



GAMMON INDIA LIMITED

Registered Office : Gammon House, Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025, Maharashtra.

NOTICE

Notice pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 is hereby given that the Resolutions mentioned below are proposed to be passed by Postal Ballot.

1. 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 Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as the "**Act**"), the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as the "**SEBI ESOP Guidelines**") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed in or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "**Board**" which term shall be deemed to include any committee(s) thereof), to reserve, offer, issue and allot at any time to or to the benefit of such person(s) who are permanent employees of the Company or of the Company's subsidiary companies, including directors, as may be decided solely by the Board under one or more Employee Stock Option Scheme(s) (the "**ESOP Scheme(s)**"), up to 64,50,000 equity shares of face value of Rs. 2 each (the "**Equity Shares**") fully paid-up on payment of the requisite exercise price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide in accordance with the regulations or other provisions of the law as may be prevailing at the relevant time.

RESOLVED FURTHER THAT the Compensation Committee of the Board is authorised to evolve, decide upon and bring into effect the ESOP Scheme(s) and determine the detailed terms and conditions of the aforementioned ESOP Scheme(s), including but not limited to the quantum of the options to be granted under the ESOP Scheme(s) (not exceeding [64,50,000] Equity Shares), options to be granted per employee, the exercise period, the vesting period, instances where such options shall lapse and to grant such number of options, to such employees of the Company and that of its subsidiary companies, at par or at such other price, at such time and on such terms and conditions as set out in the ESOP Scheme(s) and as the Compensation Committee may in its absolute discretion think fit and make any modifications, changes, variations, alterations or revisions in the Compensation Committee from time to time or to suspend, withdraw or revive the ESOP Scheme(s) from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

RESOLVED FURTHER THAT the Equity Shares issued and allotted upon conversion of the options granted through the ESOP Scheme(s) shall rank *pari passu* in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT in case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, if any additional Equity Shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of [64,50,000] Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT the Board (including the Compensation Committee) be and is hereby authorised to take necessary steps for listing of the Equity Shares allotted upon conversion of the options granted under the ESOP scheme(s) on the Stock Exchanges, where the Equity Shares of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the maximum number of stock options that can be granted under the said ESOP Scheme(s) to any employee in any financial year shall not amount to or exceed 1% of the paid-up Equity Share Capital of the Company.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Equity Shares to be allotted and the price of acquisition payable by the option grantees under the ESOP Scheme(s) shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 2 per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the said ESOP Scheme(s) as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Act, the Memorandum and Articles of Association of the Company, SEBI ESOP Guidelines and any other applicable laws.

RESOLVED FURTHER THAT as is required, the Company shall conform with the accounting policies as contained in the SEBI ESOP Guidelines.

2. 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 Section 81(1A) and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to

as the “Act”), the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as the “SEBI ESOP Guidelines”) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed in or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee(s) thereof), to extend the benefits of the ESOP Scheme(s) proposed in the aforesaid resolution, to the eligible employees of the subsidiary companies of the Company, as may from time to time, be allowed under prevailing laws, rules and regulations and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT the Equity Shares to be issued and allotted upon conversion of the options granted through the ESOP Scheme(s) as aforesaid shall rank *pari passu* in all respects with the then existing Equity Shares of the Company.

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

“**RESOLVED THAT** in partial modification of all previous resolutions including the Resolutions passed by the Members at the Extra-Ordinary General Meeting held on 12th November 2005, 84th Annual General Meeting held on 26th September 2006 and Resolutions passed by Postal Ballot on 27th March, 2007, 18th September, 2007, 7th October, 2008 and 16th June, 2009 pursuant to Section 192A of Companies Act, 1956, read with Companies (Passing of the Resolution by Postal Ballot) Rules 2001, consent of the Company be and is hereby accorded to the Board of Directors (the Board) of the Company pursuant to Section 372A of the Act and all other applicable provisions if any of the Act and subject to all such consents, sanctions and approvals as may be necessary to make / give from time to time any loan(s) / revolving loans / advances / deposits to any other body corporate / make investments in, acquire by way of subscription, purchase or otherwise the securities of any other body corporate and to give any guarantee and/or provide any security (including by way of pledge of shares or other securities held by the Company in any other body corporate) in connection with a loan made by any other person to or to any other person by, any body corporate, from time to time and in particular to enter into the transactions of the above nature with the companies hereafter mentioned, in any one or more combination(s) thereof, the monetary limits of which may be in excess of the limits prescribed under Section 372A of the Companies Act, 1956, notwithstanding that the aggregate of all the investments, loans, guarantees or securities so far given and/or proposed to be given, to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under section 372A of the Companies Act, 1956:

- (i) Campo Puma Oriente S.A, subject to a limit of Rs.400,00,00,000/- (Rupees Four Hundred Crores only).
- (ii) Gammon Suhaimi LLC (or such other name as may be approved by the appropriate authority) a joint venture Company proposed to be incorporated in the Kingdom of Saudi Arabia, subject to a limit of Rs. 500,00,00,000/- (Rupees Five Hundred Crores only).
- (iii) Ansaldo Caldaie Boilers India Private Limited ,subject to a limit of Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only).

Provided that no loan/advance to any body corporate shall be made by the Company, at a rate of interest lower than the prevailing bank rate or such other rate as may be prescribed by the relevant authorities from time to time.

- b. The members hereby confirm the Corporate Guarantees / Security issued by the Company pursuant to Board Resolution dated 30th October, 2009 on behalf of its italian subsidiary Franco Tossi Meccanica (FTM) S.P.A to ;
- i. Barclays Bank PLC, Mauritius (“the bank”) for an amount not exceeding Euro 10,300,000/- (Euro Ten Million and Three Hundred Thousand Only) as security in connection with the credit facilities of equivalent amount sanctioned by the said Bank to Franco Tosi Meccanica (FTM) S.P.A .
 - ii. State Bank Of India, Champ Elysees, Paris Branch (“the bank”) for an amount not exceeding Euro 30,000,000/- (Euro Thirty Million Only) as security in connection with the credit facilities of equivalent amount sanctioned by the said Bank to Franco Tosi Meccanica (FTM) S.P.A ,
 - iii. Confidi Intereuropeo Society Cooperativa per Azioni, Italy for an amount not exceeding Euro 3,600,000/- (Euro Three Millions Six Hundred Thousand only) for a policy issued to “ Vat Office –UFFICIO DELLE ENTRANTE DI MILANO”, as security in connection with the credit facilities of equivalent amount sanctioned to Franco Tosi Meccanica (FTM) S.P.A .
 - iv. Banca IFIS, Venice Italy for an amount not exceeding Euro 5,500,000 (Euro Five Million Five Hundred Thousand only) guaranteeing the financial obligations of Franco Tossi Meccanica of an equivalent amount in respect of factoring contract involving the assignment of receivables due from its debtors.

RESOLVED FURTHER THAT the aforesaid loans / advances / deposits / investments / guarantees / securities etc. be made/ given by the Company out of the share capital, internal accruals, loans raised or debentures issued and / or to be raised/ issued by the Company and such other means.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle any question, doubt or difficulty that may arise in relation to the above and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution or otherwise considered appropriate by the Board.”

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

“**RESOLVED THAT** in supersession to all the previous resolutions passed by the members, including the resolution passed by the Company in its 87th Annual General meeting held on 14th October, 2009 consent of the Company be and is hereby accorded pursuant to Section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors (which expression shall be deemed to include any Committee/s thereof and hereinafter referred to as the “Board”) for borrowing any sum or sums of moneys from time to time from any one or more banks, financial institutions and

other persons, firms, bodies corporate or financial institutions, whether in India or abroad, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained by the Company from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) so that amount upto which the money may be borrowed by the Board of Directors and outstanding at any time shall not exceed Rs.15000,00,00,000/- (Rupees Fifteen Thousand Crores only)."

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

"RESOLVED THAT in supersession to all previous resolutions passed by the members consent of the Company be and is hereby accorded pursuant to Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956, to the Board of Directors of the Company for mortgaging and/or charging on such terms and conditions at such time or times and in such form and manner and with such ranking as to priority (whether pari passu with subsisting charges or otherwise) as it may think fit all or some or any immoveable and/or movable properties of the Company, wherever situated, both present and future and/or the whole or substantially the whole of the Company's any one or more undertakings or all the undertakings, including the present and/or future properties, whether movable or immovable, comprised in any undertaking or undertakings of the Company as the case may be, in favour of the lender(s) including debentures-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, together with interest thereon, additional interest, cumulative interest, liquidated damages, remuneration of debenture-trustees, if any, premium, if any on redemption / pre payment costs, charges, expenses and all other moneys payable by the Company to the lender(s) or debenture-trustees, and to the holders of the debentures / bonds in terms of the availment of loans or issue of the said debentures / bonds subject to the maximum amount of Rs. 15000,00,00,000/- (Rupees Fifteen Thousand Crores only) in aggregate including the charges subsisting.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman and Managing Director, to finalize and execute the loan agreements, trust deeds and / or other deeds, documents and agreements and to do all such acts, deeds, matters and things and to take all such further steps as may in opinion of the Board of Director (including any committee thereof) be necessary, proper or expedient for giving effect to this resolution."

By Order of the Board of Directors
For GAMMON INDIA LIMITED

GITABADE
COMPANY SECRETARY

Registered Office:

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

Dated: 13th May, 2010

Notes:

1. The relative Explanatory Statement pursuant to Sections 173(2) and 192(A) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, setting out all the material facts and reasons is annexed hereto.
2. The Board of Directors has appointed Mr. Chaitanya C. Dalal, Chartered Accountant as the Scrutinizer for conducting the Postal Ballot process in accordance with the law and in a fair and transparent manner. The Postal Ballot form and the self-addressed business reply envelope are enclosed for use of members.
3. Members are requested to carefully read the instructions printed on the attached Postal Ballot form. The Postal Ballot form, duly completed and signed, should be returned in the enclosed self addressed postage prepaid envelope directly to the Scrutinizer so as to reach him on or before the close of working hours on July 01, 2010. Any response received from the shareholders after July 01, 2010 shall be treated as if no response is received in terms of Rule 5(f) of the Companies (Passing of the Resolution by Postal Ballot) Rules 2001.
4. The shareholders are requested to exercise their voting rights by using the attached Postal Ballot form only. No other form or photocopy of the form is permitted.
5. After completion of scrutiny of the Postal Ballot forms, the Scrutinizer will submit his report to the Chairman or any other Director specially authorized by the Board of Directors of the Company.
6. The results of the Postal Ballot will be announced on July 02, 2010 at 11.30 a.m at the Registered Office of the Company and will also be published in the newspapers and will also be displayed on the Company's website viz; www.gammonindia.com.
7. All documents referred to in the accompanying notice and the explanatory statement 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 30th June, 2010.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTIONS 173(2) AND 192A OF THE COMPANIES ACT, 1956****Item No. 1 & 2:**

The Company is proposing to introduce an Employee Stock Option Plan for the employees and Directors of the Company and its subsidiaries (whether in India or abroad) to remunerate /reward them for their service and the expertise they bring to the organization. The plan would be titled as "Gammon India Limited-Employees Stock Option Scheme -2010 ("Plan") which was approved by the Board of Directors at their meeting held on 13th May, 2010.

The Plan for the issue of options convertible into equity shares of the Company to the employees and Directors of the Company and its subsidiaries (whether in India or abroad) is being formulated in compliance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 (hereinafter referred to as "Guidelines").

The broad terms and conditions of the Plan are as under:

The main features of the ESOP Scheme(s) are as under:

1. Total number of options to be granted:

The total number of options that may be granted in one or more tranches are up to 6,450,000 in aggregate which would result in additional 6,450,000 equity shares of Rs. 2 each in the Company on exercise of such options.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

Senior managers, key contributors and Directors of the Company and of its subsidiary companies as may be decided by the Compensation Committee all of whom shall be permanent employees of the Company or its subsidiaries.

3. Requirements of vesting and period of vesting:

The options granted under the ESOP Scheme(s) would vest subject to continued employment with the Company or its subsidiary companies, as the case may be. The Compensation Committee may specify additional performance criteria or other conditions for the vesting of the options granted under the ESOP Scheme(s). The terms and conditions of vesting would be stipulated by the Compensation Committee.

Options granted under the ESOP Scheme(s) would vest after the expiry of one year from the date of grant of the options and not later than the expiry of four years from the date of grant of the options.

The options will vest over a period of four years from the date of grant of the options in the following manner:

Year	Percentage of the options granted that would vest (%)
First Year	Nil
Second Year	30
Third Year	30
Fourth Year	40

4. Maximum period within which the options shall be vested:

Four years from the date of the grant of options.

5. Exercise Price:

The Exercise Price of the options will be related to the average of the daily closing prices of the related Equity Shares quoted on the Stock Exchanges during the 30 days preceding the date of grant of the options. A discount of up to 15% may be granted at the discretion of the Compensation Committee.

6. Exercise Period and the process of exercise:

Options granted under the ESOP Scheme(s) can be exercised within a period of three years from the date of vesting of the options granted.

The options granted under the ESOP Scheme(s) would be exercisable by the employee by making an application to the designated person in the Company, in such manner, on execution of such documents and on such terms as may be decided by the Compensation Committee. After the expiry of the above-mentioned exercise period, the options granted under the ESOP Scheme(s) shall not be exercisable and shall lapse.

7. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employees will be decided by the Compensation Committee from time to time.

The employees would be granted options under the ESOP Scheme(s) based on various parameters such as work performance, period of service, rank or designation and such other parameters as may be decided by the Compensation Committee from time to time.

8. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to any specific employee under the ESOP Scheme(s) shall not exceed more than 1% of the issued share capital of the Company at the time of grant of options. The aggregate number of options to be granted under the ESOP Scheme(s) shall not exceed 6,450,000.

9. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI ESOP Guidelines and the Guidance Note issued by the Institute of Chartered Accountants of India on Employee Share Based Payments.

10 Method of option valuation:

The Company shall use Intrinsic Value Method for valuation of the options granted under the ESOP Scheme(s). The difference between the grant price and the intrinsic value shall be recognized in the profit and loss account over the period of vesting.

The difference between the employee compensation cost computed using the Intrinsic Value method and the cost that shall have been recognized if it had used the Fair Value method, shall be disclosed in the Directors' Report and the financial statements. Further the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report and in the financial statements.

As the ESOP scheme(s) provide(s) for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per clause 6 of the SEBI ESOP Guidelines.

As per the Guidelines, a separate resolution is required to be passed if the benefits of the Employee Stock Option Plan are to be extended to the employees and directors of the subsidiary companies of the Company in the same manner and subject to the terms and conditions mentioned herein.

Accordingly the resolutions set out in Item No. 1 & Item No. 2 are being placed for the approval of the shareholders pursuant to Section 81 (1A) of the Companies Act, 1956 and Clause 6 of the Guidelines and all other applicable provisions of the law for the time being in force.

None of the Directors of the Company are, in any way, concerned or interested in the passing of the above Resolution, except to the extent of the options that may be granted to them under the Plan.

Item No. 3:

Your company being one of the leading players in the Infrastructure Industry has been pursuing various growth opportunities in its core sector i.e infrastructure, both in India and abroad and has been diversifying its area of business. The Company has also made substantial strategic investments in the oil and energy sector. As a means of achieving greater financial flexibility and for ensuring speedy implementation of various infrastructure projects it is therefore proposed that the Board of Directors of the Company be authorized to give loans, advances, Inter-Corporate Deposits, make investments, provide guarantees to bodies corporate including its subsidiaries / group / associate companies / joint ventures etc in the course of business as mentioned in the proposed resolution and as detailed below:

- a) Gammon India Limited alongwith Joshi Technologies Inc U.S.A has formed a Company in Panama i.e Campo Puma Oriente S.A with 66.64% & 33.6% stake respectively. Campo Puma is a part of the Pegaso Consortium, Ecuador with 67% participating interest. The consortium is engaged in oil exploration and exploitation business in Ecuador, Puma Marginal Oil Field. This field has been awarded to the consortium on a lease of 20 (twenty) years by PetroEcuador on 27th March, 2008. The minimum work programme committed under the Puma Contract is USD 51.365 million to be completed within 3(three) years from the date of contract i.e 27th March, 2011 on completion of which the proven reserves and average production of the field will be established. Hence it is proposed to increase the existing limit from Rs. 200,00,00,000/- (Rupees Two Hundred Crores only) crores to Rs. 400,00,00,000/- (Rupees Four Hundred crores only).
- b) Gammon Suhaimi LLC, (or such name as may be approved by the appropriate authority) a joint venture Company proposed to be incorporated in the Kingdom of Saudi Arabia (KSA) having its main objects as mechanical, electrical, structural, civil and consulting engineers and to design, survey, foundation, erecting, stringing, commissioning of power transmission line, substation, as well as manufacture, produce, buy, sell or deal in all power transmission line materials, galvanised towers and galvanised poles. The Company proposes to invest/give loans/provide securities upto a limit of Rs. 500,00,00,000/- (Rupees Five Hundred Crores only).
- c) Ansaldo Caldaie India Boilers Private Limited, a subsidiary of the Company is engaged in the business of designing, procuring, manufacturing, erection, commissioning and maintenance of Steam Generation Units, Boilers, Heat Recovery Steam Generators and other specialized boilers. It is proposed to increase the existing limit from Rs. 100,00,00,000/- (Rupees One Hundred Crores only) to Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty crores only).

b. Ratification of Corporate Guarantees

Franco Tosi Meccanica (FTM) S.p.A., Italy one of the prominent names in Italian mechanical industry is a subsidiary of your Company. The Company is based in Legnano in North Italy. The product range of the company includes Steam Turbines, Hydraulic Turbines, Pumps, Balance of Plant etc. It is one of the leading manufacturers of steam and hydraulic turbines for the Power Industry.

For meeting its urgent working capital requirements and other financial obligations, your Company has pursuant to Board resolution dated 30th October 2009, issued the following Guarantee's/Securities under exceptional circumstances as detailed below to:

- i. Barclays Bank PLC, Mauritius ("the bank") for an amount not exceeding Euro 10,300,000/- (Euro Ten Million and Three Hundred Thousand only) as security in connection with the credit facilities of equivalent amount sanctioned by the said Bank to Franco Tosi Meccanica (FTM) S.P.A .

- ii. State Bank Of India, Champ Elysees, Paris Branch ("the bank") for an amount not exceeding Euro 30,000,000/- (Euro Thirty Million only) as security in connection with the credit facilities of equivalent amount sanctioned by the said Bank to Franco Tosi Meccanica (FTM) S.P.A ,
- iii. Confidi Intereuropeo Society Cooperativa per Azioni, Italy for an amount not exceeding Euro 3,600,000/- (Euro Three Millions Six Hundred Thousand only) for a policy issued to " Vat Office –UFFICIO DELLE ENTRANTE DI MILANO", as security in connection with the credit facilities of equivalent amount sanctioned to Franco Tosi Meccanica (FTM) S.P.A .
- iv. Banca IFIS, Venice Italy for an amount not exceeding Euro 5,500,000 (Euro Five Million Five Hundred Thousand only) guaranteeing the financial obligations of Franco Tossi Mecanica of an equivalent amount in respect of factoring contract involving the assignment of receivables due from its debtors.

Pursuant to Section 372A of the Companies Act, 1956 such guarantees can be given if the Board Resolution authorizing to give such guarantee in accordance with the provisions of the Section is confirmed within 12 months of the Board resolution in a general meeting of the Company or the Annual General Meeting of the Company held immediately after passing of the Board resolution, whichever is earlier. Accordingly, the aforesaid guarantees and relevant Board resolution require confirmation of the members, copies of which are available for inspection at the Registered Office of the Company on any working day except public holidays, Saturdays and Sundays between 3.00 p.m. to 5.00 p.m.

Considering the business of the above said Companies, proposed projects and their future potential, the Directors are of the opinion that making investments by way of subscription or otherwise, giving of loans/advances/giving guarantees and securities to the aforesaid Companies will be in the interests of the Company.

As the proposed loans/guarantees/investments etc. may exceed the limits as stipulated under Section 372A of the Companies Act, 1956, it is necessary to obtain by way of a Special Resolution the prior approval of the members for this purpose.

The loans/guarantees/investments etc. proposed to be made by your Company shall be provided out of the share capital, internal accruals, loans raised or debentures issued and/or raising of funds in the form of term loans or such other mode as may be decided by the Board subject to approvals, as may be required from the Financial Institutions/Banks. However any such loans will not be made at a rate below the prevailing bank rate. These will be provided for project cost, working capital and other business requirements of the aforesaid companies.

Your Directors recommend the Resolution at Item No. 3 for your approval.

None of the Directors are, in any way, concerned or interested in the passing of the above Resolution.

Item No. 4:

Members are informed that presently, the Board of Directors is authorized to borrow money for the purpose of the business of the Company (apart from temporary loans from its bankers) upto a ceiling of Rupees Five Thousand Crores. Since then the operations of the Company have considerably increased and keeping in view the likely debt requirements of the Company in the future, it has become necessary to authorise the Board of Directors of the Company to borrow money upto the extent of Rupees Fifteen Thousand Crores for financing its future operations. Pursuant to Section 293(1)(d) of the Companies Act, 1956, approval of the members is sought for authorizing the Board to borrow in excess of the paid-up capital and free reserves of the Company as set out in the resolution.

Your Directors recommend the Resolution at Item No. 4 for your approval.

None of the Directors are, in any way, concerned or interested in the passing of the above Resolution.

Item No. 5:

Section 293(1)(a) provides that a public limited company shall not sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking(s) of the Company without the consent of its members in a general meeting. And as the Company's operations are likely to increase in the near future wherein the Company would need to resort to such borrowings from the bank/ financial institutions or other lenders who may insist on creation of charge/mortgage on the assets of the Company which might be considered as disposal of the Company's undertaking within the meaning of Section 293 (1)(a) of the Companies Act, 1956, requiring the Members consent for the same. Members consent is sought for the aforesaid charge/ mortgage on the assets of the Company for an amount not exceeding Rupees Fifteen Thousand Crores only.

Your Directors recommend the Resolution at Item No. 5 for your approval.

None of the Directors, are in any way, concerned or interested in the passing of the above Resolution.

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

**Sd/-
GITABADE
COMPANY SECRETARY**

Registered Office:

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

Dated: 13th May, 2010



GAMMON INDIA LIMITED

Registered Office : Gammon House, Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025, Maharashtra.

POSTAL BALLOT FORM

Serial No. _____

1. Name(s) of Shareholder(s) : _____
(in block letters) _____
(including joint holders, if any) _____
2. Registered Address of the sole/ : _____
first named Shareholder _____
3. Registered Folio No./ : _____
DP ID No./Client ID No.*
(*Applicable to investors holding shares in dematerialized form)
4. Number of Shares held : _____
5. I/We hereby exercise my/our vote in respect of the Resolutions to be passed through postal ballot for the businesses stated in the notice of the Company by sending my/our assent or dissent to the said resolution by placing the tick (✓) mark in the appropriate box below:

Item No.	Description	No of Equity Shares	I / We assent to the resolution	I / We dissent to the resolution
1.	Special Resolution under Section 81 (1A) of the Companies Act, 1956 for grant of employee stock options and issue of equity shares upon exercise of the employee No. stock options to the employees and Directors of the Company.			
2.	Special Resolution under Section 81 (1A) of the Companies Act, 1956 for grant of employee stock options and issue of equity shares upon exercise of the employee stock options to the employees and Directors of the subsidiaries of the Company.			
3.	Special Resolution u/s. 372A of the Companies Act, 1956 authorizing the Board of Directors to make investments in, acquire by way of subscription, purchase or otherwise the securities of any other body corporate, make / give loans / deposits / guarantees / securities to any other body corporate and in particular to the Companies mentioned in the Notice accompanying the Postal Ballot.			
4.	Ordinary Resolution under Section 293 (1) (d) of the Companies Act, 1956 authorizing the Board of Directors to borrow in excess of the aggregate of the paid-up capital and free reserves of the Company.			
5.	Ordinary Resolution under Section 293 (1) (a) of the Companies Act, 1956 authorizing the Board of Directors to create charge/mortgage/hypothecation on all or any of the immovable properties of the Company.			

Place :

Date :

Signature of the Shareholder

Instructions :

1. A member desiring to exercise vote by postal ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the attached pre-paid self-addressed envelope. However, envelopes containing postal ballots, if sent by courier at the expense of the registered Shareholder, will also be accepted.
2. The self-addressed envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
3. This form should be completed and signed by the Shareholder. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the Company) by the first named Shareholder and in his absence, by the next named Shareholder.
4. Incomplete or Unsigned Postal Ballot Form will be rejected. The Scrutinizer's decisions on the validity of the Postal Ballot shall be final and binding.
5. Duly completed Postal Ballot Form should reach the Company not later than the close of working hours on Thursday, 1st July, 2010. Postal Ballot Form received after this date will be strictly treated as if the reply from the Member has not been received.
6. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Shareholders on the date of dispatch of the Notice.