

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Ninetieth Annual General Meeting of Gammon India Limited** will be held on Tuesday, 25<sup>th</sup> September, 2012 at 3.30 P.M. at Ravindra Natya Mandir, (P. L. Deshpande Maharashtra Kala Academy), Sayani Road, Prabhadevi, Mumbai - 400 025 to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit & Loss Account for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on the Equity Shares of the Company for the year ended 31<sup>st</sup> March, 2012.
3. To appoint a Director in place of Mr. Atul Dayal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms. Urvashi Saxena who retires by rotation and being eligible, offers herself for re-appointment.
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), M/s. Natvarlal Vepari & Co., Chartered Accountants (Firm Registration No. 106971W), the retiring Statutory Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors."

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), M/s. Vinod Modi & Associates, Chartered Accountants (Firm Registration No. 111515W) and M/s. M. G. Shah & Associates, Chartered Accountants (Firm Registration No. 112561W), the retiring Joint Branch Auditors of the Company, be and are hereby re-appointed as Joint Branch Auditors of "Gammon India Limited –Transmission Business Headquarters, Nagpur" to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting to examine and audit the books of accounts for the financial year 2012-2013 on such remuneration as may be determined by the Board of Directors."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), M/s. Natvarlal Vepari & Co., Chartered Accountants (Firm Registration No. 106971 W), the Statutory Auditors of the Company, who retire as the Branch Auditors of the Company in respect of its Branch at Muscat, be and are hereby re-appointed as the Branch Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting to examine and audit the books of accounts of the Company's branch office at Muscat, Oman for the financial year 2012-2013 on such remuneration as may be determined by the Board of Directors;

RESOLVED FURTHER THAT pursuant to the provisions of Section 228 and other applicable provisions, if any of the Act, the Board be and is hereby authorized to appoint as branch auditor of any branch office of the Company, existing including those which may be opened/acquired hereafter in India or abroad in consultation with the Company's Statutory Auditors any person qualified to act as branch auditor(s) within the provisions of Section 228 of the Act and to fix their remuneration."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, including the rules made thereunder and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act") and subject to the approval of the Central Government and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accords its approval for the payment of Minimum Remuneration, as set out below, to Mr. Abhijit Rajan - Chairman & Managing Director, for a period of three (3) years i.e. for the financial years 2011-12, 2012-13 & 2013-14;

(Amount in ₹)

Financial Year	Salary (p.a.)	Perquisites & Allowances (p.a.)	Retirals (p.a.)	Total (p.a.)
2011-2012	92,521,935	9,829,863	19,826,130	122,177,928
2012-2013	68,420,400	90,000	12,724,000	81,234,400
2013-2014	52,230,600	135,000	7,634,400	60,000,000

Explanation:

- (a) Provision of car for use on Company's business and telephone at residence will not be considered perquisite.
- (b) Valuation of perquisites shall be done as per Income Tax rules wherever applicable.
- (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution, including the Remuneration Committee) be and is hereby authorized to revise, amend, alter and/or vary the terms and conditions in relation to the above Minimum Remuneration in such manner as may be permitted in accordance with the provisions of the Act and/or to the extent as may be required, by the Central Government while according their approval;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including but not limited to making of an application to regulatory authorities, execution of necessary documents and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act") and subject to the approval of the Central Government and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accords its approval for the payment of Minimum Remuneration, as set out below, to Mr. Rajul A. Bhansali, Executive Director – International Operations, for a period of three (3) years i.e. for F.Y. 2011-12, 2012-13 and 2013-14;

(Amount in ₹)

Financial Year	Salary (p.a.)	Perquisites & Allowances (p.a.)	Retirals (p.a.)	Total (p.a.)
2011-2012	6,364,235	615,885	1,245,000	8,225,120
2012-2013	7,287,060	103,846	1,251,278	8,642,184
2013-2014	6,846,956	135,000	1,018,044	8,000,000

Explanation:

- (a) Provision of car for use on Company's business and telephone at residence will not be considered perquisite.
- (b) Valuation of perquisites shall be done as per Income Tax rules wherever applicable.
- (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution, including the Remuneration Committee) be and is hereby authorized to revise, amend, alter and/or vary the terms and conditions in relation to the above Minimum Remuneration in such manner as may be permitted in accordance with the provisions of the Act and/or to the extent as may be required, by the Central Government while according their approval;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including but not limited to making of an application to regulatory authorities, execution of necessary documents and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act") and subject to the approval of the Central Government and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accords its approval for the payment of Minimum Remuneration, as set out below, to Mr. Himanshu Parikh - Executive Director, for a period of three (3) years i.e. for F.Y. 2011-12, 2012-13 and 2013-14;

(Amount in ₹)

Financial Year	Salary (p.a.)	Perquisites & Allowances (p.a.)	Retirals (p.a.)	Total (p.a.)
01/07/2011 to 31/03/2012	15,875,847	28,048	1,080,000	16,983,895
2012-2013	16,596,762	95,000	3,308,240	20,000,002
01/04/2013 – 01/07/2014	14,311,240	135,000	3,053,760	17,500,000

Explanation:

- (a) Provision of car for use on Company's business and telephone at residence will not be considered perquisite.
- (b) Valuation of perquisites shall be done as per Income Tax rules wherever applicable.
- (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution, including the Remuneration Committee) be and is hereby authorized to revise, amend, alter and/or vary the terms and conditions in relation to the above Minimum Remuneration in such manner as may be permitted in accordance with the provisions of the Act and/or to the extent as may be required, by the Central Government while according their approval;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including but not limited to making of an application to regulatory authorities, execution of necessary documents and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force (“the Act”) and subject to the approval of the Central Government and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accords its approval for the payment of Minimum Remuneration, as set out below, to Mr. Digambar C. Bagde, Deputy Managing Director – Transmission & Distribution Business, for a period of three (3) years i.e. for F.Y. 2011-12, 2012-13 and 2013-14;

(Amount in ₹)

Financial Year	Salary (p.a.)	Perquisites & Allowances (p.a.)	Retirals (p.a.)	Total (p.a.)
2011-2012	8,581,891	-	-	8,581,891
2012-13	8,277,216	148,564	1,032,751	9,458,531
2013-2014	9,178,120	15,000	8,06,880	10,000,000

*Explanation:*

- Provision of car for use on Company's business and telephone at residence will not be considered perquisite.*
- Valuation of perquisites shall be done as per Income Tax rules wherever applicable.*
- Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.*

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution, including the Remuneration Committee) be and is hereby authorized to revise, amend, alter and/or vary the terms and conditions in relation to the above Minimum Remuneration in such manner as may be permitted in accordance with the provisions of the Act and/or to the extent as may be required, by the Central Government while according their approval;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including but not limited to making of an application to regulatory authorities, execution of necessary documents and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution.”

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force (“the Act”) and subject

to the approval of the Central Government and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accords its approval for the payment of Minimum Remuneration, as set out below, to Mr. Rohit Modi – Deputy Managing Director for the financial year 2011-12;

(Amount in ₹)

Financial Year	Salary (p.a.)	Perquisites & Allowances (p.a.)	Retirals (p.a.)	Total (p.a.)
2011-2012	28,319,924	3,018,057	2,520,000	33,857,981

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including making of an application to regulatory authorities, execution of necessary documents and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

**By Order of the Board of Directors  
For GAMMON INDIA LIMITED**

**GITA BADE**  
*Company Secretary*

**Registered Office:**

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

Dated: 23<sup>rd</sup> August, 2012

**NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.
- (b) Proxies to be effective should be deposited at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the meeting.
- (c) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of businesses under Item Nos. 6 to 12 is annexed hereto.
- (d) The Register of Members and the Share Transfer Books of the Company will remain closed from 20<sup>th</sup> September, 2012 to 25<sup>th</sup> September, 2012 (both days inclusive).
- (e) The dividend on equity shares as recommended by the Board for the financial year ended 31<sup>st</sup> March, 2012, if declared, will be paid on or before 24<sup>th</sup> October, 2012 to those members whose names appear in the Company's Register of Members as on 25<sup>th</sup> September, 2012. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per the details to be furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited for this purpose.

- (f) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from the members for change/deletion in such bank details. Please note that instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants.
- (g) Members who hold shares in the dematerialized form are requested to write their DP ID and Client ID and those holding shares in physical form are requested to write their folio number in the attendance slip and hand it over at the entrance of the meeting hall.
- (h) Pursuant to Section 205A of the Companies Act, 1956, the dividend not encashed or claimed within seven (7) years from the date of its transfer to the unpaid dividend account shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Accordingly, the unclaimed dividend for the period ended 31<sup>st</sup> December, 2004 is due for transfer on or before 1<sup>st</sup> September, 2012. In terms of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the IEPF after the said transfer.

- (i) The Ministry of Corporate Affairs, Government of India has, vide General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011 read together with General Circular No. 3/2011 dated 21<sup>st</sup> February, 2011, provided an exemption to the companies from complying with Section 212 of the Companies Act, 1956, provided such companies publish the audited consolidated financial statements of the holding company and all its subsidiaries in the Annual Report. In view of the same, copies of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiary companies have not been attached to the Balance Sheet of the Company's accounts for the year ended 31<sup>st</sup> March, 2012. The consolidated financial statements published by the Company include the financial results of its subsidiary companies.

The Company will make available, the Annual Accounts of its subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies.

- (j) Members are requested to bring their copies of the Annual Report at the time of attending the meeting.
- (k) Members are requested to send their queries, if any, at least ten (10) days before the Annual General Meeting, so as to enable the Board to keep the information ready.
- (l) The shareholders are requested to address their correspondence to the Registrar & Share Transfer Agent viz. M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078.
- (m) The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued circulars allowing companies to serve all notices and correspondences to shareholders including Balance Sheet, Auditors Report etc. through electronic mode (e-mail). In support of this initiative taken by the Ministry, we propose to henceforth send documents like Notices, Balance Sheet and Auditors Report etc. to our shareholders through electronic mode, to the email addresses provided by them and made available to us by the Depositories.

Please note that you will be entitled to be furnished, free of cost, a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto, including the Profit and Loss Account and the Auditors' Report, upon receipt of a requisition from you at any time, as a member of the Company.

Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of their electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with the Company's Registrar & Transfer Agents, M/s. Link Intime India Private Limited by sending an e-mail to [gammonindiagogreen@linkintime.co.in](mailto:gammonindiagogreen@linkintime.co.in) along with details like Name, Folio No. etc.

- (n) Information required to be provided under the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed / re-appointed is as below.

Name of Director	Mr. Atul Dayal	Ms. Urvashi Saxena
Age (years)	64	67
Qualifications	Solicitor	Post Graduate
Expertise	Vast experience in legal field. His areas of expertise are Economic Laws, such as Customs & Central Excise and Corporate Law.	Former Chairperson of Income Tax Settlement Commission, Delhi. Former Chief Commissioner of Income Tax, Mumbai.
Directorships held in other public companies (excluding foreign and private companies)	1. Pudumjee Industries Limited 2. Reliance Retail Finance Limited.	1. Kosi Bridge Infrastructure Company Limited. 2. Elder Health Care Limited. 3. Elder Pharmaceuticals Limited. 4. Suraj Diamonds and Jewellery Limited. 5. Sharda Worldwide Exports Private Limited
Memberships / Chairmanships of committees of other public companies.	1. Member of Audit Committee - Pudumjee Industries Limited. 2. Member of Audit Committee - Reliance Retail Finance Limited.	Member of Audit Committee - Elder Health Care Limited.
Shareholding (No. of shares)	NIL	NIL



## ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956 the following Explanatory Statement sets out the material facts relating to the businesses under Item Nos. 6 to 12 of the accompanying Notice dated 23<sup>rd</sup> August, 2012.

### Item No. 6:

The Board of Directors has, at its meeting held on 23<sup>rd</sup> August, 2012, approved the re-appointment of M/s. Vinod Modi & Associates, Chartered Accountants and M/s. M. G. Shah & Associates, Chartered Accountants, as Joint Branch Auditors of 'Gammon India Limited – Transmission Business Headquarters, Nagpur' to examine and audit the books of accounts for the financial year 2012-2013.

Your Directors commend passing of the Ordinary Resolution at Item No. 6 of the Notice.

None of the Directors are concerned or interested in the passing of the above resolution.

### Item No. 7:

The Board of Directors has, at its meeting held on 23<sup>rd</sup> August, 2012, approved the re-appointment of M/s. Natvarlal Vepari & Co., Chartered Accountants, Statutory Auditors of the Company, as the Branch Auditors of the Company in respect of its branch at Muscat to examine and audit the books of accounts for the financial year 2012-2013.

Your Directors commend passing of the Ordinary Resolution at Item No. 7 of the Notice.

None of the Directors are concerned or interested in the passing of the above resolution.

### Item Nos. 8 to 12:

- (a) The members had, at the 89<sup>th</sup> Annual General Meeting of the Company held on 26<sup>th</sup> September, 2011, approved the re-appointment of Mr. Abhijit Rajan as the Chairman & Managing Director of the Company for a period of 5 years with effect from 17<sup>th</sup> May, 2011 on a salary in the scale of ₹ 50 lacs p.m. to ₹ 1 crore p.m.
- (b) The members had, at the 87<sup>th</sup> Annual General Meeting of the Company held on 14<sup>th</sup> October, 2009, approved the re-appointment of Mr. Rajul A. Bhansali as the Wholetime Director of the Company designated as Executive Director – International Operations for a period of 3 years with effect from 29<sup>th</sup> March, 2009 on a salary in the scale of ₹ 2 lacs p.m. to ₹ 10 lacs p.m.

Further, the members, by way of Postal Ballot results of which were declared on 24<sup>th</sup> April, 2012 have , approved the re-appointment of Mr. Rajul A. Bhansali as the Wholetime Director of the Company designated as Executive Director – International Operations for a further period of 3 years with effect from 30<sup>th</sup> March, 2012 on a salary in the scale of ₹ 8 lacs p.m. to ₹ 12.5 lacs p.m.

- (c) The members had, by way of Postal Ballot results of which were declared on 23<sup>rd</sup> September, 2011, approved the appointment of Mr. Himanshu Parikh as the Wholetime Director of the Company designated as Executive Director for a period of 3 years with effect from 1<sup>st</sup> July, 2011 on a salary in the scale of ₹ 21 lacs p.m. to ₹ 40 lacs p.m.

- (d) The members had, at the 87<sup>th</sup> Annual General Meeting of the Company held on 14<sup>th</sup> October, 2009, approved the appointment of Mr. D. C. Bagde as the Wholetime Director of the Company designated as Director & CEO (T&D Business) for a period of 3 years with effect from 9<sup>th</sup> July, 2009 on a salary in the scale of ₹ 3 lacs p.m. to ₹ 10 lacs p.m. The Board in its meeting held on 14<sup>th</sup> May, 2012, have subject to the approval of the shareholders which is being sought through a Postal ballot, re-appointed Mr. Bagde as the Whole-time Director of the Company designated as Deputy-Managing Director –Transmission & Distribution business for a period of 5 (Five) years effective from 9<sup>th</sup> July, 2012 on a salary in the scale of ₹ 10 lacs p.m to ₹ 20 lacs p.m.
- (e) The members had, at the 87<sup>th</sup> Annual General Meeting of the Company held on 14<sup>th</sup> October, 2009, approved the appointment of Mr. Rohit Modi as Deputy Managing Director of the Company for a period of 5 years with effect from 7<sup>th</sup> June, 2009 on a salary in the scale of ₹ 6 lacs p.m. to ₹ 21 lacs p.m. Mr. Rohit Modi has since resigned from the Company as Deputy Managing Director effective from 31<sup>st</sup> May, 2012.

The aforementioned resolutions and the accompanying explanatory statements approved by the Members, inter alia, stated that if the Company has no profits or its profits are inadequate in any financial year, during the currency of their tenure, the Company shall pay, to the Chairman & Managing Director and the Whole-time Director(s) respectively, the remuneration as approved by them as "Minimum Remuneration" as per relevant applicable provisions as contained in Schedule XIII to the Companies Act, 1956, ("the Act") including any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed there under.

The turnover of the Company remained sluggish due to slowdown in the infrastructure industry. Competition continued to be intensified due to low entry barriers resulting in smaller players under-quoting to capture the projects. Further, government inaction, delays in awarding projects, delay in clearances by various government agencies, increase in inflation leading to an increase in the price of construction raw materials such as steel, cement, bitumen leading to price escalation in contracts, squeeze on liquidity caused by higher interest costs leading to delays in projects and delays in timely recoveries from clients, all had a dampening effect on the overall performance of the Company and resulted in lower profits for the year ended 31<sup>st</sup> March, 2012 and hence were inadequate to pay remuneration to the respective Whole-time Directors as duly approved by the shareholders.

The recessionary trends in the infrastructure industry continues in the current financial year and as a measure of reducing costs and improving profitability the Whole-time Directors have with the approval of the remuneration committee and the Board meeting in their respective meetings held on 23<sup>rd</sup> August, 2012 expressed their desire to take minimum remuneration than what was approved by the shareholders at the time of their respective appointments, for the financial years 2012-2013 & 2013-2014. The proposed minimum remuneration for each of the Whole-time Director is set out in the respective resolution to the Notice dated 23<sup>rd</sup> August, 2012 convening the 90<sup>th</sup> Annual General Meeting to which this Explanatory Statement is annexed.

Approval for payment of minimum remuneration to the aforesaid Whole-time Directors is being sought in accordance with Sub-paragraph (C) of Paragraph (1) of Section II of Part II of Schedule XIII to the Act which, inter alia, includes seeking approval from the shareholders by way of a Special Resolution for the payment of minimum remuneration as set out above to the respective Whole-time Directors for the respective three years subject to approval of the Central Government.

In terms of the requirements as per sub-clause (iv) of the proviso to Sub-paragraph (C) of Paragraph (1) of Section II of Part II of Schedule XIII to the Act, the information is as furnished below:

**I. GENERAL INFORMATION :**

1. Nature of Industry : Construction & Engineering
2. Date of commencement of commercial production : Not Applicable
3. In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the Prospectus : Not Applicable
4. Financial Performance

Financial parameters of the Company for the last five financial years:

(₹ in Crores)

Sr. No.	Particulars	Year				
		2007-08	2008-09	2009-10	2010-11	2011-12
(1)	Paid-up Capital	17.69	126.71	25.83	27.49	27.50
(2)	Reserves & Surplus	1,210.97	1,452.12	1,898.72	2,088.15	2,224.48
(3)	Turnover	2,513.74*	3,681.96	4,534.25	5,636.85	5,473.23
(4)	Net Profit as per Section 198 (read with Section 349) of the Companies Act, 1956	141.62	211.40	217.81	186.26	161.12
(5)	Amount of Dividend paid	4.34	12.80**	13.73**	10.63***	2.73
(6)	Rate of Dividend declared	25%	30%	30%	40%	10%

\*Turnover includes Company's share of turnover in Joint Ventures.

\*\*Includes dividend @ Rs. 21/- per share on 6% Optionally Convertible Preference Shares.

\*\*\*Includes interim dividend @ 20% per share and final dividend @ 20% per share.

5. Export Performance, Net Foreign Exchange Earnings & Collaborations : During the year 2011-12, the accrued value of exported goods or services on F.O.B basis and work bills realized on contracts is ₹ 235.48 Crores. The Company has entered into several collaborations & Joint Ventures in the construction, engineering and power segments, details of which have been given in the audited financial statements.
6. Foreign Investments or Collaborators, if any : The total equity shares held by Foreign Institutional Investors is 31,726,323 Equity Shares of ₹ 2/- each which constitutes 23.24% of the Paid-up Equity Share Capital of the Company.

## II. INFORMATION ABOUT THE APPOINTEE:

### 1. MR. ABHIJIT RAJAN:

#### (a) **Background Details:**

Mr. Abhijit Rajan, aged 50 years has completed his graduation in India and pursued management studies in Europe. Mr. Rajan was appointed as the Managing Director of the Company in 1991. He took over as the Chairman of the Company in 1996 and since then has been the Chairman and Managing Director of the Company. He has over 25 years of experience in strategic planning and management and in the construction industry. He is a Director on the Boards of several companies. Mr. Rajan reports to the Board of Directors of the Company. As an industrialist, he has built his reputation on the basis of good stewardship of the Gammon Group. Under his leadership and guidance, the Company has taken great strides in terms of turnover, profits and performance. His dynamic vision, strategic focus, and entrepreneurial skills continue to guide the growth of the Company's businesses across demanding markets and competitive scenarios.

#### (b) **Past Remuneration:**

(Amount in ₹)

Year	Amount* (per annum)
2008-2009	14,264,782
2009-2010	14,263,878
2010-2011	42,843,563

*\*including salary, perquisites & commission and excluding retiral benefits (PF, Gratuity & Superannuation)*

#### (c) **Recognition / Awards: NIL**

#### (d) **Job Profile & Suitability:**

Mr. Abhijit Rajan is the Chairman and Managing Director of the Company since June 1991. He works under the supervision and guidance of the Board of Directors. With his sharp business acumen, his leadership skills, and his rich experience in the construction and contracting business the Company has grown manifold and has diversified from contracting business into infrastructure development, realty business, power transmission and energy business and is truly a "Builder to the Nation." In the present industry scenario and competitive business environment and taking into account the experience and expertise and sharp business acumen of Mr. Rajan, it is imperative that the Gammon Group functions under the leadership and stewardship of Mr. Rajan.

#### (e) **Remuneration paid / proposed:**

Details of the total remuneration comprising, interalia, salary and perquisites and allowances and other benefits/perquisites which is paid/proposed to be paid to Mr. Abhijit Rajan - Chairman & Managing Director for FY 2011-12, FY 2012-13 & FY 2013-14 have been fully set out in the resolution at Item No. 8 of the Notice.

**(f) Comparative Remuneration profile with respect to Industry, Size of the Company, Profile of the position and person:**

Mr. Abhijit Rajan, as the Chairman & Managing Director of the Company, has today made Gammon one of the largest construction and engineering companies in India. Under his leadership the Gammon group diversified from various sectors of civil engineering, design and construction business to infrastructure development, realty business, power and energy sector and even oil exploration both in India and overseas. Considering Mr. Rajan's contribution to the growth of the Company, his job profile and responsibilities, role played by him in managing the Company's affairs, his experience and expertise in steering the Company through a competitive and strategic business environment, the size of the Company and the industry in which it operates, the Remuneration Committee and the Board unanimously agreed in their respective meetings held on 23<sup>rd</sup> August, 2012 that the minimum remuneration paid/proposed to be paid to Mr. Rajan for FY 2011-12, FY 2012-13 & FY 2013-14 as set out in the resolution at Item No. 8 is reasonable, justified and is commensurate with the remuneration levels prevailing in the industry.

**(g) Pecuniary Relationship, directly or indirectly with the Company or relationship with the Managerial Personnel, if any:**

Mr. Abhijit Rajan, Chairman & Managing Director is not related to any managerial personnel in the Company. He does not have any pecuniary relationship, directly or indirectly with the Company or with any managerial personnel besides the remuneration set out in the resolution at Item No. 8 and except to the extent of his shareholding as a Promoter in the Equity Share Capital of the Company.

**2. MR. RAJUL A. BHANSALI:**

**(a) Background Details:**

Mr. Rajul Bhansali joined the Company's Board in March 2003 as the Whole-time Director and since then has discharged various functions as a Director of the Company. He is currently Executive Director – International Operations. Mr. Rajul Bhansali, aged 56, is a Commerce graduate and a member of the Institute of Chartered Accountants of India. He has vast experience in diverse functional areas such as finance, commercial and general management in engineering and construction industry. Mr. Bhansali has 34 years of experience in manufacturing, project engineering and EPC Companies in India and overseas. Since the past 23 years, Mr. Bhansali has been on the Board of various companies including Afcons Infrastructure Limited (Executive Director- Finance), Afcons Infrastructure Limited (Executive Director- Finance and Commercial and subsequently as Deputy Managing Director with profit responsibility for the Company).

**(b) Past Remuneration:**

(Amount in ₹)

Year	Amount* (per annum)
2008-2009	5,731,838
2009-2010	5,452,076
2010-2011	4,401,614

*\*including salary, perquisites & commission and excluding retiral benefits (PF, Gratuity & Superannuation)*

**(c) Recognition / Awards: NIL**

**(d) Job Profile & Suitability:**

As an Executive Director - International Operations, Mr. Bhansali is responsible for overseeing Gammon's investments and safeguarding its interests in overseas ventures in the Power Equipment Manufacturing Companies in Italy (Sofinter S.p.A and Franco Tosi Meccanica S.p.A) and Oil Exploration Company (Campo Puma Oriente S.A) in Ecuador. He reports to the Chairman & Managing Director of the Company. To enable him to manage the affairs of these companies in a best possible manner, Mr. Bhansali has been inducted on the Boards of all the foreign Companies. The management of all the overseas companies work under his guidance and supervision. The combined revenues of these Companies are approx. ₹ 2100 Crores, accounting for approx. 22% of Gammon's consolidated turnover. Since joining the Board of the Company, Mr. Bhansali has been effectively managing the domestic and overseas affairs of the Company. Considering the rich experience and expertise in diverse functional areas in engineering and construction industry, Mr. Bhansali is best suited for effectively managing the Company's business in his capacity as Director of the Company.

**(e) Remuneration paid / proposed:**

Details of the total remuneration comprising, interalia, salary and perquisites and allowances and other benefits/perquisites which is paid/proposed to be paid to Mr. Rajul Bhansali, Executive Director – International Operations for FY 2011-12, FY 2012-13 & FY 2013-14 have been fully set out in the resolution at Item No. 9 of the Notice.

**(f) Comparative Remuneration profile with respect to Industry, Size of the Company, Profile of the position and person:**

Mr. Rajul Bhansali is in charge of the Company's International Operations. His responsibilities include overseeing the operations of the overseas companies on a day to day basis and safeguarding the Company's interests in overseas ventures. Strategic & timely decision making is an integral part of his job. Considering Mr. Bhansali's contribution in effectively managing the international operations of the Company, safeguarding the Company's investments overseas and seeking new investment opportunities in overseas markets, the duties and responsibilities discharged by him, his rich experience and expertise, the size of the Company and the industry in which it operates, the Remuneration Committee and the Board unanimously agreed in their respective meetings held on 23<sup>rd</sup> August, 2012 that the minimum remuneration paid/proposed to be paid to Mr. Bhansali for FY 2011-12, FY 2012-13 & FY 2013-14 as set out in the resolution at Item No.9 is justified and is commensurate with the remuneration levels prevailing in the industry.

**(g) Pecuniary Relationship, directly or indirectly with the Company or relationship with the Managerial Personnel, if any:**

Mr. Rajul A. Bhansali, Executive Director – International Operations is not related to any managerial personnel in the Company and does not have any pecuniary relationship, directly or indirectly with the Company or with any managerial personnel besides the remuneration set out in the resolution at Item No. 9.

### 3. MR. HIMANSHU PARIKH:

#### (a) Background Details:

Mr. Himanshu Parikh, aged 51 years, is a Commerce graduate. Mr. Parikh was appointed as a Whole-time Director of the Company on 1<sup>st</sup> April, 2000 and has since then been re-appointed as a Whole-time Director of the Company from time to time. He has over two decades of experience in general management and has been in charge of various operations of the Company including Commercial, EDP, Works Survey Section and Legal. He is a director on the Boards of several Gammon group companies. He is also a member of the Audit Committee of the Company. He has considerable experience and expertise in the construction and contracting business.

#### (b) Past Remuneration:

(Amount in ₹)

Year	Amount* (per annum)
2008-2009	5,371,101
2009-2010	7,980,235
2010-2011**	2,495,730

*\*including salary, perquisites & commission and excluding retiral benefits (PF, Gratuity & Superannuation)*

*\*\*Mr. Himanshu Parikh ceased to be a Wholetime Director of the Company w.e.f. 6th July, 2010 and was appointed as a Wholetime Director of the Company w.e.f. 1<sup>st</sup> July, 2011.*

#### (c) Recognition / Awards: NIL

#### (d) Job Profile & Suitability:

Mr. Himanshu Parikh was appointed as Whole-time Director of the Company on 1<sup>st</sup> April, 2000. He reports to the Chairman & Managing Director. Since his appointment as Director, he has been in charge of various operations of the Company. As an Executive Director in charge of domestic operations, he oversees strategic functions of tendering, marketing, procurement, sub-contracting, strategic purchases, Works Survey Section and support functions such as accounts, legal, finance. In his present role, he discharges multi-facted responsibilities and with his rich experience and expertise, the Board is of the opinion that he is a fit person to guide the Company in effectively managing its domestic operations.

#### (e) Remuneration paid / proposed:

Details of the total remuneration comprising, interalia, Salary and Perquisites and Allowances and other benefits/perquisites which is paid/proposed to be paid to Mr. Himanshu Parikh - Executive Director for FY 2011-12, FY 2012-13 & FY 2013-14 have been fully set out in the resolution at Item No. 10 of the Notice.

**(f) Comparative Remuneration profile with respect to Industry, Size of the Company, Profile of the position and person:**

Mr. Himanshu Parikh has over two decades of experience in general management and has been in charge of the domestic operations of the Company. Mr. Parikh has been instrumental in setting up various systems and procedures in the Company. Under his able guidance, the Company has won several arbitration awards and claims. With his rich experience and his deft management skills he continues to drive efficiently various operations of the Company. Considering Mr. Parikh's rich experience and valuable contributions towards effective management of various operations of the Company, his job profile and increased responsibilities discharged by him, role played by him in managing the Company's domestic affairs, the size of the Company and the industry in which it operates, the Remuneration Committee and the Board unanimously agreed in their respective meetings held on 23<sup>rd</sup> August, 2012 that the minimum remuneration paid/proposed to be paid to Mr. Parikh for FY 2011-12, FY 2012-13 & FY 2013-14 as set out in the resolution at Item No. 10 is justified and is commensurate with the remuneration levels prevailing in the industry.

**(g) Pecuniary Relationship, directly or indirectly with the Company or relationship with the Managerial Personnel, if any:**

Mr. Himanshu Parikh, Executive Director is not related to any managerial personnel in the Company and does not have any pecuniary relationship, directly or indirectly with the Company or with any managerial personnel besides the remuneration set out in the resolution at Item No. 10 of the Notice.

**4. MR. DIGAMBAR C. BAGDE:**

**(a) Background Details:**

Mr. D. C. Bagde, aged 62 years, is Bachelor in Civil Engineering. He worked in KEC International Limited from 1970 to 1983 in Design and Projects departments. In 1984 he promoted Transrail Engineering Company Limited (TECL) for construction of transmission lines and was its Whole-time Director. In 1994 he promoted Associated Transrail Structures Limited (ATSL) for manufacturing of towers and for EPC and transmission lines. ATSL was listed on OTCEI. TECL was merged with ATSL in 2001 and Mr. Bagde was heading ATSL as its Managing Director. Mr. Bagde helped the T&D business grow from a mere ₹ 21 crores in 2000-01 to over ₹ 1000 crores in 2008-09. In 1994 he was responsible for setting up a tower manufacturing unit in Baroda and further setting up a tower manufacturing plant in Butibori, Nagpur in 2004 and subsequently setting up a conductor manufacturing plant at Silvasa. In July 2009 ATSL got merged with and into Gammon India Limited. Post the merger, Mr. Bagde was appointed as Whole-time Director in Gammon India Limited designated as Executive Director & CEO – Transmission & Distribution Business ('T & D Business'). Mr. Bagde is on the Board of several Gammon group companies.

Mr. Bagde has wide and varied experience of more than 40 years in engineering industry which includes design, manufacturing and execution of transmission lines in India & abroad. He was involved in execution of various railway electrification projects in India. He has also represented many seminars and workshops for transmission and distribution and was also on the experts' panel of CBIP when it published manual for transmission tower.



**(b) Past Remuneration:**

(Amount in ₹)

Year	Amount* (per annum)
2009-2010**	17,349,957
2010-2011	8,591,422

*\*including salary, perquisites & commission and excluding retiral benefits (PF, Gratuity & Superannuation)*

*\*\*Mr. D. C. Bagde was appointed as Executive Director w.e.f 9<sup>th</sup> July, 2009.*

**(c) Recognition / Awards: NIL**

**(d) Job Profile & Suitability:**

Subsequent to the amalgamation of ATSL with and into Gammon India Limited, Mr. Bagde was inducted as a Whole-time Director of the Company designated as Director & CEO (T&D Business). He was re-appointed as the Whole-time Director of the Company designated as Deputy Managing Director (T&D Business) on 15<sup>th</sup> May, 2012 and has been in charge of managing the Company's Transmission & Distribution business ("T&D Business") at Nagpur. Mr. Bagde reports to the Chairman & Managing Director. As a Deputy Managing Director, he is in charge of managing the affairs of Company's Transmission & Distribution Business right from production, marketing, tendering and all other support functions. During his tenure the T&D business has grown substantially. Mr. Bagde was also responsible for setting up a state-of-the-art tower factory and also Tower Test Bed at Deoli with a manufacturing capacity of 50,000 MT per annum. He has also helped set up a state-of-the-art conductor manufacturing plant in Silvasa in 2010. Under his guidance and leadership, the T&D Division has taken up EPC projects in the African continent namely countries like Algeria, Nigeria, Ghana, Ethiopia, Botswana, Kenya, Tanzania and also in Afghanistan, Nepal, Oman, Sri Lanka, USA and Canada.

Taking into consideration the contribution made by Mr. Bagde to the growth of the Transmission & Distribution business, he is best suited to function as the Deputy Managing Director of the T&D Business.

**(e) Remuneration paid / proposed:**

Details of the total remuneration comprising, interalia, Salary and Perquisites and Allowances and other benefits/perquisites which is paid/proposed to be paid to Mr. D. C. Bagde, Deputy Managing Director – Transmission & Distribution Business for FY 2011-12, FY 2012-13 & FY 2013-14 have been fully set out in the resolution at Item No. 11 of the Notice.

**(f) Comparative Remuneration profile with respect to Industry, Size of the Company, Profile of the position and person:**

Under the leadership of Mr. D. C. Bagde, the T & D Business has increased substantially and has presence across India and in overseas countries. He is credited with setting up of 5 manufacturing units namely, 3 for transmission towers, 1 for conductor and another for hi-mast poles. Mr. Bagde is the President of SAE Powerlines, Italy, a leader in power transmission and distribution business across the world. His expertise and rich experience in the transmission and electrification field has helped the Company strengthen its presence in the power sector by procuring transmission & electrification projects. Considering Mr. Bagde's rich experience and valuable contributions towards effective management and

growth of the Company's T&D Business, his job profile and responsibilities and the size of the Company and the industry in which it operates, the Remuneration Committee and the Board unanimously agreed in their respective meetings held on 23<sup>rd</sup> August, 2012 that the minimum remuneration paid/proposed to be paid to Mr. Bagde for FY 2011-12, FY 2012-13 & FY 2013-14 as set out in the resolution at Item No. 11 is justified and is commensurate with the remuneration levels prevailing in the industry.

**(g) Pecuniary Relationship, directly or indirectly with the Company or relationship with the Managerial Personnel, if any:**

Mr. D. C. Bagde, Deputy Managing Director (T&D Business) is not related to any managerial personnel in the Company and does not have any pecuniary relationship, directly or indirectly with the Company or with any managerial personnel besides the remuneration set out in the resolution at Item No. 11 and except to the extent of holding 817,472 equity shares in the Equity Share Capital of the Company.

**5. MR. ROHIT MODI:**

**(a) Background Details:**

Mr. Rohit Modi, aged 50 years, has done Masters in Economics from Delhi School of Economics. He joined the Indian Administrative Services (IAS) in 1985 and served as an IAS Officer till 1999. During his tenure in State Government of Manipur he served as the District Collector of two Districts, apart from working as Director in the Department of Transport, Tourism, Municipal Administration, Housing & Urban Development. From 1994 to 1998, he served as Deputy Secretary, Department of Economic Affairs, Ministry of Finance, Government of India dealing with ADB, IFC, IMF and World Bank. After resigning from the IAS, he took over as the Chief Executive Officer of Tamil Nadu Road Development Company Ltd (TNRDC) from 1999-2006. From April, 2000 to September, 2001 he held additional charge as Managing Director & CEO of Mahindra Industrial Park Ltd. During the period 2004-06, he also held charge as Managing Director of Road Infrastructure Development Company of Rajasthan Ltd (RIDCOR), joint venture of Government of Rajasthan and IL&FS, where he conceived, initiated and obtained the mandate for Rajasthan Mega Highways Project. From 2006-2008, he functioned as the Chief Executive of Roads, Bridges & Airports Developmental Projects and Vice President in Larsen & Toubro Ltd. (L&T). Prior to his appointment, he headed India Business Operations in Suzlon Group as President India Business.

**(b) Past Remuneration:**

(Amount in ₹)

Year	Amount* (per annum)
2009-2010**	18,757,252
2010-2011	36,761,928

\*including salary, perquisites & commission and excluding retiral benefits (PF, Gratuity & Superannuation)

\*\*Mr. Rohit Modi was appointed as Deputy Managing Director w.e.f 7th June, 2009.

**(c) Recognition / Awards: NIL**

**(d) Job Profile & Suitability:**

Mr. Rohit Modi has over 15 years of rich experience and expertise in general management and administration. Since his induction as the Deputy Managing Director of the Company, Mr. Modi was in

charge of the EPC business. He was reporting to the Chairman and Managing Director and the Board of Directors of the Company. Mr. Rohit Modi was in charge of managing various functions such as EPC, Administration, HR, EDP, Marketing etc. During his tenure, Mr. Modi was instrumental in introducing several systems and procedures and creating business verticals. Considering his experience and expertise Mr. Modi was best suited for appointment as the Deputy Managing Director.

**(e) Remuneration paid / proposed:**

Details of the total remuneration comprising, interalia, Salary and Perquisites and Allowances and other benefits/perquisites which have been paid to Mr. Rohit Modi - Deputy Managing Director for FY 2011-12 have been fully set out in the resolution at Item No. 12 of the Notice.

**(f) Comparative Remuneration profile with respect to Industry, Size of the Company, Profile of the position and person:**

Mr. Rohit Modi has over 15 years of experience in general management and administration and has been in charge of various operations of the Company. During his tenure, Mr. Modi was instrumental in introducing various policies and procedures especially in the HR, EDP and Administration departments which resulted in streamlining of these departments. Under his able guidance and advice, the Company procured many EPC projects. Considering Mr. Modi's rich experience and valuable contributions towards effective management of various operations of the Company, his job profile and responsibilities, role played by him in managing the Company's affairs, his experience and expertise in steering the Company through a competitive and strategic business environment, the size of the Company and the industry in which it operates, the Remuneration Committee and the Board unanimously agreed in their respective meetings held on 23<sup>rd</sup> August, 2012 that the minimum remuneration paid to Mr. Modi as set out in the resolution at Item No. 12 is justified and is commensurate with the remuneration levels prevailing in the industry.

**(g) Pecuniary Relationship, directly or indirectly with the Company or relationship with the Managerial Personnel, if any:**

Mr. Rohit Modi, Deputy Managing Director is not related to any managerial personnel in the Company and does not have any pecuniary relationship, directly or indirectly with the Company or with any managerial personnel besides the remuneration set out in the resolution at Item No. 12.

### III. OTHER INFORMATION

#### Overview of the Company:

Gammon India is amongst the largest physical infrastructure construction companies in India. Its track record spans significant landmark projects built over several decades, with a prominent presence across all sectors of civil engineering, design and construction. It has a track record of building landmark structures, some of which have become iconic. This includes 'The Gateway of India', the piling and civil foundation work for which was successfully executed by Gammon as its maiden project way back in 1919.

Besides its large scale of operations in the Construction and Infrastructure domain, Gammon has a dominant presence in energy business in which it operates in the hydro, nuclear and thermal power sectors. Gammon's projects cover businesses and projects involving highways, public utilities, environmental engineering and marine structures. Gammon's expertise also covers the design, financing, construction and operation of modern bridges, viaducts, and metro rail, both on a Built-Operate-Transfer (BOT) basis as well as contract execution. It is also active in the Social Infrastructure sector through its operations in the realty project segment.

## Current Industry Scenario:

India's infrastructure sector continues to be a key driver of the nation's economic progress. In fact, infrastructure has emerged as a key driver for sustaining the robust growth of the economy and the government has been focusing on development of infrastructure. The Indian economy was estimated to grow by 6 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years. This indicates a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-9). With agriculture and services continuing to perform well, India's slowdown can be attributed almost entirely to weakening industrial growth. Monetary policy was tightened by the Reserve Bank of India (RBI) during the year to control inflation and curb inflationary expectations. The financial year 2011-12 witnessed several upheavals in the economy and financial markets, globally and India was no exception. The continuing uncertainty in the Eurozone and slowdown in the US economy resulted in an environment fraught with unimaginable risks and uncertainty on all fronts, including political. In this scenario, India witnessed a sharp decline in the value of the rupee, high inflationary pressures, a decline in industrial output and the consequent slowdown in growth of GDP to 6.9%. Expectations for the current year are pegged even lower. Though infrastructure industry is the key driver of economic growth second only to agriculture, it is fraught by several issues such as slow implementation of government policies, delays in awarding projects, delays in clearances by various government agencies, restrictions on easy access to short term funds, delays in land acquisitions etc.

### 1. Reason for inadequate profits:

The financial year 2011-12 was a difficult period for the construction industry and for the Company. With fewer projects to bid for the order booking was sluggish. Competition continued to be intense due to low entry barriers resulting in smaller players underquoting to capture the projects. Government inaction, delays in awarding projects, delays in clearances by various government agencies, bureaucratic apathy, inflationary pressures resulting in an all-round increase in costs especially of petroleum products and major construction materials thereby resulting in squeeze on liquidity, higher interest costs leading to delays in projects, and delays in timely recoveries from clients all had a dampening effect on the overall performance of the Company. and on the Net profits of the Company for the year ended 31<sup>st</sup> March, 2012. The impact led to pressures on the working capital and resulted in higher debt.

### 2. Steps taken or proposed to be taken for improvement:

The Company is all geared up to face a challenging business environment. All efforts are now being focused on increasing the turnover and improving operational efficiency. Greater emphasis is placed on timely completion of projects thereby avoiding time and cost overruns, all systems, processes and procedures at the sites are being reviewed and modified to strengthen them as well as additional approval levels have been implemented at various stages of operation to avoid wastage of resources. In addition several initiatives have been undertaken to improve operational efficiency across project sites and in the Company viz;

- a. Reorganising the marketing, bidding and estimation team which has enhanced the prequalification, estimation, tender evaluation, formal pre-bid risk assessment .
- b. Improved project planning and management by re-organising involvement of competent and experienced resources, focus on plant utilisation, increased frequency of coordination meetings to address cross-functional issues, establishing DOA (Delegation of Authorities) and SOP's (Standard Operating Procedures) and effective utilisation of ERP in decision making process.
- c. A 'Board of Management' comprising of senior management has been set up to review the projects on a day-to-day basis. As a cost cutting measure, instead of organizing one-to-one review meetings of the project managers of various sites across India, the Company has set up video conferencing facility at its head office to conduct the review meetings of sites across India. Persistent efforts are being made to review and control the costs incurred at the project sites.

- d. Apart from the above, the Company has also taken strong austerity measures for reducing manpower and other overhead costs.
- e. The Company is taking proactive steps to reduce its debtors and recover claims from clients / authorities.
- f. The Company is also negotiating favourable credit terms with suppliers of strategic and heavy equipments and other raw material suppliers.
- g. Aggressive steps are being taken to recover claims in respect of arbitration matters where the arbitration award has been awarded in Company's favour.
- h. The Company is also reviewing various options of streamlining the operations of its direct as well as step down subsidiaries.

All these proactive steps are aimed at improving profitability in the face of a challenging and depressed environment in the construction industry.

### 3. **Expected increase in productivity and profits in measurable terms:**

The recessionary trends witnessed by the infrastructure and construction industry continues in the current financial year. Order booking continued to remain sluggish in the first quarter of the current financial year. With the government's commitment on initiating several measures for reviving the infrastructure and construction industry in order to maintain a GDP growth of around 7%, the Company is geared for securing large projects. The Company has bid for several large projects and is confident of securing them. It is aggressively focusing on securing construction projects in the realty sector. Its infrastructure development arm is actively bidding for BOT projects. It is also expected that the various steps taken by the Company to improve operational efficiency and, reduce costs will result in improved cash flows and better fund management.

## IV. **DISCLOSURES:**

1. The shareholders of the Company have been informed of the remuneration package of the above mentioned managerial persons in the respective resolutions at Item Nos. 8 to 12 in the following manner:
  - (a) Mr. Abhijit Rajan:

Details of the total remuneration (which includes, interalia, Salary and Perquisites and Allowances and other benefits/perquisites) which is paid/proposed to be paid to Mr. Abhijit Rajan, Chairman & Managing Director for the FY 2011-12, FY 2012-13 and FY 2013-14 have been fully set out in the resolution at Item No. 8.
  - (b) Mr. Rajul A. Bhansali:

Details of the total remuneration (which includes, interalia, Salary and Perquisites and Allowances and other benefits/perquisites) which is paid/proposed to be paid to Mr. Rajul A. Bhansali, Executive Director – International Operations for the FY 2011-12, FY 2012-13 and FY 2013-14 have been fully set out in the resolution at Item No. 9.
  - (c) Mr. Himanshu Parikh:

Details of the total remuneration (which includes, interalia, Salary and Perquisites and Allowances and other benefits/perquisites) which is paid/proposed to be paid to Mr. Himanshu Parikh, Executive Director for the remainder of his tenure have been fully set out in the resolution at Item No. 10.

(d) Mr. D. C. Bagde:

Details of the total remuneration (which includes, inter alia, Salary and Perquisites and Allowances and other benefits/perquisites) which is paid/proposed to be paid to Mr. D. C. Bagde, Deputy Managing Director – T&D Business for the FY 2011-12, FY 2012-13 and FY 2013-14 have been fully set out in the resolution at Item No. 11.

(e) Mr. Rohit Modi:

Details of the total remuneration (which includes, inter alia, Salary and Perquisites and Allowances and other benefits/perquisites) which is paid to Mr. Rohit Modi, Deputy Managing Director for the FY 2011-12 have been fully set out in the resolution at Item No. 12.

2. Disclosures on remuneration package to the Executive Directors of the Company have been made in the Corporate Governance Report which forms a part of the Report of the Board of Directors in the Annual Report of the Company for FY 2011-12.

As mentioned earlier, since the payment of aforementioned 'minimum remuneration' as set out in the resolutions at item nos. 8 to 12 to the respective Whole-time Directors for the respective financial years mentioned therein exceeds / may exceed the ceiling limit of 'minimum remuneration' as laid down in Sections 198 and 309 read with Schedule XIII to the Act, shareholders' approval is sought by way of a special resolution for payment of the aforesaid 'minimum remuneration' to each of the Directors for the respective financial years as specified in the resolutions set out at item nos. 8 to 12. The payment of the aforesaid minimum remuneration is also subject to approval of the Central Government and applications will be made thereto.

The relevant Notices of the Annual General Meetings & Postal Ballots referred to in the Explanatory Statement in respect of Item Nos. 8 to 12 are open for inspection at the Registered Office of the Company between 10.00 a.m. and 5.00 p.m. on all working days except on Saturdays, Sundays and other public holidays upto Tuesday, 25<sup>th</sup> September, 2012.

Each of the aforementioned Director is deemed to be interested in the respective resolution pertaining to his remuneration. No other Director is directly or indirectly concerned or interested in these resolutions.

Your Directors commend the resolutions at Item Nos. 8 to 12 for your approval as Special Resolutions.

**By Order of the Board of Directors  
For GAMMON INDIA LIMITED**

**GITA BADE**  
*Company Secretary*

**Registered Office:**

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

Dated: 23<sup>rd</sup> August, 2012

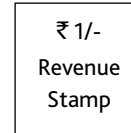


**GAMMON INDIA LIMITED**  
Regd. Office : Gammon House, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025.

**PROXY**

I/We ..... of .....  
in the district of ..... being a Member/Members of GAMMON INDIA LIMITED,  
hereby appoint ..... of .....  
in the district ..... of or failing him/her ..... of  
..... in the district of ..... as my/our Proxy to vote for  
me/us and on my/our behalf at the Ninetieth Annual General Meeting of the Company, to be held on Tuesday, the 25<sup>th</sup> day of September,  
2012 at 3.30 p.m. and at any adjournment thereof.  
Signed this ..... day of ..... 2012.

Folio No.	
DP ID No.	
Client ID No.	



Signature .....

**NOTE:**

The Proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.  
Members who have multiple folios/demat accounts with different jointholders may use copies of this form.



**GAMMON INDIA LIMITED**  
Regd. Office : Gammon House, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025.

**ATTENDANCE SLIP**

(To be filled in and handed over at the entrance of the meeting hall)

I hereby record my presence at the NINETIETH ANNUAL GENERAL MEETING of the Company to be held at Ravindra Natya Mandir, (P. L. Deshpande Maharashtra Kala Academy), Sayani Road, Prabhadevi, Mumbai – 400 025 on Tuesday, the 25<sup>th</sup> day of September, 2012 at 3.30 p.m.

Full Name of the \*Shareholder/Proxy : .....  
(in Block Letters)  
Folio No. OR Client / DP ID No. : .....  
No. of Shares held : .....

\_\_\_\_\_  
Signature of Shareholder/Proxy

\*Strike out whichever is not applicable

**NOTE:**

Members who have multiple folios/demat accounts with different jointholders may use copies of this attendance slip. Only Shareholders of the Company or their Proxies will be allowed to attend the Meeting.