of pre-deposit of the amount was also made and has been disposed by the Commissioner demanding the deposit of Rs. 2.5 million. A writ petition (W.P. No24064/2001) has been filed before the High Court of Andhra Pradesh challenging the order of the Commissioner. The High Court of Andhra Pradesh has directed us to deposit Rs. 1 million instead of Rs. 2.5 million. The Company has complied with the said order of the High Court. The matter is posted for hearing before the Commissioner of Central Excise.

Contingent Liabilities

The Company has received an order from the Service Tax authorities demanding service tax estimated at Rs. 5.16 million including estimated penalty, on the revenues of the Company for the period up to March 31, 1999. An amount of Rs. 1 million has been deposited with the authorities in this regard and the same is included under loans and advances section in the balance sheet. The consequential liability in respect of the service tax and penalty for the period April 1999 to March 31, 2005 and interest from the period from July 8, 1997 up to March 31, 2005 is estimated at Rs. 43 million.

II. Cases involving GVK Industries Limited

Tax related cases

Cases filed by GVK Industries Limited

GVK Industries has filed an appeal (Civil Appeal no. 7796 of 1997) in the Supreme Court of India against the order of the High Court of Andhra Pradesh dated May 3, 1997 in Writ Petition no. 6866 of 1995 directing the deduction of tax on payment of a sum of Rs. 54 million as succession fee to M/s. ABB Projects and Trade Finance International Limited for the financial services rendered by them to the company. We have challenged the levy of tax under Section 9 of the Income Tax Act, 1961 on services rendered by a foreign company to an Indian company by correspondence from outside India. The Supreme Court has admitted the appeal on November 27, 1997.

Other cases

Cases filed by GVK Industries Limited

a) The company has filed a writ petition (W.P. No. 19316 of 2003) before the High Court of Andhra Pradesh against the Union of India, AP TRANSCO and the State of Andhra Pradesh. The writ petition challenges the notice No. Lr.No.CE/Comml/DE-BPP/ADE/F.ROE17.17/D.No.534/03 dated August 20, 2003 alleging effective return on equity paid is at 17.17% and not 16% and notice issued for the recovery of a sum of Rs. 204.8 million as excess paid over from the future bills of the company. The interim application (W.P.M.P. No. 24220 of 2003) filed by us has been allowed and by order dated September 12, 2003, the High Court of Andhra Pradesh has issued directions to AP TRANSCO not to deduct or adjust the alleged excess return on equity until the writ petition is disposed. The matter is posted for disposal.

b) The company has filed a writ petition (W.P. No. 7484 of 2004) before the High Court of Andhra Pradesh against APERC and AP TRANSCO. The writ petition challenges Notice Nos. D. No. 387 to 389 of 2004 dated March 11, 2004 issued by APERC to company on the admission of Case Nos. O.P.(S.R.) No. 13, 14 and 16 of 2004 filed by AP TRANSCO. The company has challenged the said notices on the ground that the amended and restated PPA dated April 19, 1996 between the company and AP TRANSCO provides for referral of all disputes between the parties to arbitration. The High Court of Andhra Pradesh has issued interim directions to APERC not to proceed with the above cases until the writ petition is disposed. The matter is posted for final hearing.

c) The company has filed a writ petition (W.P No 18634 of 2005) before the High Court of Delhi against Central Electricity Authority, New Delhi, Union of India and others. The writ petition has been filed seeking a direction to Central Electricity Authority, New Delhi to take a decision on approval of the completed capital cost of Phase I Project within a specific time bound manner. Notices have been issued to the parties and the matter is pending for hearing.

Cases filed against GVK Industries Limited

(a) AP Gas Power Corporation Limited, (APGPCL) filed a Writ Petition being WP No.22051/05 in Andhra Pradesh High Court against GAIL in which GVK Industries Limited was also made a party, seeking directions to GAIL for supply of gas to its power plant and also raising false allegations against Phase-II power project of GVK Industries Limited. The said WP is *sub judice* in Hon'ble High Court.

(b) APTRANSCO / APCODCL filed a case being OP No.17/2005 against GVK Industries before APERC, *inter-alia* seeking approval of APERC of its proposal for non payment of variable cost to the company alleging non-compliance of dispatch instructions of SLDC. The company is contesting the said OP as the same being without jurisdiction and contrary to the provisions of the Power Purchase Agreement. The matter is *sub judice* before the APERC.

(c) AP TRANSCO has filed a petition (O.P. No. 22 of 2004) against the company before the APERC under Section 86(1) (b), 94(1)(f) of the Electricity Act read with Section 11(1)(e) of the Andhra Pradesh Electricity Reforms Act, 1998 and Regulation 8 and 9 of Andhra Pradesh Electricity Regulatory Commission Business Regulations seeking deletion of the alternate fuel clause from the PPA dated June 18, 2003. The company has filed the counter to the petition. The matter is reserved for the arguments of APTRANSCO.

(d) The People's Monitoring Group on Electricity Regulation and an individual, K. P. Rao have filed applications (I.A. No 21 of 2005 in O.P No. 22 of 2004) before the APERC to set aside the PPA between AP TRANSCO and the company in light of certain reassessed load and availability of gas and gas prices. The matter is pending for further arguments.

(e) AP TRANSCO has filed an appeal (CMA 59 of 2005) before the High Court of Andhra Pradesh against the order dated December 17, 2004 (passed in I.A. No. 2956 of 2004 in relation to O.P. No. 3073) granting an *ad interim* injunction from proceeding with calculating interest on the working capital for the tariff year 2004-2005 as proposed by AP TRANSCO vide letter (bearing ref. no. CE Comm/SE1/BPP1/ADE/F.GVK-FCC/D.NO.836/04) dated December 4, 2004. The matter is pending.

(f) APTRANSCO has filed an application (O.P. (S.R.) No. 13 of 2004) before APERC seeking a revision of the incentive formulas stipulated in the amended and restated PPA as per the formula enumerated in the amended Clause 1.6 of GoI Notification dated March 30, 1992. APTRANSCO also seeks a revision of previous incentive payments and a recovery of excess paid amount. The matter has been stayed by the Andhra Pradesh High Court writ petition (W.P.No 7484 of 2004)

(g) APTRANSCO has filed an application (O.P. (S.R.) No. 14 of 2004) before Andhra Pradesh Electricity Regulatory Commission seeking a reduction of the working capital amount to the actual borrowing or as per provisions of PPA whichever is less and payment of future interest on working capital based on the reduced working capital amount. APTRANSCO has also prayed for a revision of previous interest on working capital from inception based on the reduced amount of working capital. The matter has been stayed by the Andhra Pradesh High Court writ petition (W.P. No 7484 of 2004)

(h) APTRANSCO has filed an application (O.P. (S.R.) No. 16 of 2004) before Andhra Pradesh Electricity Regulatory Commission seeking a reduction of the rate of interest on working capital to 11.6% based on the rate of interest offered by SBI to best rated customers and to allow for the payment of future interest on working capital at 11.6% for the tariff years June 2003-June 2004. The matter has been stayed by the Andhra Pradesh High Court writ petition (W.P. No 7484 of 2004)

Arbitration matters

a) The company has filed an arbitration application (A.A. No. 10 of 2005) before the High Court of Andhra Pradesh for the constitution of an arbitral tribunal consisting of a presiding officer and two arbitrators. This application has been filed due to the failure by AP TRANSCO to refund a sum of around Rs. 7.7 million deducted by it from our bill dated December 13, 2004, vide letter (bearing ref. no. CE Comm/SE1/BPP1/ADE/F.GVK-FCC/D.NO.836/04) dated December 4, 2004. AP TRANSCO has deducted this sum based on interest calculated on the working capital for the tariff year 2004-2005. The High Court of Andhra Pradesh has directed that the matter be posted for hearing after disposal of CMA No. 59 of 2004 and W.P. No. 7484 of 2004.

b) In November 2005, the Company- M/s. GVK Industries Limited initiated arbitration proceedings by appointing its nominee arbitrator for adjudication of various claims under the Power Purchase Agreement against APTRANSCO and the said proceedings are pending for further necessary action under Arbitration & Conciliation Act, 1996.

Contingent Liabilities not provided for as on March 31, 2005

(Rs. in million)

On account of guarantees issued by Banks	281.280
On account of Inland letters of credit	130
Service tax reimbursement to JOMC as matter is pending for disposal	48.243

III. **Cases involving Gautami Power Limited**

Cases filed against Gautami Power Limited

a) AP TRANSCO has filed a petition (O.P. No. 24 of 2004) against the company before the APERC under Section 86(1)(b), 94(1)(f) of the Electricity Act read with Section 11(1)(e) of the Andhra Pradesh Electricity Reforms Act, 1998 and Regulation 8 and 9 of Andhra Pradesh Electricity Regulatory Commission Business Regulations seeking deletion of the alternate fuel clause from the PPA dated June 18, 2003 entered into with us. The company has filed the counter to the petition. The case is posted for further arguments of APTRANSCO.

b) AP Gas Power Corporation Limited, (APGPCL) filed a Writ Petition being WP No.22051/05 in Andhra Pradesh High Court against GAIL in which Gautami Industries Limited was also made a party, seeking directions to GAIL for supply of gas to its power plant and also raising false allegations against power project of Gautami Power Limited. The said WP is *sub judice* in Hon'ble High Court.

Other cases

a. B.V. Raghava, M. Venugopal Rao, Dr. M.V.Mysoora Reddy and A. Punna Rao have filed applications (I.A. No 3, 7, 11 and 19 of 2005 in O.P No. 24 of 2004) before the APERC to amend the PPA between AP TRANSCO and the Company. The case is pending for hearing.

b. The People's Monitoring Group on Electricity Regulation and an individual, K. P. Rao have filed applications (I.A. No 23 and 15 of 2005 in O.P No. 24 of 2004) before the APERC to set aside the PPA between AP TRANSCO and us in light of certain reassessed land forecast and availability of gas and gas prices. The case is pending for hearing.

Contingent Liabilities not provided for March 31, 2005

(Rs. in million)

On account of guarantees issued by Banks	436.507
On account of claims against the company not acknowledged as debt	5.186

IV. **Cases involving Promoter Group Companies**

There are no cases filed by or against any of the Promoter Group companies

V. **Cases involving our Promoters and Directors**

There are no cases filed by or against our Promoters and Directors

GOVERNMENT APPROVALS

On the basis of the list of approvals below, we are permitted to carry on our business activities and no further major approvals are required to be obtained by us from any government authorities/RBI to continue these activities.

GVK Power & Infrastructure Limited

RBI/FIPB

1. Approval (bearing no. FED.DEL.FID//06.1.04.117/2003-4) dated June 10, 2004 issued by the Reserve Bank of India granting permission for purchase by G. V. Krishna Reddy of 7000 equity shares of Company, purchase by G. Indira Krishna Reddy of 7000 equity shares of Company, purchase by G.V. Sanjay Reddy of 3500 equity shares of Company and purchase by Somanadri Bhupal of 3500 equity shares of Company from Jegurupadu Operating and Maintenance Company, Mauritius.
2. Approval (bearing no. FED.DEL.FID//06.1.04.117/2003-4) dated June 10, 2004 issued by the Reserve Bank of India granting permission for purchase by G. Aparna Reddy of 3500 equity shares of Company, purchase by G. Keshav Reddy of 1750 equity shares of Company, purchase by G. Mallika Reddy of 1750 equity shares of Company, purchase by Shalini Bhupal of 3500 equity shares of Company, purchase by Shriya Bhupal of 1750 equity shares of Company and purchase by Krishna Ram Bhupal of 1750 equity shares of Company from Triumph Investments Ltd., Mauritius.
3. Approval (bearing no. EC.CO.FID(II)/1616/10.02.42/J-11/96-97) dated June 17, 1997 issued by the Reserve Bank of India granting final permission for issue of 14,000 equity shares of Rs.10 each to Triumph Investments Ltd.
4. Approval (bearing no. DEL.CI/4811/06.04.2150/96-97) dated March 25, 1997 issued by the Reserve Bank of India granting permission for issue of 29,990 equity shares of Rs.10 each to Jegurupadu Operating and Maintenance Company, Mauritius.
5. Approval (bearing no. EC.CO.FID(II)/8578/10.02.42/J-11/96-97) dated February 27, 1997 issued by the Reserve Bank of India granting in principle permission for issue of 14,000 equity shares of Rs.10 each to Triumph Investments Ltd.
6. Approval (bearing no. EC.CO.FID(II)/152/10.1.07.02.4196/97-98) dated 1997 issued by the Reserve Bank of India granting permission for purchase of 1 equity share of Rs.10 each from K. Prasad and 9 equity shares of Rs.10 each from Interim Jegurupadu O&M Co. Pvt. Ltd. by Jegurupadu Operating and Maintenance Company, Mauritius.
7. Approval (bearing no. FC.II : 986(95)/1110 (95)) dated December 20, 1995 from Secretariat for Industrial Approvals conveying approval for foreign equity participation of 100% in the Company amounting to US$ 2.0 lakhs.

TAXES

1. Registration of M/s Jegurupadu Operating and Maintenance Co under the Andhra Pradesh State Tax on Professions, Trades, Callings and Employments Act, 1987, Registration No: 92
2. VAT Registration of M/s Jegurupadu Operating and Maintenance Co issued by the Commercial Taxes Department on April 8, 2005, (VAT TIN No: 28120220639).

LABOUR

1. Registration of M/s Jegurupadu Operating and Maintenance Co. Jegrupadu, Kadiyam, East Godavari District under the Employee Provident Funds and Miscellaneous Provisions Act, 1952 dated November, 1997. Code no allotted AP/31571
2. Registration of M/s Jegurupadu Operating and Maintenance Co under the Employees' State Insurance Corporation, dated March 9, 1999. Code No allotted 52-16810-101
3. Registration of M/s Jegurupadu Operating and Maintenance Co under Section 7(2) of the Contract Labour (Regulation and Abolition) Act, 1970, dated September 30, 1996. Certificate No – R.No.43

GVK INDUSTRIES LIMITED

RBI/FIPB

1. Form FC–TRS dated February 16, 2005 filed with the Reserve Bank of India reporting the transfer of 62,225,000 equity shares of Rs. 10 each of GIL from Jegurupadu CMS Generation Company Limited, Mauritius to Jegurupadu Operating and Maintenance Company for a purchase consideration of Rs. 638,756,544.01.
2. Form FC–TRS dated February 16, 2005 filed with the Reserve Bank of India reporting the transfer of 2,465,200 equity shares of Rs. 10 each of GIL from Classic Investments Limited, Mauritius to Jegurupadu Operating and Maintenance Company for a purchase consideration of Rs. 253,060,509.

3. Approval (bearing no. HY/EC/IMP/2185/09.04.389(AR)/2003-04) dated December 24, 2003 issued by the Reserve Bank of India allotting registration number HY.AR.085389 to external commercial borrowing of USD 35 million availed from Bank of Baroda, London vide a loan agreement dated November 20, 2003.

4. Approval (bearing no. EC.CO.FID(II)1928/10.02.61/47B(REP)/2000-01) dated December 11, 2000 issued by the Reserve Bank of India granting permission for purchase of 25,00,000 equity shares of Rs.10 each of Company by Guardian Holdings Ltd. from GVK Petro Chemicals Pvt. Ltd.

5. Approval (bearing no. EC.CO.FID(II)6493/10.02.61/47B(REP)/98/99) dated June 17, 1999 issued by the Reserve Bank of India granting permission for purchase of 71,57,300 equity shares of Rs.10 each of Company by Guardian Holdings Ltd. from Ranger Investments Ltd. And Carolina Investments Ltd.

6. Approval (bearing no. EC.CO.FID(II)3186/10.02.63/47B(REP)/98/99) dated December 9, 1998 issued by the Reserve Bank of India granting permission for purchase of 13,24,500 equity shares of Rs.10 each of Company by Guardian Holdings Ltd. from Sudhakar Reddy.

7. Approval (bearing no. HY.EO.REM/4088/14.05.705/96-97) dated December 31, 1997 issued by the Reserve Bank of India granting final permission for issue of 80,27,400 equity shares of Rs.10 each to Guardian Holdings Ltd.

8. Approval (bearing no. HY.EO.REM/3021/14.05.705/97-98) dated November 17, 1997 issued by the Reserve Bank of India granting final permission for issue of 56,52,200 equity shares of Rs.10 each to Classic Investments Ltd.

9. Approval (bearing no. HY.EO.REM/1428/14.05.705/97-98) dated August 27, 1997 issued by the Reserve Bank of India granting final permission for issue of 19,69,900 equity shares of Rs.10 each to Classic Investments Ltd.

10. Approval (bearing no. HY.EO.REM/1375/14.05.705/97-98 dated August 22, 1997 issued by the Reserve Bank of India granting in principle permission for enhanced foreign equity up to 92.35% amounting to US$ 77.29 million to be contributed by:

    IFC – 10%

    ABB – 5%

    Jegurupadu CMS Generation Company- 18.75%

    NRIs/OCBs/Foreign banks – 58.60%

11. Letter (bearing no. FCII 117(93)/159(93) – Amend) dated July 29, 1997 issued by the Secretariat of Industrial Assistance, amending approval bearing No. FC.II.117(93)/159(93) – AMEND dated May 14, 1997 by substituting the words and figures " ABB – 5%" for the words and figures "ABB- 0.5%".

12. Approval (bearing no. FC.II.117(93)/159(93) – AMEND) dated May 30, 1997 issued by the Secretariat of Industrial Assistance granting permission for increase in foreign equity participation from 85% to 92.35% amounting to US$ 77.29% million to be subscribed as follows:-

    International Finance Corporation, Washington – 10%

    ABB Power Investment India BV– 0.5%

    Jegurupadu CMS Generation Company. – 18.75%

    NRIs, OCB, foreign investment companies – 58.60%

13. Approval (bearing no. HY.EO.REM/10779/14.05.705/96-97) dated May 14, 1997 issued by the Reserve Bank of India granting final permission for issue of 41,07,800 equity shares of Rs.10 each to Non-Residents of Indian nationality, FIIs.

14. Approval (bearing No. HY.EO.REM/10462/14.05.705/96-97) dated May 6, 1997 issued by the Reserve Bank of India granting final permission for issue of 22,81,600 equity shares of Rs.10 each to Guardian Holdings Ltd.

15. Approval (bearing no. HY.EO.REM/3008/14.05.705/96-97) dated October 11, 1996 issued by the Reserve Bank of India granting final permission for issue of 21546800 equity shares of Rs.10 each to Jegurupadu CMS Generation Company. Ltd., 5632600 equity shares of Rs.10 each to Golden Palm Ltd. and 13597000 equity shares of Rs.10 each to IFC Washington.

16. Approval (bearing no. HY.EO.REM/3007/14.05.705/96-97) dated October 11, 1996 issued by the Reserve Bank of India granting final permission for issue of 7593500 equity shares of Rs.10 each to Classic Investments Ltd., and 65500000 equity shares of Rs.10 each to Vintage Investment Ltd.

17. Approval (bearing no. HY.EO.REM/1584/14.05.705/96/97) issued by the Reserve Bank of India granting final permission for issue of 9,43,65,000 equity shares of Rs.10 each to Classic Investments Ltd., 68,12,400 equity shares of Rs.10 each to Golden Palm Ltd. and 2,26,82,700 equity shares of Rs.10 each to Guardian Holdings Ltd.

18. Approval (bearing no. HY.EO.REM/1583/14.05.705/96/97) dated August 23, 1996 issued by the Reserve Bank of India granting final permission for issue of 4,67,92,700 equity shares of Rs.10 each.
19. Approval (bearing no. HY.EO.REM/COLL 457/2226/95-96) dated September 5, 1995 issued by the Reserve Bank of India granting final permission for issue of 64,89,400 equity shares of Rs.10 each to Non-Residents of Indian nationality, FIIs.
20. Approval (bearing no. HY.EO.REM/COLL 457/5512/94-95) dated February 1, 1995 issued by the Reserve Bank of India granting final permission for issue of 2832200 equity shares of Rs.10 each to Non-Residents of Indian nationality, FIIs.
21. Approval (bearing no. HY.EO.REM/COLL 463/1614/94-95) dated August 31, 1994 issued by the Reserve Bank of India granting in principle permission for issue of 20,80,00,000 equity shares of Rs.10 each to Non-Residents of Indian nationality, OCBs, FIIs, IFC Washington, Asian Development Bank, CMS Generation USA, Asea Brown Boveri, Foreign Banks, Foreign Investment Companies and Individual Foreign investors.

LABOUR

1. Letter (bearing ref.no.12-3-5-0181-0336-ID) dated March 2, 2005 issued by the Commissioner of Industries to M/s GVK Industries Ltd (Phase II) according approval for the factory plans.
2. Certificate of Registration of M/s GVK Industries Ltd under the Contract Labour (Regulation and Abolition) Act, 1970 dated May 17 2004. Certificate G 163
3. Certificate of Registration of M/s GVK Industries Ltd under the Contract Labour (Regulation and Abolition) Act, 1970 dated July 26, 1993. Certificate No: 35
4. Registration of the branch office M/s GVK Industries Ltd at Road No: 1, Banjara Hills, under the Employee's State Insurance Corporation Act, 1948 dated February 14, 1997. Ref No:52-13680-101
5. Registration of M/s GVK Industries Ltd under the Employee's State Insurance Corporation Act, 1948 dated September 17, 1996. Ref No: 52-13270-62
6. Registration of M/s GVK Industries Ltd under the Employee Provident Funds and Miscellaneous Provisions Act, 1952 dated October 6, 1997, license no: 30554
7. Registration of the branch office of M/s GVK Industries Ltd at Road No:1, Banjara Hills under the Employee Provident Funds and Miscellaneous Provisions Act, 1952 dated March, 1998, Code No allotted: 32416.

ENVIRONMENT

1. Letter (bearing ref no: J-13011/4/2000-I.A.II(T) dated November 2, 2000 issued by the Ministry of Environment and Forests accorded environmental clearance to M/s GVK Industries Ltd (Phase II).
2. Consent Order (bearing ref no: 230/PCB/C.estt/RO-RJY/E-N/57-2000) dated April 20, 2000 issued by the Andhra Pradesh Pollution Control Board granting consent to expand the existing power generating unit at Jegrupadu from the existing 475MW to 625MW.
3. Amending Order (bearing ref no: 230/PCB/C.estt/RO-RJY/EE-N/67-2000) dated May 2000 issued by the Andhra Pradesh Pollution Control Board to M/s GVK Industries Ltd, amending the consent for establishment order dated April 20, 2004
4. Letter (bearing ref no: M-IA/479) dated May 17, 1997 issued by CAD Department, GOAP to M/s GVK Industries Ltd (Phase I) according permission to let out surplus treated waters into the Tulyabhaga Drain.
5. Letter (bearing ref. no. 230 PCB/C.Estt/RO-RJY/EE-N/57-2000/162) dated April 4, 2000 from the Andhra Pradesh Pollution Control Board granting consent for establishment to enhance generation capacity of the power plant from 400 MW to 625 MW at Jegurupadu village, Kadiam Mandalam, East Godavari District.
6. Letter (bearing ref. no. 14027/ PCB/NOC/AEE-N/92/7316) dated May 13, 1997 from the Andhra Pradesh Pollution Control Board granting consent for establishment to enhance generation capacity of the power plant from 400 MW to 475 MW at Jegurupadu village, Kadiam Mandalam, East Godavari District.

MISCELLANEOUS

1. Letter dated November 5, 2004 issued by the Commissioner of Customs (Sea Ports) to M/s GVK Industries Ltd granting registration of project for import of plant and machinery for the 220MW Phase II extension project at Jegrupadu. (File No allotted S37/48/2004 GR.6)
2. Letter (bearing ref.no: L-120/1/7/98-GP) dated July 8, 1999 issued by the Ministry of Petroleum and Natural Gas to M/s GVK Industries Ltd (Phase II) allotting natural gas to M/s GVK Industries Ltd for their expansion (Phase II) Project to the extent of 1.10 MMSCMD.

3. Letter (bearing ref.no: P-21018/1/93) dated August 6, 1999 issued by the Ministry of Petroleum and Natural Gas to M/s GVK Industries Ltd (Phase II) allotting Naphtha for their 360MW Jegrupadu Phase II project at Jegrupadu, Andhra Pradesh.

4. Letter (bearing ref no: 09/04/130/02161/AM92) dated March 21, 1994 issued by the Jt.Director General of Foreign Trade to M/s GVK Industries Ltd granting Importer-Exporter Code (0991021614).

5. Letter (bearing ref no: 3504/Pr.I.1/96) dated April 17, 2001 issued by the Energy Department to M/s GVK Industries Ltd (Phase II) accorded permission under section 18(A) of the Electricity (Supply) Act, 1948 for implementation of the Jegurupadu Extension Project of 440 MW to be implemented in two stages, each at Jegurupadu village, Kadiam Mandalam, East Godavari District.

6. Letter (bearing ref no: 3504/Pr/I.1/96) dated December 15, 2000 issued by the Energy Department to M/s GVK Industries Ltd to implement the Jegrupadu Extension Project in two phases of 220 MW each.

7. Letter (bearing ref. no. FI/1369/2005, FI/1370/2005 and FI/1371/2005) dated January 20, 2005 issued by the Boilers Department to GIL for the erection of three boilers i.e., HP, IP and LP by M/s. Alstom Project India Limited at GVK II, Jegurupadu site.

8. Letter (bearing ref. no. AAI/20012/AAI/20012/264/1990-ARI) dated January 8, 2004 from the Airports Authority of India extending the validity of the no objection granted vide letter (bearing ref. no. NAD/20012/264/90) dated December 31, 1996 for the construction of chimney not exceeding 24 meters from ground level at Jegurupadu village, Kadiam Mandalam, East Godavari District. This permission is valid until December 30, 2006.

9. Letter (bearing ref. no. 3504/Pr.L.1/96) dated December 15, 2000 and 3504/Pr.I.1/96 dated April 17, 2001 issued by the Energy (PR.I) Department to GIL to establish, operate and maintain the Jegurupadu Extension Project on 440 MW Gas based Combined Cycle Power Project in two stages i.e., 220 MW in Stage I and 220 MW in Stage II.

10. Letter (bearing ref. no. A-513/94) dated October 31, 1994 issued by Mandal Revenue Officer, Kadiam Mandalam, East Godavari District classifying the land admeasuring AC 180-00 cts to GIL at Jegurupadu village, Kadiam Mandalam, East Godavari District as porambok land.

11. Government order no. 30 dated October 16, 1992 granting permission to draw 18.5 cusecs of water from the upstream of the Godavari Barrage to the proposed Gas Based Thermal Power Station at East Godavari District.

Gautami Power Limited

RBI/FIPB

1. Form FC-GPR dated August 6, 2004 filed by the Company with the Reserve Bank of India and recording the issuance of 4,13,38,804 shares of Rs.10 each to IEMCEE Infra (Mauritius) Ltd., 1000 equity shares of Rs.10 each to IJM Corporation Berhad and 3,48,00,000 equity shares of Rs.10 each to Transoceanic Projects Ltd.

2. Letter dated April 6, 2004 from the Reserve Bank of India allotting Loan Registration Number 2004178 for external commercial borrowing of USD 20,000,000 from Bank of Baroda, London obtained by the Company vide loan agreement dated March 29, 2004

3. Approval (bearing no. HY.EC.FIDI/2215/14.04.226/99-2000) dated August 26, 1999 issued by the Reserve Bank of India stating that Company is eligible for accepting 100% foreign equity subject to a maximum of Rs.1,500 crores.

4. Form FC-GPR dated April 25, 2000 filed by the Company with the Reserve Bank of India and recording the issuance of 615 shares of Rs.10 each to Unocal Bharat Limited.

5. Approval (bearing no. HY.EC.FIDI/2008/14.04.226/99-2000) dated August 19, 1999 issued by the Reserve Bank of India permitting 49% equity investment in Company from foreign companies (not exceeding Rs.148 crore) and 36% OCB investment in Company (not exceeding Rs.109 crore).

6. Approval (bearing no. EC.CO.FITT.651/12.51.00/G-161/96-97) dated June 14, 1997 issued by the Reserve Bank of India granting in principle permission for issue of equity shares of face value of Rs.171,00,00,000 to IJM Overseas Ventures Sdn Bhd.

7. Approval (bearing no. HY.EC.FIDI/8476/14.04.226/98-99) dated June 22, 1999 issued by the Reserve Bank of India granting final permission for issue of 1312911 equity shares of Rs.10 each to IJM Overseas Ventures Sdn Bhd.

8. Approval (bearing no. HY.EC.FIDI/5789/14.04.226/98-99) dated March 9, 1999 issued by the Reserve Bank of India granting final permission for issue of 4600357 equity shares of Rs.10 each to IJM Overseas Ventures Sdn Bhd.

9. Approval (bearing no. HY.EC.FIDI/4216/14.04.226/98-99) dated January 8, 1999 issued by the Reserve Bank of India granting final permission for issue of 11,18,568 equity shares of Rs.10 each to IJM Overseas Ventures Sdn Bhd.

LABOUR

1. Certificate of Registration of Gautami Power Limited for the site office at Peddapuram; under the Contract Labour (Regulation and Abolition) Act, 1970 dated July 22, 1999. Certificate No: G 160
2. Certificate of Registration (bearing registration no; 32.15601.101) of Gautami Power Limited under the Employees' State Insurance Corporation dated May 15, 1998.

ENVIRONMENT

1. Letter (bearing ref no: 171/PCB/CFE/RO-KKD/EE/2004) dated April 13, 2004 issued by the Andhra Pradesh Pollution Control Board amending the Consent for Establishment and allowing for the use of HSD as an emergency fuel and for a stack height of 70 m.
2. Letter (bearing ref. no. J.13011/9/2000-1-A.II(T)) dated January 9, 2001 granting environmental clearance for the change of fuel from naphtha to natural gas and enhancement of capacity from 358 MW to 478 MW by the Ministry of Environment and Forest to GPL.
3. No-Objection letter (bearing ref. no. 4985/2000/F.3) dated December 28, 2000 from the Forests Department to GPL for the setting up of the 464 MW gas based power plant at Peddapuram, East Godawari, Andhra Pradesh.

<u>MISCELLANEOUS</u>

1. Letter (bearing ref. no. 12-3-4-0854-1761-ID) dated December 4, 2004 issued by the Commissioner of Industries, Andhra Pradesh approving the plans of the factory of M/s. GPL to be located at Vetlapalem, East Godawari, Andhra Pradesh.
2. Letter (bearing ref. no. 10252/04/P) dated November 29, 2004 issued by the Director of Town and Country Planning to the Commissioner of Industries approving the proposal for the installation of the 125 HPEM for running M/s. Goutami Power Corporation at Vetlapalem, East Godawari, Andhra Pradesh.
3. Letter (bearing ref. no. 12-3-4-0854-0885-ID) dated July 2, 2004 issued by the Commissioner of Industries, Andhra Pradesh approving the plans of the factory of M/s. GPL to be located at Vetlapalem, East Godawari, Andhra Pradesh.
4. Letter (bearing ref. no. 5498/04/P) dated June 29, 2004 issued by the Director of Town and Country Planning to the Commissioner of Industries approving the proposal for the installation of the 1156 KVA for running M/s. Goutami Power Corporation at Vetlapalem, East Godawari, Andhra Pradesh.
5. Letter no. 5498/04/P dated June 19, 2004 issued by the Director of Town Planning and Country Planning to the Commissioner of Industries accepting the proposal for the installation of the 1156 KVA for running Gautami Power Corporation at Vetlapalem, East Godawari.
6. No Objection certificate from the Airports Authority of India (bearing ref. no. AAI/20012/222/1997-ARI) dated February 16, 2004 for the construction of a chimney not exceeding 85 metres from ground level by GPL at Peddapuram, East Godawari, Andhra Pradesh. This permission is valid until February 15, 2008.
7. Government order no. 102 dated June 22, 2001 approving the alignment of effluent pipe line of M/s. GIL and M/s. GPL to cross Samalkota canal and to run along the right bank and up to disposal point duly sanctioning land lease as aforesaid.
8. Letter (bearing ref. no. 4132/Pr.I.1/98) dated December 15, 2000 issued by the Energy Department to M/s. NCC Power Corporation Limited according permission to implement the project after merger with GPL with a combined capacity of 464 MW in stage I and 133.9 MW in stage II.
9. Letter (bearing ref. no. 1162/Pr.I.1/98) dated January 15, 2000 issued by the Energy Department to M/s. GPL according permission to implement the project after merger with NCC Power Corporation Limited with a combined capacity of 464 MW in stage I and 133.9 MW in stage II.
10. Permission (bearing ref. no. W.372/1/B) dated September 28, 1999 and November 9, 1998 granted by the South Central Railways to GPL to route raw water and effluent pipe lines on Samalkota Gudaparthi section of south central railway and construction of reservoir.
11. Permission dated June 3, 1999 by the Collector of Kakinada to GPL to let out the treated effluents into certain streams at Samalkota.
12. Government order no. 150 dated October 8, 1997 granting permission to GPL to draw 11.80 cusecs of water from the Samalkota canal for the 300 MW Naphtha based combined cycle power plant at East Godavari.
13. Letter (bearing ref no: S.Misc.12/2005 GR.6) dated March 10, 2005 issued by the Commissioner of Customs (Sea Port) to Gautami Power Limited according registration of Project Contract under Project Imports Regulations. File No allotted: S37/12/2005-Gr6

14. Letter (bearing ref no: 09/04/130/676/AM.05/915) dated August 5, 2004 issued by the Jt.Director General of Foreign Trade to Gautami Power Limited granting Importer-Exporter Code (0904006689).

15. Certificate of Importer–Exporter Code Letter dated August 4, 2004 issued by the Foreign Trade Development Officer to Gautami Power Limited granting IEC Number 0904006689.

Approvals applied for but not yet received

Renewals

We have made applications for renewal of the following approvals

1. Approval under Section 10(23G) of the Income Tax Act, 1961 for GVK Industries Limited.

2. Approval under Section 10(23G) of the Income Tax Act, 1961 for Gautami Power Limited.

3. Renewal of certificate of registration of factor license for the year 2005-2007 for GIL.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the extraordinary general meeting of the shareholders of our Company held on October 14, 2005. The Board of Directors has pursuant to a resolution dated October 14, 2005 authorized a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the directors and persons in control of our Promoters, our subsidiaries, our group companies, associates of our group companies and other companies promoted by our Promoters and companies with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.2 of the SEBI DIP Guidelines as explained under:

- The Issue is being 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.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, JM MORGAN STANLEY PRIVATE LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES 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 DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED OCTOBER 24, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

(i) 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 DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, 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 DRAFT 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; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;

(D) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND

(E) WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITTMENTS

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR 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 MANAGER, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS."

THE BOOK RUNNING LEAD MANAGER AND US ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THE RED HERRING PROSPECTUS OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT OUR INSTANCE AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS OWN RISK.

WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' 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 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 REGISTRAR OF COMPANIES, NATIONAL CAPITAL TERRITORY OF DELHI AND HARYANA, NEW DELHI, IN TERMS OF SECTION 56, 60 AND 60B OF THE COMPANIES ACT.

Caution

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, www.gvk.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information shall be made available by us, the BRLMs 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, at bidding centers or elsewhere.

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 not minors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized 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), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to 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 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 Hyderabad, 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 this Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since 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 under 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 BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated December 27, 2005, permission to this Company to use BSE's name in the Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; or
- warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- 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 the 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.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter dated December 16, 2005, permission to the Company to use the NSE's name in the Draft Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to the paid-up capital and market capitalization (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalization shall not be less that Rs. 25 crores at the time of listing). The NSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. 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 the Draft 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 the Red Herring Prospectus; nor does it warrant that this Company's 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 securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the 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.

Filing

A copy of the Red Herring Prospectus had been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 012.

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 BSE and NSE 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 our 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 Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of refusal or within 15 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 8 days, be liable to repay the money, with interest at the rate of 15% 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 7 working days of finalization of the Basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers to the Issue and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue and Legal Advisors to the Company and Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

S. R. Batliboi & Associates, Chartered Accountants have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Brahmayya & Co., Chartered Accountants, the statutory auditors of our Subsidiary and our Associate Company have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

S. R. Batliboi & Associates, Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of delivery of this Prospectus for registration with the RoC.

Expert Opinion

Except as stated elsewhere in this Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. 157.47 million. 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. All expenses with respect to the Issue would be borne by the Company.

The estimated Issue expenses are as under:

(Rs.in million)

Activity	**Expenses**
Lead management, underwriting and selling commission	76.96
Advertising and Marketing expenses	25.00
Printing and stationery	25.47
Others (Registrars fee, legal fee, listing fee, etc.)	30.04
Total estimated Issue expenses	157.47

Fees Payable to the BRLMs

The total fees payable to the Book Running Lead Managers will be as per the letter of appointment dated September 1, 2005 with JM Morgan Stanley Private Limited and Kotak Mahindra Capital Company Limited issued by our Company, a copy of which is available for inspection at our corporate office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per agreement dated October 21, 2005, issued by our Company, a copy of which is available for inspection at our corporate 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.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous Rights and Public Issues

Our Company has not made any previous rights and public issues except as stated in the section titled "Capital Structure" on page 41 of this Prospectus.

Previous issues of shares otherwise than for cash

Our Company has not made any previous issues of shares otherwise than for cash except as stated in the section titled "Capital Structure - Notes to Capital Structure" on page 41 of this Prospectus.

Companies Under the Same Management

We do not have any companies under the same management within the meaning of section 370(1) (B) of the Companies Act, other that as disclosed in "Our Promoters" on page 121 of this Prospectus.

Promise v/s performance

Our Company has not made any previous rights and public issues. For details in relation to the 'Promise v/s Performance' of other companies within the same management see "Our Promoter" on page 121 of this Prospectus.

Outstanding Debentures or Bond Issues or Preference Shares

Our Company has no outstanding debentures or bond issues.

Stock Market Data for our Equity Shares

This being an initial public issue of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

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 despatch of the 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, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven business 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 a Investor Grievance Committee on September 10, 2005 chaired by A.Ramakrishna with Somanadri Bhupal and G. V. Sanjay Reddy as members. We have also appointed P. V. Rama Seshu as the Compliance Officer for this Issue.

Similar mechanisms have been evolved for the listed companies under the same management within the meaning of Section 370(1)(B). For more details please refer to the section titled "Our Promoters" on page 121 of this Prospectus.

Change in Auditors

The auditors of our Company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by Sections 224 to 233 of the Companies Act.

There have been no changes of the auditors in the last three years except as detailed below:

Name of Auditor	Date of Appointment	Date of resignation
S.R.Batliboi & Co.	September 30, 2002	
Arthur Andersen	December 2, 1994	September 30, 2002

Capitalization of Reserves or Profits

Our Company has not capitalized our reserves or profits during the last five years, except as stated in the section titled "Capital Structure" on page 41 of this Prospectus.

Revaluation of Assets

We have not revalued our assets in the last five years.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Note: The SEBI Guidelines have been recently amended on September 19, 2005. Pursuant to these amendments certain significant changes have been made, including with regard to the allocation procedure for QIBs. Certain changes may be made to the terms of the Issue and the description of Issue procedure based on the discussions the BRLM may have with, or clarifications that they may obtain from, SEBI and the Stock Exchanges.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari-passu* with the existing Equity Shares of our company including rights in respect of dividend. The Allottees in receipt of allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of allotment.

Face Value and Issue Price

Fresh Equity Shares with a face value of Rs. 10 each are being offered as part of the Issue at a total price of Rs. 310 per share. At any given point of time there shall be only one denomination for the Equity Shares.

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 Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of Our Articles of Association" on page 310 of this Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per existing SEBI DIP Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share subject to a minimum allotment of 20 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Hyderabad, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, 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 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 to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, 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 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 may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

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 to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

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/allotment.

As per RBI regulations, OCBs cannot participate in the Issue.

Application in Issue

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only.

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.

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.

ISSUE STRUCTURE

The present Issue of 8,275,556 Equity Shares Rs. 10 each, at a price of Rs. 310 for cash aggregating Rs. 2565 million is being made through the 100% Book Building Process.

	GIL Retail Public Sharehodlers#	**QIBs**	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares*	Up to 413,778 Equity Shares	At least 3,930,889 Equity Shares	Upto 1,179,267 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Upto 2,751,622 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for allotment/allocation	5% of the Issue Size	At least 50% of Net Issue being allotted.However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Upto 15% of Net Issue to the Public or Net Issue less allotment of the QIB Portion and allocation to Retail Individual Bidders.	Upto 35% of Net Issue to the Public or Net Issue less allotment of the QIB Portion and allocation to Non Institutional Bidders.
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate	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
Minimum Bid	20 Equity Shares and in multiples of 20 Equity Share thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 20 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 20 Equity Shares thereafter.	20 Equity Shares and in multiples of 20 Equity Share thereafter.
Maximum Bid	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	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. 100,000.
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 **	Retail Public Shareholders of GIL as of January 13, 2006	Public financial institutions, as specified in Section 4A 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. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	GIL Retail Public Sharehodlers#	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	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 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 to the Syndicate Members.
Margin Amount	Full Bid Amount on bidding	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price and subject to a minimum of 50% of the Net Issue being allotted to QIBs. The Net Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be allotted 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 allottment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, upto 15% of the Net Issue would be allocated to Non-Institutional Bidders and upto 35% of the Net 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.

\# A total of up to 5% of the Issue i.e., 413,778 Equity Shares, has been reserved for allocation to the GIL Retail Public Sharehodlers on a proportionate basis, subject to valid Bids being received at or above the Issue Price and subject to the maximum Bid in this portion being Rs. 100,000. Only GIL Retail Public Shareholders as on January 13, 2006 would be eligible to apply in this Issue under the GIL Retail Public Shareholder Portion. GIL Retail Public Shareholders may bid in the Net Issue to the public portion as well and such Bids shall not be treated as multiple Bids. Under subscription, if any, in the Reservation for GIL Retail Public Shareholders, would first be allowed to be met with spill over from the Retail Portion and thereafter from any of the other categories, at our discretion, in consultation with the BRLMs in the manner detailed in the section titled “Issue Procedure” on page 288 of this Prospectus. The unsubscribed portion, if any, out of the Equity Shares under the GIL Retail Public Shareholders Portion will be added back to the other QIB Portion, Retail Portion and Non-Institutional Portion in the ratio of 50:35:15.

ISSUE PROCEDURE

The SEBI Guidelines were recently amended on September 19, 2005. There is an uncertainty in relation to the effect of these amendments on the Issue Procedure. The BRLMs are currently discussing the same with SEBI and the stock exchanges. All investors are therefore cautioned that the Issue Procedure as detailed herein may be modified or supplemented or amended based on the discussions between SEBI, the Stock Exchanges and the BRLMs.

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be allotted 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 allottment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, upto 15% of the Net Issue would be allocated to Non-Institutional Bidders and upto 35% of the Net 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. A total of up to 5% of the Issue i.e., 413,778 Equity Shares, has been reserved for allocation to the GIL Retail Public Shareholders on a proportionate basis, subject to valid Bids being received at or above the Issue Price and subject to the maximum Bid in this portion being Rs. 100,000. Only GIL Retail Public Shareholders as on January 13, 2006 would be eligible to apply in this Issue under the GIL Retail Public Shareholder Portion. GIL Retail Public Shareholders may bid in the Net Issue to the public portion as well and such Bids shall not be treated as multiple Bids.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through Syndicate Members. In case of QIB Bidders, the Company in consultation with the BRLMs 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 and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares 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 the 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 our Company to make the necessary changes in the 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, NRIs applying on a non repatriation basis	White form with red stripe
Non-Residents, Eligible NRIs, FVCIs, FIIs etc applying on a repatriation basis	Blue
GIL Retail Public Shareholders	Light Orange

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians 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 regulations and the SEBI Guidelines, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/socities registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/socities and who are authorised under their constitution to hold and invest in equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- FIIs registered with SEBI;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- As permitted by applicable law, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and
- Multilateral and Bilateral Development Financial Institutions.

As per existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLMs and Syndicate Members 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 Members 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.

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.

Application by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 196,544 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

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. 196,544 shares shall be available for allocation on a proportionate basis to Mutual Funds only.

Application by NRIs

Bid cum Application forms have been made available for NRIs at our registered /corporate office, members of the Syndicate and the Registrar to the Issue.

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 Bid cum Application Form meant for Resident Indians and shall not use the forms meant for reserved category.

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 (i.e. 10% of 23,644,445 Equity Shares of Rs. 10 each) Equity Shares. 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. As of now, in accordance with the foreign investment limits applicable to us, the total FII investment cannot exceed 20% of our total paid up capital. With the prior approval of the RBI, our Board and our shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%; however, as of the date of this Prospectus no such resolution has been recommended to our shareholders for approval.

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 or its sub account 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 or sub-account 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.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 20 Equity Shares and in multiples of 20 Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 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 Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 20 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor 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 and is required to pay QIB Margin upon submission of Bid.**

(c) **For For Bidders in the GIL Retail Public Shareholder Portion**: The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. The maximum Bid in this portion cannot exceed Rs. 100,000. Bidders in the GIL Retail Public Shareholder Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 100,000 may bid at ‘Cut-Off’.

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 QIBs are not allowed to Bid at ‘Cut-off’.

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 or regulation or as specified in this Prospectus.

Information for the Bidders:

(a) Our Company will file the Red Herring Prospectus with the RoC at least 3 (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) Any investor (who is eligible to invest in our Equity Shares) 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.

(d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs 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.

Method and Process of Bidding

(a) The Bidding Period shall be for a minimum of three days and not exceeding seven days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in three national newspapers (one each in English and Hindi) and one Telegu newspaper and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding 10 days.

(b) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page 291 of this 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/allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(c) 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 or allotment 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 paragraph titled "Build up of the Book and Revision of Bids" on page 294 of this Prospectus.

(d) 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.

(e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 292 of this Prospectus.

(f) During the Bidding/Issue 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, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

Bids at Different Price Levels

(a) The Price Band has been fixed at Rs. 260 to Rs. 310 per Equity Share of Rs. 10 each, Rs. 260 being the lower end of the Price Band and Rs.310 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re. 1 (One).

(b) Our Company in consultation with the BRLM, reserves the right to revise the Price Band, during the Bidding Period, in accordance with SEBI DIP Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in this Prospectus.

(c) 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 days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.

(d) Our Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

(e) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. GIL Retail Public Shareholders and Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

(f) GIL Retail Public Shareholders and Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. GIL Retail Public Sharehodlers and Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Amount based on the higher end of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the GIL Retail Public Individual Shareholders, 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 Refund Account.

(g) In case of an upward revision in the Price Band announced as above, GIL Retail Public Sharehodlers and Retail Individual Bidders who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end 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 for GIL Retail Public Shareholders and Retail Individual Bidders, 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 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of the 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 higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, 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.

(h) In case of a downward revision in the Price Band, announced as above, GIL Retail Public Shareholders and Retail Individual Bidders 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 Refund Account.

(i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 20 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

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks 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 from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. 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 Banks shall transfer the monies from the Escrow Account 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 Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, 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 refer to the paragraph titled "Payment Instructions" on page 299 of this 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.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until 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 Account, 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. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and GIL Retail Public Sharehodlers would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Bid/Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 286 of this Prospectus. 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/allotted 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 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/allotment, will be refunded to such Bidder within 15 days from the Bid/ Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

(a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. 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) BSE and NSE 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. 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.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be displayed on-line at all bidding centres and at the website of the NSE and BSE. A graphical representation of consolidated demand and price would be made available at the bidding centres 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, NRI, FII, or Mutual Fund etc.
- Numbers of Equity Shares bid for.
- Bid price.
- Bid cum Application Form number.
- Amount paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary 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 allocated/allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) Incase of QIB bidders, Members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 302 of this Prospectus.

(h) The permission given by BSE and NSE 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 our Company and/ or the BRLM are cleared or approved by BSE and NSE; 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 BSE and NSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

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 BSE or NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLM 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 revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(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.

(f) 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.

(g) 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 Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(h) 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.**

(i) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation/Allotment

(a) After the Bid Closing Date /Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with us.

(b) The Company in consultation with the BRLMs, shall finalise the "Issue Price".

(c) The allotment to QIB Bidders of at least 50% of the Net Issue (including 5% available for allocation on a proportionate basis to Mutual Funds only) 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 "Basis of Allotment – Allotment to QIB Bidders" below. The allocation to Non-Institutional Bidders of upto 15% and Retail Individual Bidders upto 35% of the Net Issue, would be on proportionate basis, in the manner specified in the SEBI DIP Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. A total of up to 5% of the Issue i.e., 413,778 Equity Shares, has been reserved for allocation to the GIL Retail Public Shareholders on a proportionate basis, subject to valid Bids being received at or above the Issue Price and subject to the maximum Bid in this portion being Rs. 100,000. Only GIL Retail Public Shareholders as on January 13, 2006 would be eligible to apply in this Issue under the GIL Retail Public Shareholder Portion. GIL Retail Public Shareholders may bid in the Net Issue to the public portion as well and such Bids shall not be treated as multiple Bids. Undersubscription, if any, in the Reservation for GIL Retail Public Shareholders, would first be allowed to be met with spill over from the Retail Portion and thereafter from any of the other categories, at our discretion, in consultation with the BRLMs in the manner detailed in the section titled "Issue Procedure" on page 288 of this Prospectus. The unsubscribed portion, if any, out of the Equity Shares under the GIL Retail Public Shareholders Portion will be added back to the other QIB Portion, Retail Portion and Non-Institutional Portion in the ratio of 50:35:15.

(d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over any other category at the sole discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 196,544 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 Eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject applicable law and the terms and conditions stipulated by the FIPB and RBI, while granting permission for allotment of Equity Shares to them in this Issue.

(f) The BRLM, in consultation with us, 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 reserve the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI DIP Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated 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 reconciled 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. 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. 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 allocation 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.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) /allotment to the Bidders.

(b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with 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.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Prospectus from SEBI, publish an advertisement, in the from prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one national newspaper and a regional language newspaper.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement 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 the basis of allotment by the Designated Stock Exchange, the BRLM, or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of allotment 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 GIL Retail Public Shareholders and 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 BRLM, or members of the Syndicate would dispatch a 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 the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount 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 his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be 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 Reconciliation and Revised CANs" as set forth under the chapter "Terms of Issue" of this Prospectus.

Designated Date and allotment of Equity Shares

(a) Our 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 Account to the Public Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account allotment of the Equity Shares to the allottees shall be within two working days of the date of allotment.

(b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued, transferred 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, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

a) Check if you are eligible to apply;

b) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) as the case may be;

c) Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;

d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

e) Ensure that you have been given a TRS for all your Bid options;

f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

g) Where Bid(s) is/ are for Rs. 50,000/- or more, each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid cum Application form. If you have mentioned "Applied for" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

h) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy PAN Card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application;

i) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects;

j) 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:

(a) Do not bid for lower than the minimum Bid size;

(b) 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;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a Member of the Syndicate only;

(f) Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders);

(g) 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;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

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:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

(b) 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.

(c) For Retail Individual Bidders and GIL Retail Public Shareholders, the Bid must be for a minimum of 20 Equity Shares and in multiples of 20 thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of 20 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 shares that can be held by them under the applicable laws or regulations.

(e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by GIL Retail Public Shareholders

For the sake of clarity, the term "GIL Retail Public Shareholders" shall mean the natural persons other than our Promoters, Promoter Group Companies, financial investors (IFC, Golden Palm and Vintage Investments) and APTRANSCO, who are holders of equity shares of GIL as of January 13, 2006.

1. Bids by existing Retail Shareholders shall be made only in the prescribed pre-printed Bid cum Application Form or Revision Form.

2. GIL Retail Public Shareholders should mention their Registered Folio Number/DP and Client ID number at the relevant place in the Bid cum Application Form.

3. The sole/First Bidder should be a GIL Retail Public Shareholder. 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 in the same sequence in which they appear in the Bid cum Application Form.

4. Only GIL Retail Public Shareholders as on January 13, 2006 would be eligible to apply in this Issue under reservation for GIL Retail Public Shareholders on a competitive basis.

5. GIL Retail Public Shareholders will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allotment under the GIL Retail Public Shareholder Portion.

6. The maximum Bid in this category can be for Rs. 100,000.

7. If the aggregate demand in this category is less than or equal to 413,778 Equity Shares at or above the Issue Price, full allocation shall be made to the GIL Retail Public Shareholders to the extent of their demand.

8. If the aggregate demand in this category is greater than 413,778 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 section titled "Statutory and other Information - Basis of Allotment" on page 304 of this Prospectus.

9. Bidding at Cut-off Price is allowed only for GIL Retail Public Shareholders whose Bid Amount is less than or equal to Rs. 100,000.

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 Details

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.

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 demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as 'Demographic Details'). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that 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 Escrow Collection Bank(s) nor the BRLMs 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, which 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.

We, 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 NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made:

1. 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.
2. In a single name or joint names (not more than three).
3. NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other Eligible Non-Resident Bidders for a minimum of such number of Equity Shares and in multiples of 20 thereafter that the Bid Amount exceeds Rs. 100,000.

For further details, please refer to the section titled 'Maximum and Minimum Bid Size' on page 290 of this 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.

Our Company does not require the approval of the FIPB or the RBI for the Issue of Equity Shares to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRIs/ FIIs and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

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 of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor. 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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

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, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, 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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in its absolute discretion, reserves 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 our Company, the BRLM may deem fit.

PAYMENT INSTRUCTIONS

The Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/allotment in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/allotment as per the following terms:

Payment into Escrow Account

1. The Bidders for whom the applicable Margin Amount is equal to 100% 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.

2. 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/allotment 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 BRLM.**

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   In case of QIB Bidders: "Escrow Account–GVK Public Issue–QIB"

   In case of non-resident QIB Bidders: "Escrow Account–GVK Public Issue–QIB–NR"

   In case of Resident Bidders: "Escrow Account–GVK Public Issue"

   In case of Non Resident Bidders: "Escrow Account–GVK Public Issue-NR"

   In case of GIL Retail Public Shareholders: "Escrow Account–GVK Public Issue–GIL"

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian 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 Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) 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 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 NRE Account or FCNR Account.

5. 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.

6. Where a Bidder has been allocated/allotment 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/allotted, will be refunded to the Bidder from the Refund Account of the Company.

7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/allotment to the Bidders.

10. 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.

Payment by Stockinvest

In terms of the 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 stockinvest 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 equivalent to the margin amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre 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 as per the Demographic Details received from the Depository.

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 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.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Bids made by Existing Retail Shareholders both under Existing Retail Shareholders Reservation Portion as well as in the Net Issue shall not be treated as multiple Bids.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, 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. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid cum Application Form.** 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**. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention “Not Applicable” and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention “Applied for” in the Bid cum Application Form. Further, where the Bidder(s) has mentioned “Applied for” or “Not Applicable”, the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in Rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

UNIQUE IDENTIFICATION NUMBER - MAPIN

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/ quote UIN under the SEBI (Central Database of Market Participants) Regulations, 2003 and circular issued in connection thereto by its circular bearing number MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

OUR RIGHT TO REJECT BIDS

In case of QIB Bidders, the Company in consultation with the BRLM 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 and GIL Retail Public Shareholders who Bid, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder’s address at the Bidder’s risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. GIR number furnished instead of PAN;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut Off Price by Non-Institutional and QIB Bidders applying for greater than 1,00,000 Equity Shares;
11. Bids for number of Equity Shares which are not in multiples of ·;
12. Category not ticked;
13. Multiple Bids as defined in this Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/postal order/cash;
16. Signature of sole and / or joint Bidders missing;
17. Bid cum Application Forms does not have the stamp of the BRLM or Syndicate Members;
18. Bid cum Application Forms does not have Bidder's depository account details;
19. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
20. 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 account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by QIBs not submitted through JM Morgan Stanley Pvt. Ltd. and Kotak Securities Limited;
23. Bids by OCBs;
24. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
25. Bids under the GIL Retail Public Shareholder Portion for an amont greater than Rs. 100,000.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in this Issue shall be only in a dematerialised 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) Agreement dated November 24, 2005 with NSDL, the Company and the Registrar to the Issue;
b) Agreement dated January 16, 2006 with CDSL, the Company and the 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) 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.

b) 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.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

d) 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.

e) 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.

f) 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.

g) 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.

h) 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, Bidders Depository Account Details, 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.

Investors can contact the Compliance Officer or the Registrar to the Issue 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 accounts, refund orders etc.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

Our Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares. Our Company shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI DIP Guidelines, our Company further undertakes that:

- allotment shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- dispatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- Our Company 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 and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by GoI, 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 DIP Guidelines.

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 centres will be payable by the Bidders.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A 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."

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 Net 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 2,751,622 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 2,751,622 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of 20 Equity Shares and in multiples of 1 thereafter. 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 Net 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 1,179,267 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 1,179,267 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of 20 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 up to 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 up to 5% of the QIB Portion.

    (ii) In the event that the aggregate demand fom 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 up to 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 3,930,889 Equity Shares.

D. *For GIL Retail Public Shareholders*

- Bids received from the GIL Retail Public Shareholders at or above the Issue Price shall be grouped together to determine the total demand in this portion. The Allotment to all the GIL Retail Public Shareholders who Bid successfully will be made at the Issue Price.
- If the aggregate demand in this portion is less than or equal to 413,778 Equity Shares at or above the Issue Price, full Allotment shall be made to the GIL Retail Public Shareholders to the extent of their demand.
- If the aggregate demand in this portion is greater than 413,778 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to a minimum of 20 Equity Shares and in multiples of 1 thereafter. For the method of proportionate basis of allocation, please refer below.
- Allotment Reconciliation and Revised CANs: After the Bid/Offer Closing Date, based on the electronic book, QIBs will be sent a CAN on or prior to February 22, 2006 indicating the number of Equity Shares that may be allotted to them. The CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the book prepared based on Bid cum Application Forms received by the Registrar. Subject to SEBI Guidelines, certain Bid cum Application Forms may be rejected due to technical reasons, non-receipt of funds, cancellation or bouncing of cheques, etc. and these rejected Bid cum Application Forms will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to the QIBs which may be different from that specified in the earlier CAN. 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 to them. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issuance of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares Allotted to such QIB. The revised CAN, if issued, will supersede in entirety to the earlier CAN.
- The aggregate allocation to QIB Bidders shall be of 3,930,889 Equity Shares. The method of proportionate basis of allocation is stated below.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation to QIB (50%) Of which: a. Reservation to MF (5%) b. Balance for all QIBs including MFs	100 million equity shares 5 million equity shares 95 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details Of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in crores)
1	A1	50
2	A2	20
3	A3	130
4	A4	50

S.No	Type of QIB bidders#	No. of shares bid for (in crores)
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	**5**	**95**	**42.42**

Please note:

1. The illustration presumes compliance with the requirements specified in this Prospectus in the section titled "Issue Structure" beginning on page 286.
2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
3. The balance 95 million Equity Shares (i.e. 100 - 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
   - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 95 / 495
   - 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 95/495
   - The numerator and denominator for arriving at allocation of 95 million shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Isue

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 BRLM 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 20 Equity Shares per Bidder, the allotment shall be made as follows:

   - Each successful Bidder shall be allotted a minimum of 20 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 20 but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of 1. 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.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days of finalization of the basis of allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for dispatch 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 a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Dispatch of refund orders

We shall ensure dispatch of refund orders of value over Rs. 1500 and share certificates by registered post only and adequate funds for the purpose shall be made available to the Registrar to the Issue by us.

Interest in case of delay in dispatch of allotment letters/refund orders

We agree that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants within 15 days from the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLM and at the terminals of the Syndicate.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 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 allotment;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the successful Bidders shall be dispatched 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.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/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 Issue shall be disclosed under an appropriate head in our balance sheet 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 head in the balance sheet indicating the form in which such unutilised monies have been invested;

Our 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.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI 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 in the power sector is permitted up to 100% under the automatic route.

Our Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in this Issue to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

Foreign Investment

Foreign investment in India is regulated by the Foreign Exchange Management Act, 1999 (FEMA), the regulations framed by the Reserve Bank of India (RBI) and policy guidelines issued by the Ministry of Industry (through various Press Notes issued from time to time). Foreign investment in companies in the power sector is under the automatic route (i.e., prior approval of the Foreign Investment Promotion Board (FIPB) is not required).

Foreign investment by way of subscription to equity shares in companies in the power sector currently does not require the prior approval of the RBI (vide Press Note 8 of 2000) or the FIPB, except for a post subscription filing with the RBI in Form FC-GPR within 30 days from the issue of shares by the company. GoI has indicated that in all cases where foreign direct investment is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of the Company

The regulations contained in Table 'A' of Schedule I to the Companies Act shall apply only in so far as the same are not provided for or are not inconsistent with these Articles and the regulations for the management of the Company and for observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to repeal or alteration of or addition to, its regulations by Special Resolution, as prescribed by the Companies Act, be such as are contained in these Articles.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of GVKPIL are detailed below:

		CAPITAL
5	Kinds of Share Capital	Neither the original capital nor any increased capital shall be of more than two kinds, namely (a) Equity share capital – (i) with voting rights; or (ii) with differential rights as to dividend, voting or otherwise in accordance with the rules and regulations and subject to such conditions as may be prescribed from time to time. (b) Preference share capital as defined in Section 85 of the Act.
6	Shares to be under the control of the Board	Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to the compliance with the provision of Section 79 of the Act) and at such time as they may from time to time think fit and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued shall be deemed to be fully paid shares.
7	Return of allotments	As regards all allotments made, from time to time, the Board shall comply with the provisions of Section 75 of the Act.
8	Installments on shares to be duly paid	If by the conditions of allotment of any shares the whole or part of the amount or issue price thereof shall be payable in installments, every such installment shall, when due to be paid to the Company by the person who for the time being shall be the registered holder of the shares including registered holder of the shares or his legal representatives, be deemed to be payable on the date fixed for payment and in the case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like and all other relevant provisions of the Articles shall apply as if such installments were a call duly made and notified as hereby provided.
9	Commission for placing shares	The Company may, subject to the compliance with the provisions of Section 76 of the Act exercise the power of paying commission.
10	Brokerage	The Company may pay on any issue of shares a reasonable sum of brokerage.
11	Shares at a discount	With the previous authority of the Company in General Meeting and the sanction of the Company Law Board and upon otherwise complying with the provisions of Section 79 of the Act, the Board may issue at a discount shares of a class already issued.

12	Liability of joint holders of shares.	The joint holders of shares shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share but the person first named in the Register shall as regards notice at General Meetings, proxy, receipt of dividends or bonus, service of voting and all or any other matters connected with the Company, except the transfer of shares, be deemed the sole holder thereof.
13	Number of joint-holders	Not more than four persons shall be registered as joint-holders of any share.
	CERTIFICATES OF SHARES	
	Subject to the provisions of the Companies (Issue of Shares Certificate) Rules, 1960 or any statutory modification or re-enactment thereof share certificates shall be issued in the following manner:	
14	Certificates	The certificates of title to shares and duplicates thereof, when necessary shall be issued under the Seal of the Company which shall be affixed in the presence of (i) one Director or a person acting on behalf of a Director under a duly registered power-of-attorney, and (ii) the Secretary or some other person appointed by the Board for the purpose. Atleast two Directors or their attorneys and the Secretary or the other authorised person shall sign the share certificates. Every Member or allottee of shares shall be entitled, without payment, to receive certificates for the shares of the same class registered in his name. Every share certificate shall specify the name of the person in whose favour it is issued, the share certificate number and the distinctive number(s) of the shares to which it relates and the amount paid up thereon. Such share certificate shall be issued only in pursuance of a resolution passed by the Board or any committee thereof and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation or in cases of issue of bonus shares provided that if the letter of allotment is lost or destroyed, the Board or any committee thereof may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence. Printing of blank forms for issue of share certificates and maintenance of books and documents relating to issue of Share Certificate shall be in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re- enactment thereof for the time being in force.
15	To which of the joint-holders certificates to be issued	If any share stands in the name of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at General Meeting and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall severally as well as jointly be liable for the payment of all installment and calls due in respect of such share and for all incidents thereof according to the Company's regulations.
16	Fully paid shares for consideration other than cash.	Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the capital of the Company as payment for any property sold or transferred or for service rendered to the Company in the conduct of its business or in satisfaction of any outstanding debt or obligation of the Company and any shares which may be so issued shall be deemed to be fully paid-up shares.
17	Acceptance of shares	Any application signed by or on behalf of any applicant for shares in the Company, followed by an allotment of any shares 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 therefore placed on the register shall, for the purposes of these Articles, be a Member.
18	Issue of new certificate in place of one defaced, lost or destroyed	If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem

		adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.Provided that notwithstanding what is stated above the Board shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act, or rules applicable in this behalf. The provisions of this Article shall apply *mutatis mutandis* to debentures, if any, of the Company.
19	Company not bound to recognize any interest in shares other than that of the registered holder	Except as ordered by a court of competent jurisdiction or as required by the Act or any other law for the time being in force, the Company shall not be bound to recognize, even when having notice thereof, any equitable, contingent, future or partial interest in any share, or any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holders thereof, but the Board may at its sole discretion register any share in the joint names of any two or more persons (but not exceeding 4 persons) of the survivor or survivors of them.
20	Trust not recognized	Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognize any benami, trust (express, implied or constructive) or equitable, contingent, future or partial claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or limited notice thereof. The provisions of Section 153 of the Act shall apply.
21	Right of nomination	Subject to the provisions of Section 109A of the Act, every holder of shares in, or holder of debentures of, the Company may, at any time, nominate a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
22	Limitation of time for issue of certificates	Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Board so approves (upon paying such fee as the Board may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Board may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and such certificate shall be delivered to the person first named in the Register and such delivery shall be sufficient delivery to all such holders.
		CALLS ON SHARES
23	Calls	The Board Directors may from time to time subject to any terms on which any shares may have been issued make such calls as they think fit upon the Members in respect of all money unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the Company and at the times and places appointed by the Board. Call monies may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in General Meeting.

24	When call deemed to have been made.	A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and due notice thereof has been posted or delivered to the Shareholders.
25	Restriction on power to make calls	No call shall exceed one-fourth of the nominal amount of share or be made payable within one month after the last preceding call was payable.
26	Notice of call	Not less than 14 days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
27	When interest on call or installment payable	(i) If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due shall pay interest for the same at the rate of 10 percent per annum from the day appointed for the payment thereof to the time of the actual payment as the Board may determine. (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
28	Amount payable at fixed time or by installments payable as call.	If by the terms of issue of any shares or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the amount of the shares or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
29	Evidence in action by Company against shareholders	On the trial or hearing of any action or suit for the recovery at any money due for any call it shall be sufficient to prove that the name of the persons sued is or was when the claim arose, on the Register of Members of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made, that the amount claimed is not entered as paid in the books of accounts of the Company that the resolution making the call is duly recorded in the minute book of the Company and that the notice of such call was duly given to the person sued, in pursuance of these presents, and it shall not be necessary to prove the appointment of the Directors who made such call or any other matters whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debts.
30	Payment of calls in advance	The Board may, if they think fit, subject to the provisions of Section 92 of the Act, receive from any Member willing to advance the same, all or any part of the monies due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied 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 as the Member paying such sum in advance and the Board agree upon, provided, that the money made in advance of calls shall not confer a right to participate in profits or dividends. The Board may at any time repay the amounts so advanced.The Members shall not be entitled to any voting rights in respect of the monies so paid by them until the same would, but for such payment become presently payable.The provisions of these Articles shall apply mutatis mutandis to the calls on debentures of the Company.
31	Payment of dividend in proportion to amount paid-up	Every Member shall be entitled to receive dividends in proportion to the amount paid-up on each share where a larger amount is paid up on some shares than on others.

		FORFEITURE AND LIEN
32	If call or installment not paid notice may be given	If any Member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installment remain unpaid serve a notice on such Member requiring him to pay the same forthwith within a further stipulated period together with any interest that may have accrued thereon calculated at 10 percent per annum from the date on which the same fell due and all expenses that may have been incurred by the Company by reason of such non payment.
33	Form of notice	The notice shall name a day (not being less than 14 days from the date of notice) and a place or places on and at which such call or installment, and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
34	If notice not complied with, shares may be forfeited.	If the requisitions of any such notice as aforesaid are not complied with any shares in respect of which such notice has been given may at any time thereafter, before payment of all calls or installment, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
35	Notice after forfeiture	When any shares shall have been so forfeited notice of the resolution shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
36	Forfeited shares become property of Company they think fit.	Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same in such a manner as
37	Power to annul forfeiture	The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.
38	Arrears to be paid not withstanding forfeiture	Any Member whose shares shall have been forfeited shall, notwithstanding anything contained above, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at 10 percent per annum, and the Board may enforce the payment thereof without any deduction or allowance for the value of the shares at the time of forfeiture which they shall not be under any obligation to do so.
39	Effect of forfeiture	The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incident to the share except such of those rights as by these Articles are expressly saved.
40	Evidence of forfeiture	A duly verified declaration in writing that the Declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or, disposal thereof shall constitute a good title to such shares and the person to whom the shares are sold shall be registered as the holder of such shares who shall not be bound to see the application of the purchase money nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposal.

41	Company's lien on shares / debentures	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully-paid shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Board may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.
42	Notice to be given	For the purpose of enforcing such lien the Board may sell the shares subject thereto in such a manner as it thinks fit but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such Member, his executors or, administrators or his committee, curator bonis, or other legal curator, and default shall have been made by him or them in the payment fulfillment, or discharge of such debts, liabilities or engagements until the expiry of seven days after such notice.
43	Application of proceeds of sale	The net proceeds on any such sale after payment of the costs of such sale shall be applied in or towards satisfaction of the debts and liabilities of such Members or engagements and the residue (if any) shall be paid to such Member, his heirs, executors, administrators, committee or curator.
44	Validity of sale under Article 41	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given the Board may cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser's shall not be bound to see to the regularity of the proceeding or to the application of the purchase money and after his name has been entered in the Register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
45	Board may issue new certificates	Where any shares are sold by the Board as aforesaid and the certificate thereof has not been delivered to the Company by the former holder of the said share, the Board may issue a new certificate for such share distinguishing it in such manner as they think fit from the certificate not so delivered.
		TRANSFER AND TRANSMISSION OF SHARES
46	No fee on transfer or transmission	No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certification of death or marriage, power of attorney or similar other document.
47	Transmission of shares	The legal representative of a deceased Member shall be entitled to be recognized by the Company as having title to the shares of the deceased Member on production of probate or letters of administration or a succession certificate from a competent court of law, provided that the Board may dispense with the production of such probate letters of administration or succession certificates on the legal representative furnishing such indemnity as the Board may require.
48	Instrument of transfer	The instrument of transfer shall be in writing and all provisions of Section 108 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
49	Registration of transfer	Every instrument of transfer duly stamped and executed shall be left at the Office of the Company for registration, accompanied by the certificates of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares. The Company shall retain all instruments of transfer, which shall be registered, but any instrument of transfer, which the Board may decline to register, shall, on demand be returned to the person depositing the name.

50	Board may refuse to register transfer	Subject to the provisions of Section 111 of the Act the Board may, at its own absolute discretion and by giving reasons thereof, decline to register or acknowledge any transfer of shares whether fully paid or not provided that registration of 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 when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
51	Title to the shares of a deceased Member	The executors or administrators of a deceased Member (not being one of several joint-holders) shall be the only persons recognized by the Company, as having any title to the shares registered in the name of such deceased Member and in the case of death of any one or more of the joint-holder of any registered share the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares. Provided however, that if the deceased Member was a Member of a joint Hindu family and the Board on being satisfied that the shares standing in such name in fact belonged to the joint family may recognize the survivor or the *Karta* thereof as having title to the shares registered in the name of such Members. In any case it shall be lawful for the Board in their absolute discretion to dispense with production of probate or letter of administration or other legal representation upon such terms as to indemnity or otherwise as the Board may deem expedient and justified. In case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognized by the Company, subject to the provisions of the clause on right to nomination, as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him with any other person.
52	Registration of transmission	Any person, becoming entitled to shares in consequence of the death or bankruptcy of any Member upon producing such evidence that he sustains the character in respect of which he proposed to act under this Article or his title as the Board may think sufficient, may with the consent of the Board (which they shall not be under any obligation to give) be registered as a Member in respect of such shares subject to Article 47 (Transmission of Shares).
53	Board right to refuse registration of transmission	The Board shall have the same right to refuse a person entitled by transmission to any share or his nominee, as if he was the transferor named in an ordinary transfer for registration.
54	No transfer to minor etc	The Board shall not issue or register a transfer of any share to a minor (except in cases where they are fully paid) or insolvent or person of unsound mind.
55	Application for transfer	a) An application for registration of a transfer of the shares in the Company may be made either by the transferor or the transferee. b) 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. c) For the purpose of clause (b) above, notice to the transferee shall be deemed to have been duly given if it is dispatched 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 in the ordinary course of post.
56	Execution of transfer	The instrument of transfer of any share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be attested, if required. The transferor shall be deemed to remain the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof.

57	Register of Members when closed.	The Board shall have the power on giving not less than seven days previous notice by advertisement in some newspaper circulating where the Registered Office of the Company is situated to close the Register of Members and/or Register of Debenture Holder at such time or times and for such period or periods, not exceeding 30 days at a time, and not exceeding in the aggregate 45 days in each year as it may seem expedient to the Board.
58	Company not liable for discharge of a notice prohibiting registration of a transfer	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice, or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.
59	Compliance with rules, regulations and requirements of stock exchanges, etc.	If the securities of the Company are listed in any of the Stock Exchanges then, the Company shall comply with the rules, regulations and requirements of the Stock Exchange or the rules made under the Act, or the rules made under the Securities Contracts (Regulation) Act, 1956 or any other law or rules applicable, relating to the transfer or transmission of shares or debentures.
		INCREASE, REDUCTION AND ALTERATION OF SHARE CAPITAL
60	Increase of capital	The Company may, by a resolution passed in a General Meeting, from time to time increase the share capital by the creation of new shares of such amount as may be deemed expedient and specified in the resolution, subject to compliance with the provision of the Act and of any other laws that may be in force.
61	On what conditions new shares may be issued (whether preferential or not)	New shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as are consistent with provisions of the Act and which the General Meeting, resolving upon the creation thereof shall direct and if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special or without any right of voting.
62	Provision relating to issue	Before the issue of any new shares, the Company in General Meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine that the same shall be offered in the first instance either at par or at a premium and, in default of any such provisions, or so far as the same shall not extend, the Company shall comply with the provisions of Section 81 of the Act.
63	How far new shares to rank with shares in original capital	Except so far as otherwise provided by the condition of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien and otherwise.
64	Inequality in number of new shares	If, owing to any inequality in the number of new shares to be issued and the number of shares held by Members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the Members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in General Meeting, be determined by the Board, keeping in view the provisions of Section 81 of the Act.

65	Consolidation, subdivision and cancellation of shares	(1) The Company may by Ordinary Resolution: a) Consolidate and divide its shares or any of them into shares of larger amount than its existing shares (b) Subdivide its existing shares or any of them into shares of smaller amount than is fixed originally by the Memorandum of Association, so however that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share be the same as it was in the case of the share from which the reduced share is derived and other conditions, if any laid down by these Articles. (c) Cancel any shares which at the date of the passing of the ordinary resolution, have not been taken or agreed to be taken by any person and also may diminish the amount of its share capital by the amount of the shares so cancelled. (2) The Company shall file with the Registrar notice of exercise of any power referred to in sub clauses (a), (b) or (c) of Clause (1) of this Article within 30 days from the exercise thereof.
66	Sub-division into preferred and ordinary share capital	The resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with others, subject, nevertheless, to the provisions of Section 94 of the Act.The Board may, from time to time subject to the consent of the Members in General Meeting, reclassify or convert the preference share capital into equity share capital or *vice versa*, as may be permitted by law.
67	Reduction of capital	The Company may, from time to time, by special resolution reduce its share capital or any share premium account in any manner and with, and subject to any incident authorized and consent required by law.
68	Surrender of shares	Subject to the provisions of the Act the Board may accept from any Member the surrender of all or any of his shares.
69	Issue at discount etc. or with special privileges	Subject to the provisions of Section 79 of the Act any debenture, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right of conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
		MODIFICATION OF RIGHTS OF SHARE-HOLDERS
70	Power to modify rights to shareholders	If at any time the capital by reason of the issue of preference shares of otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may be raised subject to the provisions of Sections 106 and 107 of the Act and all the provisions hereinafter contained as to General Meetings, shall apply *mutatis mutandis*, as regards meeting, if any, to be held for the purpose.
		BORROWING POWERS
71	Powers of the Board with regard to borrowing	The Board may from time to time but with such consent of the Company in General Meeting as may be required under Section 293 of the Act raise any money or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not without the sanction of the Company 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 and in particular, but subject to the provisions of Section 292 of the Act the Board may from time to time at their discretion raise or borrow or secure the

		payment of any such sum of money for the purpose of the Company, by the issue of debentures perpetual or otherwise including debentures convertible into shares of this or any other Company or perpetual annuities and in security of any such money so borrowed, raised or received mortgage pledge or charge, the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely in trust and give the lenders powers of sale and other powers as may be expedient and to purchase redeem or pay off any such securities. Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated above shall specify the total amount up to which the Board may borrow moneys. The Board may by a resolution at its meeting delegate the above power to borrow money otherwise than on debentures to a Committee of Directors or the Managing Director, if any, within the limits prescribed. Subject to the provisions of this Article, the Board may, from time to time, at their discretion, raise or borrow, secure the repayment of any sum or sums of money for the purpose of the Company, from time to time and in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by opening current accounts or by receiving deposits and advances with or without security, or by the issue of bonds, perpetual or redeemable debentures or debenture stock (both present and future of the Company) including the uncalled capital for the time being of the Company.
72	Securities may be assignable free from equities	Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
73	Instruments of transfer	If the Board refuses to register the transfer of any debentures, the Company shall, within two months from the date on which the instruments of transfer was lodged with the Company send to the transferee and the transferor notice of the refusal.
74	Charge of uncalled capital	If any uncalled share capital of the Company is included in or charged by any other security the Board may, by instrument under the Company's seal, to make calls on the Members in respect of such uncalled capital and the provision herein before contained in regard to calls, shall, apply *mutatis mutandis* to calls made under such authority, and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Boards power or otherwise and shall be assignable if expressed so to be.
		GENERAL MEETINGS
75	When Annual General Meeting to be held	In addition to any other meeting, General Meetings of the Company shall be held within such intervals as are specified in Section 166 (1) of the Act and subject to the provisions of Section 166 (2) of the Act, at such times and places as may be determined by the Board. Each such General Meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an "Extraordinary General Meeting".
76	When other General Meeting to be called	The Board may, whenever it thinks fit, call an Extraordinary General Meeting, and it shall, on the requisition of such number of Members as hold, at the date of the deposit of the requisition, not less than one-tenth of such of the paid up capital of the Company as at that date carried the right of voting in regard to the matter to be considered at the General Meeting, forthwith proceed to call an Extraordinary General Meeting and in the case of such requisition the following provisions shall apply: 1) The requisition shall state the matter for the consideration of which the General Meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Office. The requisition may consist of several documents in like form each signed by one or more requisitionists.

		2) Where two or more distinct matters are specified in the requisition, the requisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the Member or Members herein before specified. 3) If the Board does not, within 21 days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a General Meeting for the consideration of these matters on a day not later than 45 days from the date of deposit, the requisitionists or such of them as are entitled so to do by virtue of Section 169 (6) (b) of the Act may themselves call the General Meeting but any General Meeting so called shall not be convened after three months from the date of deposit. 4) Any General Meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which General Meetings are to be called by the Board. 5) Where two or more persons hold any shares jointly a requisition or notice calling a General Meeting signed by one or some only of them shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them. 6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a General Meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
77	Circulation of Members' Resolutions	The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of Members.
78	Notice of Meeting	Save as provided in sub-section (2) of Section 171 of the Act, not less than 21 days notice shall be given of every General Meeting of the Company. Every notice of a General Meeting shall specify the place and the day and hour of the General Meeting and shall contain a statement of the business to be transacted thereat.
		Notice of every General Meeting of the Company shall be given to every Member of the Company, the Auditors of the Company and to any persons entitled to a share in consequence of the death or insolvency of a Member in any manner hereinafter authorized for the giving of notices of such persons. The accidental omission to give any such notice to or the non-receipt by any Member or other person to whom it should be given shall not invalidate the proceeding of the General Meeting.
79	Meeting by shorter notices	Notwithstanding anything contained in the preceding clauses, with the consent in writing a General Meeting may be called after giving shorter notice, in the case of an Annual General Meeting by all Members entitled to vote thereat and, in the case of any other General Meeting, by Members of the Company holding not less than 95 percent of such part of the paid up share capital of Company as gives a right to vote at the General Meeting.
80	Explanatory statement and scrutinizers at poll	Sub-sections (2) and (3) of Section 173 of the Act relating to explanatory statement to be annexed to notice of a General Meeting and Section 184 thereof relating to scrutinizers at poll shall apply to the Company.
81	Quorum	Five members entitled to attend in person and vote shall be the quorum for a General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite be present at the commencement of the General Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act or its applicable internal procedures.

82	Quorum to be present when business commenced.	No business other than the question of adjourning the General Meeting to some other day shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the business.
83	Chairman of General Meeting	The Chairman of the Board, if any, so appointed shall be entitled to take the Chair at every General Meeting or, if there be no such Chairman, or if at any General Meeting he shall not be present within fifteen minutes after the time appointed for holding such General Meeting or is unwilling to act, the Members present shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the Members present shall choose one amongst themselves to be Chairman of the General Meeting.
84	When quorum is not present General Meeting to be dissolved and when to be adjourned	If within half an hour from the time appointed for the General Meeting a quorum is not present the General Meeting if convened upon such requisition as aforesaid shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week at the same time and place and if at such adjourned General Meeting a quorum is not present within half an hour from the time for the said General Meeting, those Members present shall be a quorum and may transact the business for which the General Meeting was called.
85	Chairman's casting vote	Every question submitted to a General Meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll, have a casting vote in addition to the vote to which he may be entitled as a Member.
86	What is to be evidence of the passing of resolution where poll not demanded	At any General Meeting, unless a poll is demanded in conformity with Section 179 of the Act by the Chairman or by at least five Members or any Member or Members holding not less than one-tenth of the issued capital which carries voting rights, a declaration by the Chairman that a resolution has, on a show of hands been carried, or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book, should be conclusive evidence of the fact without proof of number or proportion of votes recorded in favour of or against the resolution.
87	Poll and Postal Ballot	If a poll is demanded as aforesaid, it shall be taken subject to Sections 180 and 185 of the Act as such in the same manner and at such time and place as the Chairman of the General Meeting directs and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the General Meeting at which the poll was demanded. The demand of the poll may be withdrawn. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same and such determination made in good faith shall be final and conclusive.Notwithstanding anything contained in these Articles, in addition to the existing methods, the Company do adopt the mode of passing the resolution by its Members by means of a postal ballot including voting by electronic mode and/or any other means as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company. (a) Any business that can be transacted by the Company in General Meeting; or(b) Resolutions relating to such business as the Central Government, by notification, in this behalf declare to be conducted only by postal ballot.The Company shall comply with the procedure for such postal ballot and/or other methods prescribed by the Central Government or any other statutory authority from time to time.
88	Power to adjourn General Meeting	The Chairman of the General Meeting may, with the consent of the General Meeting, adjourn the same from time to time and from place to place but no business shall be transacted at an adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place.

89	In what case poll taken without adjournment.	Any poll duly demanded on the election of Chairman of General Meeting or any question of adjournment shall forthwith be taken at the General Meeting without adjournment.
90	Business may proceed not withstanding demand of poll	The demand for poll except on the question of election of Chairman and of an adjournment shall not prevent the continuance of a General Meeting for the transaction of any business other than the question on which the poll has been demanded.
91	Special Notice	Where by any provision contained in the Act or in these Articles, special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than 14 days before the General Meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the General Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it give its Members notice of the resolution in the same manner as it was given notice of the General Meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the General Meeting.
		VOTES OF MEMBERS
92	Votes of Members	On a show of hands every Member present in General Meeting in person shall have one vote and upon a poll every Member present in person or by proxy shall have one vote for every share held by him provided that the holders of preference shares shall not be entitled to vote unless a resolution is proposed affecting rights or privileges of the holders of preference shares. A Member is not prohibited from exercising his voting rights on the ground that he had not held his shares or interest in the Company for any specified period preceding the date on which the vote is taken.
93	Votes in respect of shares of deceased or insolvent Members	Any person entitled under the Article 47 (Transmission of Shares) to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that 48 hours at least before the time of holding the General Meeting or adjourned General Meeting as the case may be at which he proposes to vote, he shall satisfy the Board of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such General Meeting in respect thereof.
94	Vote in case of lunacy	A Member who is of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll through his committee or other legal guardian, and any such committee or guardian may on a poll vote by proxy.
95	Joint-holders of any share	Where there are joint registered holders of any share the person first named in the register as the holder, may vote at any General Meeting either personally or by proxy in respect of such share as if he were solely entitled thereto. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint-holders thereof.
96	Proxy permitted	Votes may be given either personally or by power of proxy/representative to vote or by a duly authorized representative under Section 187 of the Act in case of a body corporate.
97	Instruments appointing Proxy to be in writing	The instrument appointing proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if such appointor is a corporation or body corporate either under its common seal or the hand of an officer at attorney so authorized. A proxy who is appointed for a specified General Meeting only shall be called a special proxy. Any other proxy shall be called a general proxy. Any person may be appointed as a proxy and need not be a Member of the Company or qualified to vote save that corporation or body corporate being a Member of the Company may appoint its proxy any officer of such corporation or body corporate whether Member of the Company or not.

98	Instrument appointing a proxy to be deposited at the Office	The instrument appointing a proxy and the power of attorney (if any) under which it is signed or notarially certified copy of that power of authority shall be deposited at the Office not less than 48 hours before the time for holding the General Meeting or adjourned General Meeting as the case may be at which the person named in such 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 12 months from the date of its execution.
99	When vote shall be valid though authority revoked	A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given provided no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Office of the Company before the General Meeting. Provided nevertheless that the Chairman of any General Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
100	Form of instrument appointing proxy	Every instrument appointing a proxy shall as nearly as circumstances admit be in either of the forms prescribed in Schedule IX to the Act.
101	Restriction on voting	No Member shall be entitled to be present or to vote on any question either personally or by proxy or as proxy for another Member at any General Meeting or upon a poll or to be reckoned in a quorum whilst any call or other sum payable to the Company in respect of any of the shares of such Member shall remain unpaid, and no Member shall be entitled to be present or to vote at any General Meeting in respect of any share that he has acquired by transfer unless his name is entered as the registered holder of the share in respect of which he claims to vote, but this shall not affect shares acquired under a testamentary disposition or by succession to an intestate estate or under an insolvency or liquidation.
102	Representation of a body corporate	A body corporate (whether a company within the meaning of the Act or not) may, if it is Member or creditor of the Company (including a holder of debentures), authorize such person as it thinks fit, by a resolution of its board of directors or other governing Body, of its applicable internal procedures to act as its representatives at any General Meeting of the Company or any class of Members of the Company or at any General Meeting of the creditors of the Company or debenture holders of the Company. A person authorized by resolution or its applicable internal resolution as aforesaid shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate, which he represents as that body corporate, could exercise if it were an individual Member, creditor or holder of debentures of the Company. The production of a copy of the resolution or other certification of its applicable internal procedures referred above, certified by a Director or the Secretary or other officer of such body corporate before the commencement of the General Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives appointment and his right to vote thereat.
103	Rights of Members to use votes differently.	On a poll taken at the General Meeting of the Company a Member entitled to more than one vote or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
104	No proxy to vote on a show of hands.	No proxy shall be entitled to vote on a show of hands.
105	Time for objection to vote	No objection shall be made to the qualification of any voter or to the validity of a vote except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the General Meeting.

106	Chairman of any General Meeting to be the judge of validity of any vote / poll	The Chairman of any General Meeting shall be the sole judge of the validity of every vote tendered at such General Meeting. The Chairman present at the taking of the poll shall be the sole judge of validity of every vote tendered at such poll. The decision of the Chairman shall be final, and conclusive.
		DIRECTORS
107	Board's maximum strength	The minimum number of directors shall not be less than three and the maximum number of directors shall not be more than twelve or such higher number as may be specified by the Act from time to time.
108	First Directors	On registration of Unlimited Company as Limited Company under Section 32 of the Companies Act, 1956, the following will be the Directors with effect from the date of registration under the above referred Section:1. Gunupati Venkata Krishna Reddy 2. Gunupati Indira Krishna Reddy 3. Gunupati Venkata Sanjay Reddy 4. Somanadri Bhupal
109	Power of Board to appoint	The Board shall have power at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.
110	Qualification Shares not required	A director shall not be required to hold any qualification shares.
111	Director's fees remuneration and expenses	Unless otherwise determined by the Company in General Meeting each Director shall be entitled to receive out of the funds of the Company for his services in attending meetings of the Board or of a committee of the Board, such sum as may be fixed by the Board not exceeding the amount specified in this regard under the provisions of the Act, for each meeting of the Board or committee of the Board attended by him. All other remuneration, if any payable by the Company to each Director whether in respect of his services as a Managing Director or a Director in whole or part time employment of the Company shall be determined in accordance with and subject to the provision of the Act. The Directors shall be entitled to be paid their reasonable travelling and hotel and actual expenses incurred in consequence of their attending at Board and committee meeting and actually incurred in the execution of their duties as Directors.
112	Remuneration for extra service	If any Director, being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his home for any of the purposes of the Company or in giving special attention to the business of the Company or as Member of a Committee of the Board then, subject to the provisions of the Act, the Board may remunerate such Director either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.
113	Board may act notwithstanding vacancy	The continuing Directors may act notwithstanding any vacancy in their body, if the number falls below the minimum above fixed, the Board shall not, except for the purpose of filling vacancies act so long as the number is below the minimum.
114	Office of the Director	1) The office of a Director shall *ipso facto* become vacant if: (a) he is found to be of unsound mind by a Court of competent jurisdiction or (b) he applies to be adjudicated an insolvent or (c) he is adjudged an insolvent or (d) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months, or (e) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call or

		(f) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board, or (g) he becomes disqualified by an order of Court under Section 203 of the Act, or (h) he is removed from office in pursuance of Section 284 of the Act, or (i) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company, or (j) by notice in writing to the Company he resigns his office, or (k) an office or place of profit under the Company is held in contravention of Section 314 of the Act and by the operation of that Section he is deemed to vacate offices. 2. Notwithstanding any matter or thing in sub-clauses (c), (d) and (g) of clause (1) the disqualification referred to in those sub-clauses shall not take effect: a) for 30 days from the date of adjudication sentence or order, or b) Where an appeal or petition is preferred within 30 days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expired of seven days from the date on which such appeal or petition is disposed of or c) Where within the seven days aforesaid any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification until such further appeal or petition is disposed of.
115	Directors not to hold office of profit under the Company or its subsidiary	Except in accordance with provisions of Section 314 of the Act, no Director, partner or relative of a Director, firm in which a Director or his relative is a partner, private company of which a Director is a director or member and no director, secretaries manager of such a private company shall, without the previous consent of the Company accorded by a special resolution hold any office or place of profit under the Company or under any subsidiary of the Company (unless the remuneration received from such subsidiary in respect of such office or place is paid over to the Company or its holding company insofar as such remuneration is over and above remuneration to which he is entitled as a Director of such subsidiary) except that of a managing director, secretaries, manager, legal or technical adviser, banker or trustee for the holders of debentures.
116	Director may contract with the Company	(1) Subject to the provisions of the Act, Directors including the Managing Director, if any shall not be disqualified by reason of their office contracting with the Company either as vendor purchaser, lender, agent, broker, or otherwise and shall not apply to any contract or arrangement entered into by or on behalf of the Company with any Director the Managing Director or with any company or partnership of or in which any Director or Managing Director shall be a member or otherwise interested by avoided nor shall any Director or the Managing Director, so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director or the Managing Director holding that office or of the fiduciary relation thereby established, but the nature of the interest must be disclosed by him or them at the meeting of the Board at which the contract or arrangement is determined on, if the interest then exists or in any other case at the meeting of the Board after the acquisition of the interest. Provided nevertheless that no Director shall take part in the discussion of or vote, as a Director in respect of any contract or arrangement in which he is so interested as aforesaid and if he does so his vote shall not be counted but he shall be entitled to be present at the meeting during the transaction of the

		business in relation to which he is precluded from voting although he shall not be counted for the purpose of ascertaining whether there is a quorum of Director present. The provision shall not apply to any contract by or on behalf of the Company to give to the Directors or the Managing Directors or any of them any security by way of indemnity against any loss which they or any of them suffer by becoming or being sureties for the Company or to any contract or arrangements entered into or to be entered for the Company or to any contract or arrangements entered into or to be 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 aforesaid consists solely 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 in his being a Member holding not more than two percent (or other percentage as may be prescribed by law) of its paid up share capital.(2) A general notice that any Director is a Director or a Member of any specified company or is a Member of any specified firm and is to be regarded as interested in subsequent transaction with the company or firm shall, as regards any such transaction by sufficient disclosure under this Article and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such Company or firm.(3) A Director may be or become, a Director or Member of any company promoted by this Company or in which this Company may be interested as a vendor shareholder or otherwise and no such Director shall be accountable to the Company for any benefit received as a Director or Member of such Company.
117	Disclosure of a Director's interest	Every Director who is in any way whether directly or indirectly, concerned or interested in any contract or arrangement, entered into or to be entered into by or on behalf of the Company (not being a contract or arrangement entered into or to be entered into between the Company and any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent (or other percentage as may be prescribed by law) of the paid up share capital in the other company) shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in the last month of each financial year of the Company, that a Director is a director or a member of any specified body Corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern of interest in relation to any contract or arrangement so made and, after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
118	Which Directors to retire	The Directors to retire by rotation 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 to retire shall in default of being subject to any agreement among themselves, be determined by lot.
119	General Meeting to fill up vacancies	The Company at the Annual General Meeting at which a Director retires by rotation in manner aforesaid may fill up the vacated office by appointing the retiring Director or some other person thereto. If the place of the retiring Director is not so filled up and the General Meeting has not expressly resolved not to fill the vacancy, the General Meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. If at the adjourned General Meeting also, the place of the retiring Director is not filled up, the retiring Director shall be deemed to have been re-appointed at the adjourned General Meeting unless:

		(a) At the General Meeting or at the previous General Meeting a resolution for the re-appointment of such Director has been put to the vote and lost; (b) The retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be appointed; (c) He is not qualified or is disqualified for appointment; (d) A resolution, whether special or ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or (e) The provisions of sub-section (2) of Section 263 are applicable to the case.
120	Power to remove Director by ordinary resolution on special notice	The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution, of which special notice has been given, remove any Director before the expiration of his period of office and may, by ordinary resolution of which Special Notice has been given appoint another person in his stead, if the Director so removed was appointed by the Company in General Meeting or by the Board under Article 114 the person so appointed shall hold office until the date up to which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provision of this Article is not so filled by the General Meeting at which he is removed, the Board may at any time thereafter, fill such vacancy under the provisions of Article 109.
121	Board may fill up casual vacancies	If any Director appointed by the Company in General Meeting vacates office as a Director before his term of office will expire in the normal course the resulting casual vacancy may be filled up by the Board at a meeting of the Board but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 114.
122	When candidate for office of Director must give notice	No person not being a retiring Director shall be eligible for appointment to the office of the Director at any General Meeting unless he or some Member intending to propose him has, not less than 14 days before the General Meeting, left at the Registered 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. The Company shall inform its Members of the candidature of a person for the office of Director or the intention of a Member to propose such person as a candidate for that office, by serving individual notices on the Members not less than seven days before the General Meeting provided that it shall not be necessary for the Company to serve individual notice upon the Members as aforesaid if the Company advertise such candidature or intention not less than seven days before the General Meeting in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in the English language and the other in the regional language of that place.
123	Director elected by minority shareholders	The Company may have a director elected by minority shareholders in such manner as may be prescribed in this behalf by the government or any other statutory authority from time to time.
124	Alternate Directors	The Board may appoint an alternate Director to act for a Director (hereinafter called the original Director) during the absence of the original Director from the State in which the meetings of the Board are ordinarily held for a period of not less than three months. An alternate Director so appointed shall vacate office if and when the original Director returns to the State in which meetings of the Board are ordinarily held if the term of office of original Directors is determined before he so returns to the State aforesaid, any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the original and not to the alternate Director.

125	Meeting of Directors	Directors shall convene Board Meetings for transacting the business, adjourn and otherwise regulate their meeting and proceedings, as they deem fit and proper.
126	Quorum	The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher.
127	Resolution by circulation	Subject to the provisions of Section 289 of the Act, a resolution by circulation signed by the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.
128	How question to be decided	Any questions arising at a meeting shall be decided by a majority of votes and, in case of any equality of votes, the Chairman shall have a second or casting vote.
129	Power to appoint Committees and to delegate	The Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may from time to revoke such delegation, Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.
130	Proceedings of Committee	The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and to are not superseded by any regulations made by the Board under the last preceding Article.
131	When acts of a Director valid not withstanding defective appointment etc.	Acts done by a person as a Director shall be valid notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
132	Retirement of Directors	Not less than two-thirds of the total number of Directors shall (a) be persons whose period of office is liable to terminate by retirement of Directors by rotation and (b) save as otherwise expressly provided in these Articles be appointed by the Company in General Meeting. Subject to the provision of Section 256 of the Act 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 the number nearest to one-third shall retire from office.
133	Eligibility for re-election	A retiring Director shall be eligible for re-election.
		POWERS OF THE BOARD
134	General power of Company vested in the Board	Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorized to exercise and do. The Board shall be entitled to pay all expenses incidental to the formation of the Company and in particular, expenses incurred by the promoters for the purpose. Provided that the Board shall not exercise any power or to do any act or thing which is directed or required whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, or be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such act thing the Board shall be subject to the provisions contained in the Act or any other statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith, including regulations made by the Company in General Meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

		LOCAL MANAGEMENT
135	Local Management	Subject to the provisions of the Act, the following regulations shall have effect:
		(1) The Board may, from time to time, provide for the management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the rest of this Article shall be without prejudice to the general powers conferred by this paragraph.
	Local Directorate delegation	(2) The Board may from time to time and at any time, establish any Local Directorates or agencies for managing any of the affairs of the Company outside India, or in any specified locality in India, and may appoint any persons to be members of such Local Directorate or any managers or agents and may fix their remuneration and save as provided in Section 292 of the Act, the Board may, from time to time and at any time delegate to any person so appointed any of the powers, authorities and description for the time being vested in the Board and may authorize the members for the time being of any such Local Directorate or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms subject to such conditions as the Board may think fit and the Board may, at any time, remove any person so appointed and may annul or vary any such delegation.
	Power of Attorney	(3) The Board may, at any time and from time to time, by power of attorney under Seal, appoint any persons to be the attorneys of the Company for such purposes and with such powers authorities and description (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may from time to time, think fit, any such appointment may if the Board thinks fit, be made in favour of the members or any of the members of any Local Directorate established as aforesaid or in favor of any company or firm, or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board, and any such power-of-attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys as the Board thinks fit.
	Sub-delegation	(4) Any such delegates or attorneys as aforesaid may be authorized by the Board to sub-delegate all or any of the powers, authorities and description for the time being vested in them.
	Seal for use abroad	(5) The Company may exercise the powers conferred by Section 50 of the Act with regard to having an official Seal for use abroad, and such powers shall be vested in the Board and the Company may cause to be kept in any State or country outside India, as may be permitted by the Act a foreign register of Members or debenture holders resident in any such State or country and the Board may, from time to time, make such regulations as it may think fit respecting the keeping of any such foreign register, such regulations not being inconsistent with the provisions of Section 157 and 158 of the Act, and the Board may from time to time make such provisions as it may think fit relating there to and may comply with the requirements of any local law and shall in any case, comply with the provisions of Sections 157 and 158 of the Act.

136	Managing Director	The Board may appoint any one of the Directors to the office of the Managing Director, for such period at such remuneration and on such other terms and conditions as the Board thinks fit. The Managing Director shall be subject to the same provisions as to resignation and removal as the other Directors and he shall *ipso facto* and immediately cease to be a Managing Director if he ceased to hold the office of Director from any cause whatsoever.
137	Power of the Managing Director	The Managing Director/Whole time Director shall subject to the control and supervision of the Board of Directors have generally all powers of managing and supervising the Company's business and shall *inter alia* exercise and have the following powers and duties:
		(a) To manage generally all concerns and affairs of the Company, to order for the supply of goods, machinery, labour and all things necessary for the Company on its behalf, to sanction payment of bills to appoint and employ on such terms and conditions as he thinks proper, manager, secretaries, consultants, professionals, experts, advocates, superintendents, inspectors, engineers overseers, contractors, clerks, foremen, and other officer and labour hands, agents, organizers, brokers, canvassers and other persons for the purpose of the Company or to remove or dismiss them and appoint others in their place and to pay the persons so appointed or employed such salaries allowances, wages, commissions, travelling expenses, contribution to provident fund or other remuneration as he may deem proper and fit.
		(b) To receive all payments on behalf of the Company and to receive and sign all letters money orders registered or insured packets and covers, book-posts, telegrams, consignments, and parcels of all descriptions and the like forwarded to the Company and to carry on and sign all correspondences of the Company.
		(c) To pay the costs, charges and expenses, preliminary and incidental for the promotion, formation, establishment, carrying on, running and registration of the Company and for taking licenses from municipality or corporation or from the Government, Central or provincial for the Company, if necessary
		(d) To receive all expenses incurred advanced by him for the aforesaid or any other purposes or business from the funds of the Company provided the Board sanctions such reimbursement.
		(e) To sign cheques, drafts, certificates, bonds, hundies and other documents and generally to sign for on and behalf of the Company.
		(f) To give effectual receipts and discharges of all kinds of payments either in the shape of claim interest rent, profit and other payments and dues and for non-payments for any debts, money, rent due or breaches of any covenant, agreement or condition, to take proceedings, civil, criminal or otherwise for recovery of such debts, money, rent, dues damages compensation in respect of such breaches or otherwise.
		(g) To settle, start, defend, adjust, compound submit to arbitration and compromise withdraw all actions, accounts, claims, and demands whether arising in any legal proceeding or not and to engage counsels, pay their fees.
		(h) To appear and conduct cases for the Company in all courts of justice, civil criminal and revenue before any executive, judicial, revenue, forest, police, postal, excise, income-tax, railway, steamer, telegraph, municipal, government or military departments, district board, local board, union board, or other officers in any action or proceedings or matters in which the Company is interested, with a view to promote, benefit, safeguard, or defend its interest or settle or compromise or compound take action or judgment against the Company or to vote in any municipal corporation, district board, union board, or legislative bodies, electric matters on behalf of the Company.

	(i)	To admit execution of documents before any district registrar, sub-registrar of assurances, registrar of co-operative societies and to get basic documents from the offices of the aforesaid officers and to conduct or defend any case before them.
	(j)	To sign and verify written statements, petitions pleadings, compromises, vakalatnama, warrants of attorneys, muktearnamas, and agents names in all courts civil, criminal or revenue and to pay their fees, charges and or other legal expenses and law charges and costs.
	(k)	With the sanction of the Board to deposit any money in and withdraw money from all treasuries, banks, and any other person or persons for and on behalf of the Company.
	(l)	To execute and do in the name of the Company all deeds and things for the welfare of the Company.
	(m)	With the sanction of the Boards to institute suits including those for libel, defamation, or infringement or any right concerning the Company.
	(n)	To grant and/or revoke any power of attorney general or special on behalf of the Company to any person or persons as he may think fit and proper in the best interest of the Company.
	(o)	To execute and do in the name of and for and on behalf of the Company all things and deeds and documents as the Board may authorize him to do.
	(p)	To keep under his care and safe custody all papers valuable securities and properties of the Company.
	(q)	Subject to the approval of the Board to borrow or raise by loan or otherwise any sum as is required for the conduct of the business of the Company.
		MINUTES OF THE MEETING
141 Minutes of the meeting(s)	(1)	The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or of every committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.
	(2)	In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
	(3)	The minutes of each meeting shall contain a fair and correct summary of the proceedings thereof.
	(4)	All the appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
	(5)	In the case of a meeting of the Board or of a committee of the Board the minutes shall contain: (i) the names of the Directors present at the meeting; (ii) in the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
	(6)	Nothing contained in clauses (1) to (5) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
		(i) is or could reasonably be regarded as defamatory of any person;
		(ii) is irrelevant or immaterial to the proceeding; or
		(iii) detrimental to the interests of the Company.
		The Chairman shall exercise absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

		(7) Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.
		RESERVES
142	Reserves	The Board may, from time to time, before recommending any dividend set apart any or such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company for equalization of dividends for repairing, improving, or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may, invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the Reserves into such special funds as it thinks fit, with full power to employ the Reserves or any part thereof in the business of the Company, and that without being bound to keep the same separate from the other assets.
143	Investment of money	All moneys carried to the Reserve shall nevertheless remain and be profits of the Company applicable subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company may be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or to otherwise as the Board may from time to time think proper.
		CAPITALIZATION OF RESERVES
144	Capitalization of reserves	Any General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves or any Capital Redemption Reserve Account or in the hands of the Company and available for dividends or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the Members as would be entitled to receive the same if distributed by way of dividends and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such Members in paying up in full any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution, of payment shall be accepted by such Members in full satisfaction of their interest in the said capitalized sum. Provided that any sum standing to the credit of the Share Premium Account or a Capital Redemption Reserve Account may, for the purpose of this Article only be applied in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.
145	Surplus moneys	A General Meeting may resolve that any surplus money arising from the realization of any capital assets of the Company or any investment representing the same, or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the Members on the footing that they receive the same as capital.

146	Fractional certificates	For the purpose of giving effect to any resolution under the last two preceding Articles, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign contract on behalf of the Members entitled to the dividend or capitalized fund, and such appointment shall be effective.
147	Equitable interest not to be recognized	The Company shall not be bound by or recognize any equitable, contingent, future or partial interest in any fractional part of a share or (except only as by these presents otherwise expressly provided) any other right in respect of any share except an absolute right to the entirely thereof as the registered holder.
		DIVIDEND
148	Dividend to be declared in General Meeting	The Company in General Meeting may declare dividends to be paid to the Members according to their respective right and interest in the profits. No dividend shall exceed the amount recommended by the Board, but the Company may declare a smaller dividend in a General Meeting. The provisions regarding the manner and time of payment of dividend embodied in Sections 205, 206, 207 and 93 of the Act shall apply accordingly.
149	Interim dividends	The Board may from time to time pay the Members such interim dividends as appear to them to be justified.
150	Dividends out of profit only	No dividend shall be paid otherwise than out of the profits of the Company arrived at in the manner provided for in Section 205 of the Act. The declaration of the Board as to the net profits of the Company shall be conclusive.
151	Division of profits	Subject to the rights of persons if any entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of shares in the Company, dividends may be declared and paid according to the amounts paid on the shares. No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the share.
152	Debts may be deducted	The Board may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
153	Capital paid up in advance at interest not to earn dividend	Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right, to dividend or to participate in profits.
154	Dividends in proportion to amount paid up.	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms, providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.
		No Member to receive dividend whilst indebted to the Company and the Company's right of reimbursement thereof.
		No Member shall be entitled to receive payment of any interest or dividend or bonus 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 however either alone or jointly with any other person or persons) and the Board may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.

155	Effect of transfer of shares	A transfer of shares shall not pass the right to any dividend declared therein before the registration of the transfer.
156	Dividend to joint-holders	Any one of several persons who are registered as joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.
		A person entitled to a share by transmission shall subject to the right of the Board to retain such dividends or money as is hereafter provided be entitled to receive dividend without being registered as a Member and may give a discharge for any dividends or other moneys payable in respect of the share.
157	Dividend how remitted	The dividend payable in cash may be paid by transfer to bank account or by cheque or warrant sent through post direct to registered address of the share-holder entitled to the payment of the dividend or in case of joint-holders to the registered address of that one of the joint-holders which is first named on the Register of Members or to such person and to such address as they may direct in writing. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
158	Dividend to be paid within time	The Company shall pay the dividend or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within the time as provided under Section 205, 205A and 205B of the Act from the date of the declaration unless:
		i where the dividend could not be paid by reason of the operation of any law;
		ii where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
		iii where there is a dispute regarding the right to receive the dividend;
		iv where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder, or
		v where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
159	Unclaimed dividend	No unclaimed dividend shall be forfeited by the Board and the Board shall comply with provisions of Sections 205A and 205B of the Act, as regards unclaimed dividends.
160	No interest on dividends	Subject to the provisions of Section 205A of the Act no dividend shall bear interest as against the Company.
161	Dividends in cash	No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by Members of the Company.
		REGISTERS AND DOCUMENTS
162	Inspection of Registers	The minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken there from and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in case of the Register of Members of the Company, provided for in the Act. Copies of entries in these Registers shall be furnished to the persons entitled to the same on such days and during such business hours as may consistently be determined by the provisions of the Act.
163	Buyback of Shares	The Company may buyback its own shares or other specified securities subject to the provisions of Sections 77A, 77AA and 77B of the Act and any related guidelines issued in connection therewith.

164	Sweat Equity	The Company may issue sweat equity shares subject to the provisions of Section 79A of the Act and any other related provisions as may be required for the time being in force.
		DEMATERIALIZATION OF SECURITIES
165	Dematerialization of securities	Notwithstanding anything contained in the Articles, the Company shall be entitled to dematerialize its securities, rematerialize its securities held by the depositories and/or to offer its fresh securities in the dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
166	Option given to investors	Every person shall have the option to hold the securities with a Depository. Such a person who is a beneficial owner of the securities can at any time opt out of a Depository in respect of such security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.
		If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.
167	Securities in Depository to be in fungible form	All securities held by a Depository shall be dematerialized and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of securities held by it on behalf of the beneficial owners. No certificate shall be issued for the securities held by the Depository.
168	Voting rights of Depository and beneficial owner	The Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of a beneficial owner. Save as otherwise provided here in above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it. Every person holding securities and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a Member of the Company. The beneficial owner shall be entitled to all the rights and benefits and shall be subject to all the liabilities in respect of such of his securities that are held by the Depository.
169	Allotment of securities by the Depository	Notwithstanding anything contained in the Act or the Articles, where the Depository holds the securities, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
170	Register and Index of beneficial owners	The register and index of beneficial owners maintained by the Depository under the Depositories Act shall be deemed to be the Register and Index of Members and security holders for the purpose of these Articles except as is mentioned in the provisions of Section 150, 151 and 152 of the Act.
171	Transfer of securities	Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.
		ACCOUNTS
172	Profit and Loss Account to be laid before General Meeting at least once in every year.	Subject to Sections 210 and 166 of the Act, once at least in every year the Board shall place before the Company in General Meeting a profit and loss account for the period not more than six months before such General Meeting.
173	Balance Sheet	A Balance Sheet shall be made out in every year, audited and laid before the Company in Annual General Meeting made up-to-date not more than six months before such Meeting. The Balance Sheet together with the Auditor's Report shall be accompanied by a Report of the Directors as to the state of the Company's affairs and the amount, which they recommend to be paid by way of dividend and the amount, which they propose to carry to Reserve fund.

		AUDIT
174	Accounts to be audited annually	Once at least in every year one or more Auditor(s) shall examine the books of account of the Company.
175	Appointment and remuneration of auditors	The Company at each Annual General Meeting shall appoint an Auditor or Auditors to hold office term from the conclusion of the meeting until the conclusion of the next Annual General Meeting and shall, within seven days of the appointment, give intimation thereof to every Auditor or Auditors so appointed, unless he is a retiring Auditor or Auditors shall be regulated by Sections 224 to 227 of the Act.
176	Audit of accounts of branch office of the Company	Where the Company has a branch office the provisions of Section 228 of the Act shall apply.
177	Right of Auditor to attend General Meeting	All notices of and other communications relating to any General Meeting of the Company which any Member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall be entitled to attend any General Meeting which he attends on any part of the business which concerns him as Auditor.
178	Auditor's Report to be read	The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.
179	When Accounts to be deemed finally settled	Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in General meeting shall be conclusive.
		RECONSTRUCTION
181	Reconstruction	On any sale of the undertaking of the Company the Board or the Liquidators on a winding up may if authorized by a special resolution accept fully paid or partly paid up shares, debentures or securities of any other company whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidators (in a winding up) may distribute such shares or securities, or any other property of the Company amongst the Members without realization, or vest the same in trustees for them and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities benefit or property otherwise than in accordance with the strict legal rights of the Members or contributories of the Company and for the valuation of any such securities or property at such price and in such manner as the General Meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorized, and waive all rights in relation thereto, save only in the case the Company is proposed to be or in the course of being wound up, such statutory rights (if any) under Section 494 of the Act as are incapable of being varied or excluded by these Articles.
		WINDING UP
184	Distribution of assets	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 paid up capital at the commencement of the winding up the excess shall be distributed amongst the Members but this Article is to be without prejudice to the rights of Member registered in respect of shares issued upon special terms and conditions.
185	Distributions of assets in specie	If the Company shall be wound up, whether voluntarily or otherwise, the Liquidators may with the sanction of Special Resolution divided among the contributories, in specie or kind, any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators, with the like sanction shall think fit.

SECTION IX: OTHER INFORMATION

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 the 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 the Red Herring Prospectus, delivered to the Registrar of Companies, New Delhi for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office and the corporate office of our Company from 10.00 a.m. to 4.00 p.m. on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Letters of appointment dated September 1, 2005 to JM Morgan Stanley Private Limited and Kotak Mahindra Capital Company Limited from our Company appointing them as the BRLMs.
2. Memorandum of Understanding amongst our Company and BRLMs.
3. Memorandum of Understanding/ Agreements executed by our Company with Registrar to the Issue.
4. Escrow Agreement dated January 27, 2006 between the Company, the BRLMs, the Escrow Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated January 27, 2006 between the Company, the BRLMs and the other Members of the Syndicate.
6. Underwriting Agreement dated February 10, 2005 between the Company, the BRLMs and other Underwriters.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certification of incorporation.
3. Our certificates in relation to change of name.
4. Shareholders' resolutions in relation to this Issue and other related matters such as appointment of auditors, formation and revision of Audit, Remuneration and other committees
5. Present terms of employment between GVKPIL and our Directors as approved by our Board and our Sharholders.
6. Report of the Auditors, S.R.Batliboi & Associates dated October 15, 2005 and December 17, 2005 prepared as per Indian GAAP and mentioned in the Prospectus.
7. Report of the Auditors, Brahmayya & Co. dated October 14, 2005, and January 2, 2006 prepared as per Indian GAAP and mentioned in the Prospectus.
8. Copies of annual reports of our Company for the years ended March 31, 2001, 2002, 2003, 2004 and 2005 and for, GIL and Gautami for the period ended March 31, 2001, 2002, 2003, 2004 and 2005.
9. Consent of the Auditors being S.R.Batliboi & Associates for inclusion of their report on accounts in the form and context in which they appear in the Prospectus
10. Consent of the Auditors of our Subsidiary and Associate Company being Brahamaya S.R.Batliboi Associates for inclusion of their report on accounts in the form and context in which they appear in the Prospectus
11. General Power of Attorney executed by the Directors of our Company namely Mr. G.V. Krishna Reddy, Mrs. G. Indira Krishna Reddy, Mr. A. Ramakrishna, Dr. Abid Hussain and Mr. K.N. Shenoy in favour of Mr. G.V. Sanjay Reddy and Mr. P. Abraham in favour of Mr. Somanadri Bhupal for signing and making necessary changes to the Prospectus and other related documents
12. Consents of Bankers to the Company, Syndicate Members, Registrar to the Issue, Banker to the Issue, Legal counsel to the Company and Underwriters, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities
13. Initial listing applications dated October 24, 2005 and October 24, 2005 filed with BSE and NSE respectively
14. In-principle listing approval dated December 27, 2005 and December 16, 2005 from BSE and NSE respectively
15. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated November 24, 2005

16. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated January 16, 2005
17. Due diligence certificate dated October 24, 2005 to SEBI from JM Morgan Stanley Private Limited and Kotak Mahindra Capital Company Limited.
18. SEBI observation letter No. CFD/DIL/SM/ISSUES/ 56521/2005 dated December 28, 2005.

Material Documents to the Company, its Subsidiary and its Associate Company

GVK Industries Limited

1. Amended and restated shareholders agreement in respect of GIL on September 1, 1995.
2. Phase-I
    - Amended and Restated Power Purchase Agreement dated April 19, 1996 between GIK and Andhra Pradesh State Electricity Board
    - Gas Supply Contract dated February 16, 1993 between the Gas Authority of India Limited GIL, as amended by the Amendment Agreement dated March 12, 1996
    - Amended and Restated Naphtha Sales Agreement dated March 2, 1997 between Bharat Petroleum Corporation Limited and GIL
    - Operations and Maintenance Agreement between GIL and GVKPIL
3. Phase-II
    - Power Purchase Agreement dated June 18, 2003 with Transmission Corporation of Andhra Pradesh Limited
    - Operations and Maintenance Agreement between GIL and GVKPIL
    - Agreement with the EPC Contractor
        - o Supplies (CIF)
        - o Supplies (Ex Works) and
        - o Supplies (Services)
    - Long Term Spares Parts Agreement dated December 12, 2003 between GIL and ALSTOM (Switzerland) Limited
    - Gas Supply Contract dated October 5, 1999 between the Gas Authority of India Limited GIL

Gautami Power Limited

4. Shareholders Agreement dated July 2, 2003 and amended on July 3, 2003 and June 11, 2004
5. GPL power project
    - Power Purchase Agreement June 18, 2003 with Transmission Corporation of Andhra Pradesh Limited
    - Operations and Maintenance Agreement between GPL and GVKPIL
    - Fuel Supply Agreement dated October 9th, 2000 between GAIL and GPL, amended via Supplemental Agreement dated 18.10.2001,21.4.2003 and 24.06.2004
    - Agreement with the EPC Contractor dated September 27, 2003
        - o Supplies (CIF)
        - o Supplies (Ex Works) and
        - o Supplies (Services)
    - Long Term Spares Parts Agreement between GPL and ALSTOM Limited (Contractor)

Project Information Memorandum by PFC dated November 2003

Any of the contracts or documents mentioned in this 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 of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

We the Directors of the Company certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the guidelines issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Mr. G. V. Krishna Reddy	Sd/-
Mrs. G. Indira Krishna Reddy	Sd/-
Mr. G. V. Sanjay Reddy	Sd/-
Mr. Somanadri Bhupal	Sd/-
Mr. A. Ramakrishna	Sd/-
Dr. Abid Hussain	Sd/-
Mr. K. N. Shenoy	Sd/-
Mr. P. Abraham	Sd/-

Date: February 10, 2006

Place : Hyderabad

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