

## REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement entered into with the stock exchanges, the Company hereby submits the report on matters as mentioned in the said clause and Corporate Governance practices followed by the Company.

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

Corporate Governance broadly refers to a set of rules and practices designed to govern the behavior of corporate enterprises. The Company's philosophy on Corporate Governance envisages accountability, responsibility and transparency in the conduct of the Company's business and its affairs vis-à-vis its employees, shareholders, bankers, lenders, government, suppliers, dealers etc. and accordingly lays great emphasis on regulatory compliances. The Company firmly believes that Corporate Governance is a powerful tool to subserve the long-term growth of the Company and continues to give high priority to the principles and practice of Corporate Governance and has accordingly benchmarked its practices with the existing guidelines of corporate governance as laid down in the Listing Agreement.

### 2. BOARD OF DIRECTORS (BOARD) :

#### (a) Composition :

The Company has an optimum combination of Executive and Non-Executive Directors, in conformity with Clause 49 of the Listing Agreement, to maintain the independence of the Board and to separate the Board functions of governance and management.

On the date to which this report pertains, the Board comprises of a Chairman and Managing Director (Executive), Four (4) Executive Directors, One (1) Non-Executive Non-Independent Director and Seven (7) Non-Executive Independent Directors. All the members of the Board are persons with considerable experience and expertise in industry, finance, management and law.

The Chairman and Managing Director provides leadership to the Board and to the Management in strategizing and realizing business objectives and is supported by the Executive Directors. The Independent Directors contribute by giving their valuable guidance and inputs with their independent judgement on the overall business strategies and performance.

None of the Directors on the Board is a Member of more than 10 (Ten) Committees and Chairman of more than 5 (Five) Committees (as specified in Clause 49 of the Listing Agreement), across all the companies in which they are Directors. The necessary disclosures regarding committee positions have been made by all the Directors.

#### (b) Board Meetings :

The Board meets at least once in each quarter inter alia to review the quarterly results. In addition the Board also meets whenever necessary.

During the year under review the Company held 9 (Nine) Board Meetings on 06/05/2009, 21/05/2009, 30/06/2009, 09/07/2009, 31/07/2009, 09/09/2009, 25/09/2009, 30/10/2009, 30/01/2010 and the gap between two meetings did not exceed four months. The Board Meetings are held at the registered office of the Company.

#### (c) Changes in Board Composition :

Effective from 1<sup>st</sup> April, 2009 till date the following changes have taken place in the Board composition :

1. Mr. Naval Choudhary who was inducted as an Additional Director w.e.f. 21<sup>st</sup> May, 2009 was regularized as a Director at the Annual General Meeting held on 14<sup>th</sup> October, 2009.
2. Mr. Parvez Umrigar, Non-Executive Director resigned from the Company's Board w.e.f. 23<sup>rd</sup> December, 2009.
3. Mr. Rohit Modi who was inducted as an Additional Director designated as Deputy Managing Director w.e.f. 7<sup>th</sup> June, 2009 was regularized as a Whole-time Director at the Annual General Meeting held on 14<sup>th</sup> October, 2009.

4. Mr. Digambar C. Bagde who was inducted as an Additional Director designated as Director & CEO (Transmission & Distribution) business of Nagpur branch w.e.f 7<sup>th</sup> June, 2009 was regularized as a Whole-time Director at the Annual General Meeting held on 14<sup>th</sup> October, 2009.
5. Mr. Atul Kumar Shukla who was inducted as an Additional Director w.e.f. 9<sup>th</sup> July, 2009 was regularized as a Director at the Annual General Meeting held on 14<sup>th</sup> October, 2009.
6. Mr. Himanshu Parikh ceased to be a Whole-time Director of the Company w.e.f. 6<sup>th</sup> July, 2010 by virtue of his resignation as an employee of the Company, but continues to be a Non-Independent Executive Director of the Company.

**(d) Directors' Attendance Record and Directorships held :**

The composition of the Board, category of Directors and details of attendance of each Director at Board Meetings and last Annual General Meeting, details of other directorships and membership of committees are as follows :

Name and Designation of Director	Category of Directors	No. of Board Meetings attended (01.04.2009 to 31.03.2010)	Whether attended last A.G.M. held on 14 <sup>th</sup> October, 2009	No. of Directorships in other Public Companies	No. of Chairmanship and Membership of Committees of other public companies	
					Chairman	Member
Mr. Peter Gammon Chairman Emeritus	Promoter/ Non-Executive/ Non Independent	NIL	No	NIL	NIL	NIL
Mr. Abhijit Rajan Chairman & Managing Director	Promoter/ Executive/ Non-Independent	8	Yes	3	1	—
Mr. Rohit Modi Deputy Managing Director	Executive/ Non-Independent	5	Yes	1	—	—
Mr. Rajul A. Bhansali Executive Director	Executive/ Non-Independent	5	Yes	2	—	—
Mr. Himanshu Parikh Executive Director	Executive/ Non-Independent	5	Yes	5	1	2
Mr. Digambar Bagde Executive Director	Executive/ Non-Independent	4	Yes	4	—	—
Mr. C. C. Dayal Director	Non-Executive/ Independent	9	Yes	10	2	6
Mr. Atul Dayal Director	Non-Executive/ Independent	NIL	No	2	0	1
Dr. Naushad Forbes Director	Non Executive/ Independent	NIL	No	2	—	—
Mr. Jagdish Sheth Director	Non-Executive/ Independent	8	Yes	—	—	—
Ms. Urvashi Saxena Director	Non-Executive/ Independent	7	Yes	—	—	—
Mr. Naval Choudhary Director	Non-Executive/ Independent	6	Yes	—	—	—
Mr. Parvez Umrigar* Director	Non-Executive/ Independent	7	Yes	—	—	—
Mr. Atul Kumar Shukla Director	Non-Executive/ Independent	5	Yes	5	—	3

\* Mr. Parvez Umrigar resigned as the Director of Gammon India Limited w.e.f. 23<sup>rd</sup> December, 2009.

Notes:

- (a) Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and companies incorporated outside India.
- (b) Chairmanship/Membership of Board Committees includes only Audit and Shareholders/Investors Grievance Committee.
- (c) Mr. C. C. Dayal and Mr. Atul Dayal are related to each other.
- (d) The Board meetings are held at the registered office of the Company. The information as required under Annexure IA to Clause 49 is being made available to the Board. The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the year.
- (e) As per clause 49 of the Listing Agreement, the expression 'Independent Director' shall mean a non-executive director of the Company who;
  - (i) apart from receiving Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;
  - (ii) is not related to promoters or persons occupying management positions at the board level or at one level below the board;
  - (iii) has not been an executive of the Company in the immediately preceding three financial years;
  - (iv) is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following :
    - the statutory audit firm or the internal audit firm that is associated with the Company, and
    - the legal firm(s) and consulting firm(s) that have a material association with the Company.
  - (v) is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the Director.
  - (vi) is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.
  - (vii) is not less than 21 years of age.

**(e) Details of Remuneration paid to Directors during the year ended 31<sup>st</sup> March, 2010 :**

**REMUNERATION POLICY :**

All Executive Directors receive salary, allowances, perquisites and commission while Non-Executive Directors receive sitting fees for attending Board and Committee meetings. Payment of remuneration to the Managing Director and the Executive Directors is governed by an Agreement entered into between the Company and the Managerial personnel, the terms and conditions of which have been duly approved by the Board and the Shareholders of the Company.

The Remuneration (including perquisites and benefits) paid to the Executive Directors during the year ended 31<sup>st</sup> March, 2010 is as follows :

Name of the Director	Salary (₹)	Perquisites (₹)	Commission (₹) ##	Total
Mr. Abhijit Rajan	1,32,60,000	3,878	10,00,000	1,42,63,878
Mr. Himanshu Parikh	69,39,852	40,383	10,00,000	79,80,235
Mr. Rajul Bhansali	42,80,000	1,72,076	10,00,000	54,52,076
Mr. Rohit Modi	1,76,31,707	1,25,545	10,00,000	1,87,57,252
Mr. D. C. Bagde	72,98,937	51,020	1,00,00,000	1,73,49,957
<b>Total</b>	<b>4,94,10,496</b>	<b>3,92,902</b>	<b>1,40,00,000</b>	<b>6,38,03,398</b>

## Payable for the year 2009-10.

**SERVICE CONTRACT/SEVERANCE FEES & NOTICE PERIOD :**

The terms of employment stipulate a notice period of three months, for termination of appointment of Chairman & Managing Director and Executive Directors, on either side.

The Chairman & Managing Director and Executive Directors shall be entitled for compensation for loss of office to the extent permissible under the Companies Act, 1956, if, during the currency of the Agreement their tenure of office is determined for reasons other than those specified in sub-section (3) of Section 318 or any other applicable provisions of the Companies Act, 1956. There is no other provision for payment of severance fees.

#### **NON-EXECUTIVE DIRECTORS :**

The Non-Executive Directors of the Company do not draw any remuneration from the Company other than sitting fees for attending Board and Committee meetings.

Details of Sitting Fees paid to Non-Executive Directors for attending Board and Committee Meetings during the year 2009-10 are given below :

<b>Name</b>	<b>Board Meeting (₹)</b>	<b>Committee Meeting (₹) **</b>	<b>Total (₹)</b>
Mr. C. C. Dayal	1,80,000	3,20,000	5,00,000
Mr. Atul Dayal	—	—	—
Mr. Jagdish Sheth	1,60,000	40,000	2,00,000
Ms. Urvashi Saxena	1,40,000	1,00,000	2,40,000
Mr. Atul Kumar Shukla	1,00,000	—	1,00,000
Mr. Naval Chaudhary	1,20,000	60,000	1,80,000

Note : (\*\*) includes Audit, Selection, QIP, Financial Review and Equity Warrants Committee Meeting.

### **3. BOARD COMMITTEES :**

In compliance with the Listing Agreement and the applicable laws, the Board constituted the following Committees :

(1) Audit Committee (2) Shareholders/Investors' Grievance Committee (3) ESOP Compensation Committee (4) Selection Committee (5) QIP Committee (6) Equity Warrants Committee (7) Financial Review Committee.

The Board determines the constitution of the committees, the terms of reference for committee members including their roles and responsibilities.

#### **(a) AUDIT COMMITTEE :**

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

Mr. Naval Chaudhary was inducted as a member of the Audit Committee on 9<sup>th</sup> July, 2009. The Audit Committee presently comprises of 4 (Four) Non-Executive Independent Directors and 1 (One) Executive Director viz.: (1) Mr. C. C. Dayal (Chairman) (2) Mr. Atul Dayal (3) Ms. Urvashi Saxena (4) Mr. Naval Chaudhary and (5) Mr. Himanshu Parikh – Executive Director. All the members of the Audit Committee are financially literate and have accounting/related financial management expertise.

The Audit Committee meetings are held at the Registered Office of the Company and attended by invitation by the Chief Financial Officer, Senior Vice President – Finance, representatives of the Statutory Auditors and the Internal Auditors of the Company.

The Company Secretary acts as Secretary to the Audit Committee.

The role of audit committee as per Clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956, includes the following :

(a) Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- (b) Recommending to the Board the appointment and removal of statutory auditors, branch auditors and fixation of their remuneration.
- (c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
- Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgements by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with Stock Exchanges and legal requirements concerning financial statements.
  - Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
  - Reviewing with the management, Statutory and Internal Auditors, internal controls and the adequacy of internal control systems.
- (d) Reviewing the quarterly and half yearly financial results.
- (e) Reviewing the adequacy of internal audit functions, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (f) Discussion with Internal Auditors, any significant findings and follow up thereon.
- (g) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (h) Discussions with Statutory Auditors before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any areas of concern.
- (i) Reviewing the Company's financial and risk management policies.
- (j) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in the case of nonpayment of declared dividends) and creditors, if any.
- (k) Reviewing the operations, new initiatives and performance of the business divisions.

During the period under review, the Audit Committee met 6 (Six) times and the dates of such meetings were: 30/06/2009, 09/07/2009, 31/07/2009, 09/09/2009, 30/10/2009 and 30/01/2010.

The details of meetings attended by the Directors are given below :

<b>Name of the Member</b>	<b>Category</b>	<b>No. of Audit Committee Meetings attended</b>
Mr. C. C. Dayal	Non-Executive – Independent	6
Mr. Atul Dayal	Non-Executive – Independent	NIL
Mr. Himanshu Parikh	Executive/Non-Independent	3
Ms. Urvashi Saxena	Non-Executive – Independent	5
Mr. Naval Chaudhary*	Non-Executive – Independent	4

\* Mr. Naval Chaudhary was inducted in the Committee w.e.f. 9<sup>th</sup> July, 2009.

Mr. C. C. Dayal, Chairman of the Audit Committee was present at the previous Annual General Meeting held on 14<sup>th</sup> October, 2009.

**(b) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :**

The Shareholders/Investors Grievance Committee comprises of 4 (Four) Non-Executive Independent Directors and 1 (One) Executive Director viz.: 1) Mr. C. C. Dayal (Chairman) 2) Mr. Atul Dayal 3) Mr. Naval Chaudhary 4) Mr. Atul Kumar Shukla and 5) Mr. Himanshu Parikh.

Mr. Naval Chaudhary and Mr. Atul Kumar Shukla were inducted as members w.e.f. 31<sup>st</sup> August, 2009.

The Company Secretary, Ms. Gita Bade is the Compliance Officer.

The Shareholders/Investors Grievance Committee deals with various matters relating to :

- Transfer/Transmission of shares.
- Issue of duplicate share certificates.
- Review of shares dematerialized/rematerialized and all other related matters.
- Non-receipt of Annual Reports and dividend.
- Redressal of investors/shareholders complaints.

During the year 2009-10 the Committee held 22 (Twenty Two) meetings on 15/04/2009, 30/04/2009, 15/05/2009, 30/05/2009, 15/06/2009, 30/06/2009, 15/07/2009, 14/08/2009, 31/08/2009, 15/09/2009, 30/09/2009, 08/10/2009, 15/10/2009, 31/10/2009, 16/11/2009, 30/11/2009, 31/12/2009, 15/01/2010, 15/2/2010, 26/02/2010, 15/03/2010 and 31/03/2010.

The minutes of the Shareholders'/Investors' Grievance Committee are reviewed and noted by the Board.

The composition of the Committee and the details of the Committee meetings attended by the Members are given below :

Name of the Director	Executive/Non-Executive	No. of Committee Meetings Attended
Mr. C. C. Dayal	Non-Executive – Independent Chairman	22
Mr. Atul Dayal	Non-Executive – Independent	2
Mr. Himanshu Parikh	Executive – Non-Independent	19
Mr. Naval Chaudhary	Non-Executive – Independent	14
Mr. Atul Kumar Shukla	Non-Executive – Independent	12

A total of 37 queries/complaints were received by the Company from Shareholders/Investors as detailed below. All the complaints were resolved by the Company to the satisfaction of the investors and as on 31<sup>st</sup> March, 2010, there were no pending letters/complaints. The status of Shareholders' complaints received up to 31<sup>st</sup> March, 2010 is as stated below :

No. of Complaints received during the twelve months period ended 31 <sup>st</sup> March, 2010.	37
No. of Complaints resolved as on 31 <sup>st</sup> March, 2010.	37
No. of Complaints pending as on 31 <sup>st</sup> March, 2010.	NIL
No. of pending Share transfers as on 31 <sup>st</sup> March, 2010.	NIL

Name, Designation and Address of Compliance Officer :

Ms. Gita Bade  
 Company Secretary  
 Gammon India Limited  
 Gammon House, Veer Savarkar Marg,  
 Prabhadevi, Mumbai - 400 025.  
 Telephone : 022 – 6115 4050.  
 Facsimile : 022 – 2430 0529.

**(c) ESOP COMPENSATION COMMITTEE :**

The Company constituted an ESOP Compensation Committee ('Committee') on 31<sup>st</sup> January, 2010. The Committee comprises of three (3) members out of which two (2) are Non-Executive Independent Directors and one (1) is an Executive Director viz. Mr. C. C. Dayal, Mr. Naval Choudhary and Mr. Himanshu Parikh. Ms. Gita Bade, Company Secretary acts as the Secretary to the Committee. The Committee oversees administration of the Employee Stock Option Scheme ('ESOP Scheme') taken over by the Company subsequent to the merger of Associated Transrail Structures Limited with and into the Company effective from 7<sup>th</sup> July, 2009.

During the year 2009-10 the Committee held one (1) meeting on 22<sup>nd</sup> February, 2010 which was attended by all the members.

**(d) SELECTION COMMITTEE :**

A Selection Committee comprising of 2 (two) Non-Executive Independent Directors and 1 (One) officer of the Company viz.: 1) Mr. C. C. Dayal (Chairman) 2) Mr. Jagdish Sheth and 3) Mr. A. B. Desai was constituted on 6<sup>th</sup> May, 2009.

The Committee was constituted pursuant to the Directors Relatives (Office or Place of Profit) Rules 2003.

During the year 2009-10 the Committee held one (1) meeting on 21<sup>st</sup> May, 2009 which was attended by all the members.

Sitting fees of ₹ 20,000/- was paid to each Director for attending the meeting.

**(e) QIP COMMITTEE :**

The QIP Committee was formed on 30<sup>th</sup> October, 2009 to oversee the entire process of issue, offer and allotment of equity shares to the Qualified Institutional Buyers (QIBs) as per the SEBI Regulations.

During the year 2009-10 the Committee held 3 (Three) meetings on 08/12/2009, 10/12/2009 and 15/12/2009.

The composition of the Committee and the details of the Committee meetings attended by the members are given below :

<b>Name of the Director</b>	<b>Executive/Non-Executive</b>	<b>No. of Committee Meetings Attended</b>
Mr. Himanshu Parikh	Executive Director	3
Mr. Rajul Bhansali	Executive Director	1
Mr. Parvez Umrigar	Non-Executive Director	3

**(f) EQUITY WARRANTS COMMITTEE :**

The Equity Warrants Committee was constituted on 30<sup>th</sup> January, 2010 pursuant to the shareholders' approval for issue and allotment of preferential convertible warrants to persons forming part of the promoter group and to allot equity shares as and when they exercise their right of conversion and to discharge all the functions in connection with the issue and allotment of equity warrants.

The Committee comprises of 2 (Two) Non-Executive Independent Directors viz.: 1) Mr. C. C. Dayal (Chairman) and 2) Mr. Jagdish Sheth.

During the year 2009-10 the Committee held 1 (One) meeting on 30/03/2010 which was attended by all the members.

Sitting fees of ₹ 20,000/- was paid to each Director for attending the meeting.

**(g) FINANCIAL REVIEW COMMITTEE :**

In addition to the above committees, the Company has also constituted a Financial Review Committee with Two (2) Directors as members namely, Mr. C. C. Dayal – Non-Executive Director and Mr. Rajul Bhansali – Executive Director. The Committee reviews all financial transactions, various issues and compliances relating thereto. Mr. C. C. Dayal is paid sitting fees of ₹ 20,000/- per meeting.

**4. OTHER INFORMATION :****(a) CODE OF CONDUCT :**

The Company has laid down a Code of Conduct for all Board members and the Senior Management Personnel. The Code of Conduct is available on the Company's website viz.: [www.gammonindia.com](http://www.gammonindia.com). All the Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct. A declaration to this effect signed by the Chairman and Managing Director forms part of this Report.

**(b) GENERAL BODY MEETINGS :****(i) Location, Date and Time of Annual General Meetings held during the last three (3) years :**

The last Annual General Meeting of the Company was held at Ravindra Natya Mandir (P. L. Deshpande Maharashtra Kala Academy), Sayani Road, Prabhadevi, Mumbai-400 025, whereas the Annual General Meetings for the year 2006-07 and 2007-08 were held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Mumbai-400 034 as under :

AGM	Financial Year	Date & Time
87 <sup>th</sup>	2008-2009	14 <sup>th</sup> October, 2009 at 3.00 p.m.
86 <sup>th</sup>	2007-2008	25 <sup>th</sup> September, 2008 at 3.30 p.m
85 <sup>th</sup>	2006-2007	18 <sup>th</sup> September, 2007 at 3.00 p.m.

**(ii) Special Resolutions passed in the previous three Annual General Meetings :**

Date of AGM	Particulars of Special Resolutions passed
14 <sup>th</sup> October 2009	<p>(i) Appointment of Mr. Harshit Rajan, a relative of Mr. Abhijit Rajan, Chairman and Managing Director of the Company, to hold and continue to hold an office or place of profit in the Company pursuant to Section 314 of the Companies Act, 1956 and subject to approval by the Central Government.</p> <p>(ii) Payment of remuneration to Mr. Parvez Umrigar, Non-Executive Director pursuant to Section 309(4)(a) of the Companies Act, 1956 and subject to approval by the Central Government.</p>
25 <sup>th</sup> September, 2008	No Special Resolution was passed.
18 <sup>th</sup> September, 2007	<p>(i) Authorizing the Board to borrow in excess of the paid-up capital and free reserves of the Company under Section 293(1)(d).</p> <p>(ii) *Mortgaging and/or charging all or some or any immovable and/or movable properties of the Company, in favour of the lender(s) including debenture-trustees for the holders of debentures that may be issued whether privately placed/to be placed with the financial institutions, banks, bodies corporate and others with power to the lender(s) or debenture-trustees to take over the management of the business and concern of the Company in certain events and upon the terms and conditions decided/to be decided by the Board of Directors of the Company under Section 293(1)(a).</p> <p>(iii) *Altering the Object Clause of Memorandum of Association of the Company by inserting new sub-clause 36F.</p> <p>(iv) *Making loans, investments, giving guarantees etc. to various bodies corporate and for ratification of the issue of Counter/Corporate Guarantees issued by the Company on behalf of other body Corporate under Section 372A of the Companies Act, 1956.</p>

\* Businesses at these items were concluded by Postal Ballot.



**(iii) Resolutions Passed by Postal Ballot during 2009-10 :**

The following resolution was passed by Postal Ballot during the year 2009-10 :

Special Resolution: Approval of the Members sought pursuant to Section 372A of the Companies Act, 1956 for making loans, investments, giving guarantees etc. to various bodies corporate. The details of voting pattern are as under :

Particulars	No. of votes cast	% of total votes cast
In favour of the Resolution	2,42,90,664	100
Against the Resolution	NIL	0.00
<b>Total</b>	<b>2,42,90,664</b>	<b>100</b>

The Resolution was passed on 16<sup>th</sup> June, 2009 by requisite majority.

Mr. Chaitanya C. Dayal of M/s. Chaitanya C. Dalal & Co., Chartered Accountants was appointed as the Scrutinizer for conducting the Postal Ballot process.

**Procedure for Conducting Postal Ballot :**

After receiving the approval of the Board of Directors, Notice of the General Meeting containing text of the Resolution and Explanatory Statement to be passed through postal ballot, Postal Ballot Form and self addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors. After the last date of receipt of ballots, the Scrutinizer, after due verification, submits the result to the Chairman. Thereafter, the Chairman declares the result of the postal ballot at the General Meeting. The same is also published in the newspapers and displayed on the Company's website.

**5. OTHER DISCLOSURES :**

- (i) Other than transactions entered into in the normal course of business for which necessary approvals are taken and disclosures made, the Company has not entered into any materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. However the Company has annexed to the accounts a list of related parties as per Accounting Standard-18 and the transactions entered into with them.

- (ii) Strictures imposed by SEBI :

The Securities and Exchange Board of India (SEBI) on 21<sup>st</sup> December, 2006 passed an order under Section 11 and 11B of the SEBI Act, 1992 directing the Company.

- (a) Not to divest, transfer, sell or alienate in any way its shareholding in Gammon Infrastructure Projects Limited (GIPL) ("The Company's subsidiary") for a period of 3 years from the date of the allotment in the public issue of GIPL, and
- (b) Not to access the capital market directly or indirectly for a period of one year from the date of the order i.e., 21/12/2006.

The Company had preferred an appeal on the aforementioned SEBI Order to the Securities and Appellate Tribunal on 5<sup>th</sup> February, 2007. The Tribunal vide its order dated 20th June, 2008 dismissed the appeal.

Except for the above strictures no other penalties/strictures have been imposed on the Company by the Stock Exchange or any other Statutory Authority on any matter related to capital markets, during the last three years.

- (iii) A qualified practicing Company Secretary conducts secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- (iv) The Chairman and Managing Director and the Chief Financial Officer have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO Certification for the year ended 31<sup>st</sup> March, 2010.

## 6. MEANS OF COMMUNICATION :

- (a) Financial Results: As required under the Listing Agreement, Quarterly and Half-Yearly results of the Company are published within one month from the end of the respective quarter and the annual audited results are announced within three months from the end of the financial year. The financial results are published usually in The Free Press Journal and Navshakti.
- (b) News Releases, Presentations, etc.: Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website viz. [www.gammonindia.com](http://www.gammonindia.com). Official announcements are sent to the Stock Exchanges.
- (c) Website: The Company's corporate website [www.gammonindia.com](http://www.gammonindia.com) provides information about the Company's business. It also contains a separate dedicated section 'Investor Relations' where shareholders information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable format.
- (d) Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report.

## 7. MANDATORY REQUIREMENT :

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

## 8. NON-MANDATORY REQUIREMENTS :

- (a) Whistle Blower Mechanism :

The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees may report violations of laws, rules, regulations or unethical conduct to their immediate supervisor/notified person. The Directors and Management Personnel are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practices.

- (b) Subsidiary Monitoring Framework :

All the subsidiary companies of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary companies and monitors the performance of such companies, inter alia, by the following means :

- (a) Financial statements, in particular the investments made by the unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.
- (b) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board.

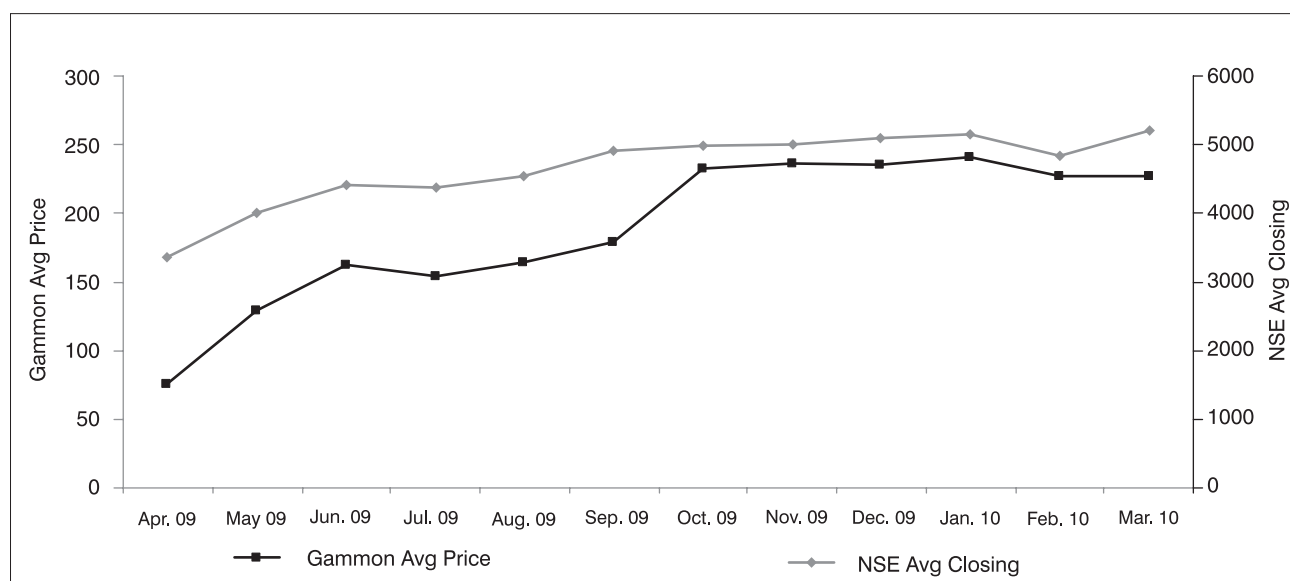
**9. GENERAL SHAREHOLDER INFORMATION :**

Date, Time and Venue of the 88 <sup>th</sup> Annual General Meeting	Tuesday, 28 <sup>th</sup> day of September, 2010 at 3.30 p.m. at Ravindra Natya Mandir (P. L. Deshpande Maharashtra Kala Academy), Sayani Road, Prabhadevi, Mumbai-400 025.
Financial Calendar for the year 2010-11 (Tentative)	Results for the quarter ending 30th June, 2010 – 14 <sup>th</sup> August 2010. Results for the Half year ending 30th September, 2010 – Second week of November, 2010. Results for the quarter ending 31 <sup>st</sup> December, 2010 – Second week of February, 2011. Results for the year ending 31 <sup>st</sup> March, 2011 – Second week of May 2011.
Date of Book Closure	27 <sup>th</sup> September, 2010 to 28 <sup>th</sup> September, 2010 (both days inclusive).
Dividend payment date	On or before 27 <sup>th</sup> October, 2010.
Listing on Stock Exchanges ➤ Equity Shares	Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Fort, Mumbai 400 001. Telephone : 022 – 2272 1233/34 Facsimile : 022 – 2272 1919 (Stock code – 509550) AND The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Telephone : 022 – 2659 8100/8114 Facsimile : 022 – 2659 8137/8138 (Stock code – GAMMONIND EQ)
➤ Global Depository Receipts	Luxembourg Stock Exchange, 11, Avenue de la Porte-Neuve B.P. 165, L-2011 Luxembourg. Telephone : +352 47 79 36-1 Telefax : +352 47 32 98 Cusip No. : 36467M200 Common Code : 20772565
Listing Fees	Paid to the above Stock Exchanges for the Financial Year 2010-2011.
International Securities Identification No. (ISIN)	Equity : INE 259B01020 GDR : US36467M2008
Registrar & Share Transfer Agents	M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078. Telephone : 022-2596 3838 Facsimile : 022- 2594 6969 e-mail : mumbai@linkintime.co.in
Share Transfer System	Trading in Company's Shares on the Stock Exchanges takes place in electronic form. However physical shares are normally transferred and returned within 15 days from the date of lodgement provided the necessary documents are in order.

**MARKET PRICE DATA** : High and Low (in ₹) during each month in the last financial period on the Stock Exchanges.

MONTH	BSE		NSE	
	High	Low	High	Low
April, 2009	82.80	61.60	83.00	60.70
May, 2009	169.60	88.75	170.10	88.80
June, 2009	186.15	145.25	185.60	145.15
July, 2009	184.40	142.25	166.45	142.05
August, 2009	184.20	142.25	184.90	150.75
September, 2009	194.70	142.25	194.60	166.55
October, 2009	247.70	183.75	247.80	203.25
November, 2009	248.60	212.45	247.80	227.10
December, 2009	247.50	224.10	246.65	224.60
January, 2010	268.20	226.15	268.55	230.25
February, 2010	241.80	213.35	234.55	212.50
March, 2010	236.25	219.05	235.45	219.50

#### STOCK PERFORMANCE IN COMPARISON TO NIFTY



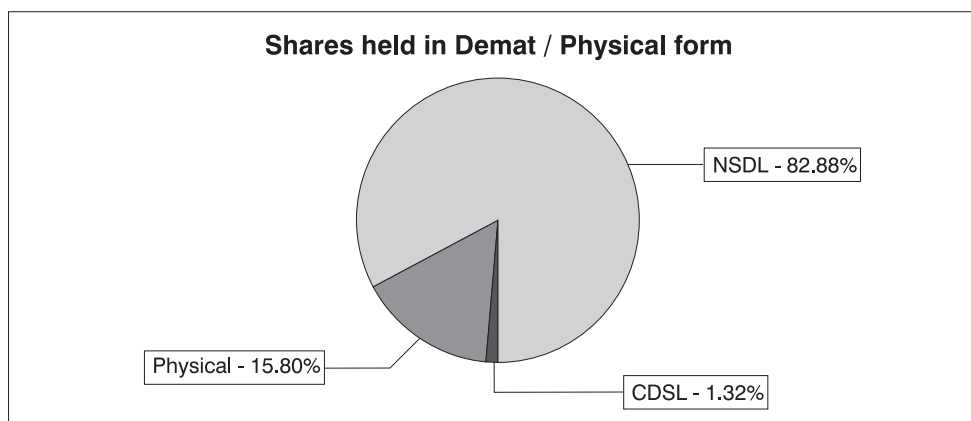
#### 10. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2010 :

Shareholding of Nominal Value (₹)	No. of Shareholders	% of Total	Share Capital Amount (₹)	% of Total
Upto 500	22969	90.3828	2,105,920	1.6431
501 – 1000	1254	4.9345	9,67,040	0.7545
1001 – 2000	642	2.5263	9,51,202	0.7422
2001 – 3000	173	0.6807	4,36,299	0.3404
3001 – 4000	68	0.2676	2,43,171	0.1897
4001 – 5000	49	0.1928	2,26,192	0.1765
5001 – 10000	96	0.3778	6,80,899	0.5314
10001 – and above	162	0.6375	12,25,53,775	95.6222
<b>TOTAL</b>	<b>25,413</b>	<b>100.0000</b>	<b>12,81,64,498</b>	<b>100.0000</b>

**11. DEMATERIALISATION OF SHARES AS ON 31<sup>ST</sup> MARCH, 2010 :**

Particulars	No. of Equity Shares	% to Share Capital
NSDL	10,62,25,432	82.88
CDSL	16,82,998	1.32
Physical	2,02,56,068	15.80
<b>Total</b>	<b>12,81,64,498</b>	<b>100</b>

(\* 7,25,800 Equity Shares held in abeyance are included).


**12. LISTING OF DEBT SECURITIES :**

The Redeemable Non-Convertible Debentures issued by the Company are listed on the Wholesale Debt Market (WDM) of National Stock Exchange of India Limited (NSE).

**13. PLANT LOCATIONS: (Project size – more than ₹ 300 crores)**

Sr. No.	Name of the Project	Project value in crores
1.	Parbati HE stage 2 – Construction of Civil and Hydro Mechanical Works for Powerhouse, Pressure Shaft (Horizontal and Inclined), Surge Shaft, Head Race Tunnel for Parbati HE Project Stage-II, in the state of Himachal Pradesh.	774
2.	Patna Muzzafarpur Road Works – Upgradation of Hajipur-Muzaffarpur section of the existing NH-77 to four lane dual carriageway.	750
3.	Godavari Bridge (BOT) – Design & Construction of Godavari Bridge at Rajahmundry on BOT basis.	700
4.	Kalpakkam all Jobs – Nuclear Power related structures at Kalpakkam in the state of Tamil Nadu.	691
5.	Nashik Road Works – improvement, operation & maintenance, rehabilitation & strengthening of existing 2-lane road & widening it to 4-lane divided highway of Vadape to Gonde section of NH-3 in the state of Maharashtra on BOT basis.	685
6.	AP Lift Irrigation Scheme – Execution of Stage 3 pumping station, 5x30 MW for Kalwakurthi lift irrigation scheme in the state of Andhra Pradesh.	674
7.	Signature Bridge – Construction of bridge and its approaches over river Yamuna downstream of existing bridge at Wazirabad, Delhi.	632
8.	Rampur Hydroelectric Project – Construction of Civil Works at Rampur, Himachal Pradesh.	615

9.	Gorakhpur Bypass (BOT) – design, construction, finance, operation and maintenance of four-lane k.m. 0.00 to k.m. 32.27 of Gorakhpur – Bypass on NH-28 in the state of Uttar Pradesh.	560
10.	AP Irrigation Pkg-19 – Pranahita and Chevalla Lift Irrigation Scheme – Pkg-19 in the state of Andhra Pradesh	458
11.	Karnataka Road Works – Western transport corridor, Tumkur Haveri section of NH-4 project – rehabilitation and upgrading of Chitradurga-Harihara section in the state of Karnataka.	436
12.	Bihar Road Works BR3 – widening and strengthening to 4-lane of existing carriageway of NHAI in the state of Bihar.	417
13.	Bhutan HEP – Construction of Horse Shoe shaped head race tunnel for Punatsangchu HEP, Stage – I in Bhutan.	401
14.	Mumbai Port Trust-BOT – design, engineering, procurement of materials & construction of offshore container terminal (OCT) in Mumbai.	397
15.	Tuticorin Civil Works – civil & structural steel works for 2 x 600 mw thermal power project near Tuticorin in Tamil Nadu.	397
16.	Bogibeel bridge – Construction of well foundation and sub-structure of Bogibeel rail-cum-Road in Assam.	391
17.	Kosi Bridge (BOT) – design, construction, development, finance, operation and maintenance of 4-lane bridge across river Kosi in Bihar.	368
18.	Assam road works AS 24 & 26 – Four laning of National Highway from k.m. 111.00 to k.m. 127.00 of Maibong to Lumding section of NH-54 in Assam–package–ew–ii (AS 24) and Four laning of National Highway from k.m. 60.5 to k.m. 83.4 of Maibong to Lumding section of NH-54 in Assam–package–ew–ii (AS-26).	367
19.	Munger Bridge, Bihar – Construction of Steel Superstructure & other ancillary works of Rail-Cum-Road Bridge across river Ganga at Munger, Bihar.	363
20.	Wazirabad Bridge – construction of bridge and its approaches over river Yamuna downstream of existing bridge at Wazirabad, Delhi.	360
21.	Dumuria Ranitalab Road Works – improvement/ upgradation of Dumuria-Imamganj-Sherghati-Karamain-Mathurapur-Guraruahiyapur-Tikari-Mau-Kurtha-Kinjar-Paligunj-Ranitalab Road (sh-69) length 153.00 k.m.	353
22.	DMRC BC-25,27,28,29,30 – Part design & construction of Viaduct for DMRC on Central Secretariat – Badarpur corridor of Delhi.	351
23.	Guwahati Water Supply – Guwahati Water Supply, design and construction of a complete new 107 MLD water supply project in Assam (South Guwahati western part).	350
24.	AP Irrigation Works	309
25.	Ennore Civil Works – Main plant and Offsite Civil Works Package for NTPC – Tamil Nadu Energy Company Limited Power Project.	302

#### 14. ADDRESS FOR CORRESPONDENCE :

##### Registered Office :

Gammon House, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025.

Telephone : 022 – 6115 3000.

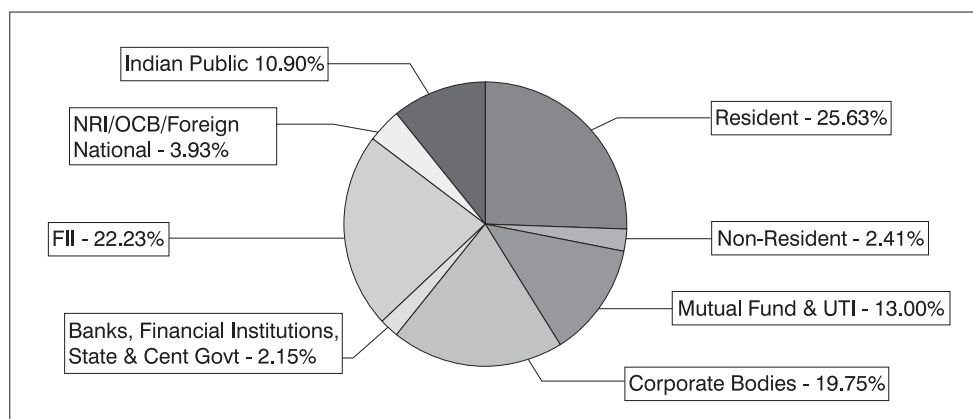
Facsimile : 022 – 2430 0529.

Website : [www.gammonindia.com](http://www.gammonindia.com)

Email : [investors@gammonindia.com](mailto:investors@gammonindia.com)

**15. CATEGORIES OF SHAREHOLDERS: (AS ON 31<sup>ST</sup> MARCH, 2010)**

Category	No. of shares	Percentage
<b>Promoters Holdings</b>		
Resident	3,28,50,440	25.63
Non-resident	30,86,435	2.41
<b>Non-Promoter Holdings</b>		
Mutual Fund & UTI	1,66,66,776	13.00
Corporate Bodies	2,53,10,483	19.75
Banks, Financial Institutions, State & Central Govt.	27,59,199	2.15
Foreign Institutional Investors	2,84,87,554	22.23
NRIs/OCBs/Foreign Nationals/GDRs	50,38,532	3.93
Indian Public	1,39,65,079	10.90
<b>GRAND TOTAL</b>	<b>12,81,64,498</b>	<b>100.00</b>



**DECLARATION BY THE MANAGING DIRECTOR  
UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The Members of  
**GAMMON INDIA LIMITED**

I, Abhijit Rajan, Chairman & Managing Director of Gammon India Limited hereby declare that all the members of the Board of Directors and the senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31<sup>st</sup> March, 2010.

**FOR GAMMON INDIA LIMITED**

**ABHIJIT RAJAN**  
Chairman & Managing Director

Place : Mumbai.  
Date : 14<sup>th</sup> August, 2010

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**GAMMON INDIA LIMITED**

1. We have examined the compliance of conditions of the Corporate Governance by **GAMMON INDIA LIMITED** for the financial year ended on 31<sup>st</sup> March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the other conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. The minutes of some of the unlisted subsidiary companies however needs to be placed regularly before the board of the holding company.
4. We state that no investor grievance is pending for a period exceeding one month against the Company from the date of receipt of the grievance by the Company as per the records and other documents maintained by the Shareholders/ Investors Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR NATVARLAL VEPARI & CO.**  
**Chartered Accountants**  
**Firm Registration No. 106971W**  
**N. Jayendran**  
**Partner**  
**M. No. 40441**

Mumbai, Dated: 14<sup>th</sup> August, 2010

## CEO/CFO CERTIFICATION

To  
**The Board of Directors**  
**GAMMON INDIA LIMITED**

We, Abhijit Rajan, Chairman & Managing Director and S. Chandrasekhar, Financial Controller of Gammon India Limited, to the best of our knowledge and belief, certify that :

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2010 and that to the best of our knowledge and belief :
  - (i) these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
  - (i) Significant changes in internal control during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which they have become aware and that the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems.

**ABHIJIT RAJAN**  
Chairman & Managing Director

**S. CHANDRASEKHAR**  
Financial Controller

Place : Mumbai.  
Date : 14<sup>th</sup> August, 2010