GAMMON INDIA LIMITED

GAMMON
Registered Office: 'Gammon House',Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025.
CIN: L74999MH1922PLC000997
Tel No: 91-22-6111 3000, Fax No: 91-22-2430 0221
Email: gammon@gammonindia.com, Website: www.gammonindia.com

NOTICE

NOTICE is hereby given that an **Extra Ordinary General Meeting of Gammon India Limited** will be held on Saturday, 20th September, 2014 at 11 A.M. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy (Mini Theatre), Sayani Road, Prabhadevi, Mumbai - 400 025 to transact the following business:

SPECIAL BUSINESS:

1. To consider and if thought fit, to give ASSENT / DISSENT to the following resolution as a Special Resolution:

   "RESOLVED that the term of office of Mr. Digambar C. Bagde, who was appointed as a Whole-time Director of the Company designated as Deputy Managing Director (Transmission & Distribution Division) with effect from 9th July 2012 for a period of five (5) years and whose office was not liable to retire by rotation be and is hereby subject to retirement by rotation to comply with the requirements of Section 152 of the Companies Act, 2013;

   RESOLVED FURTHER THAT except for the condition of retirement by rotation, all other terms and conditions of the re-appointment of Mr. Digambar C. Bagde as approved by the members of the Company shall remain unaltered".

2. To consider and if thought fit, to give ASSENT / DISSENT to the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 197 and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013, 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 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 payment of remuneration of Rs. 12,500,000/- (Rupees One Crore and Twenty Five Lacs Only) per annum to Mr. Digambar C. Bagde – Deputy Managing Director (Transmission & Distribution Division) (DIN: 00122564) for the period 1st January 2014 to 31st December 2016.

   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 Nomination & Remuneration Committee) be and is hereby authorized to revise, amend, alter and/or vary the terms and conditions in relation to the above 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, if any;

   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, if necessary, 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."

3. To consider and if thought fit, to give ASSENT / DISSENT to the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 188(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof for the time being in force) read with the Companies (Meetings of Board and its Powers) Rules, 2014, the applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended from time to time) ,provisions of the listing agreement and subject to all other consents, approvals and /or permissions as may be required, consent of the Company be and is hereby accorded to the Board of Directors to sell 528,000,000 (Fifty Two Crores and Eighty Lacs) equity shares (constituting 71.93%) held by the Company in its subsidiary viz. Gammon Infrastructure Projects Limited ("GIPL") to its subsidiary viz. Gammon Power Limited by way of open market sale through the recognized stock exchanges on which the shares of GIPL are listed and traded and at the market price prevailing at the time of executing the sale;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorised to sign and execute such deeds, documents and letters as may be required in this connection and take such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed sale and further to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in connection therewith."

4. To consider and if thought fit, to give ASSENT / DISSENT to the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 181 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall deem to include any committee which the Board has constituted or may constitute to exercise its powers, including the powers conferred under this resolution) for making contributions to various bonafide charitable and other institutions for an amount not exceeding Rs. 20,000,000/- [Rupees Two Crores Only] in a single financial year."

5. To consider and if thought fit, to give ASSENT / DISSENT to the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Clause 49 of the Listing Agreement entered by the Company with the stock exchanges and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications, amendments or re-enactments thereto) and the rules thereunder (the "Act") and subject to the approval of the CDR Lenders and approvals, permissions and sanctions of all concerned statutory and regulatory authorities, as may be required, if and to the extent necessary, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall deem to include any committee which the Board has constituted or may constitute to exercise its powers, including the powers conferred under this resolution) to sell / divest its shareholding in the following foreign subsidiaries / associates viz: (i) Franco Tosi Meccanica S.p.A., (ii) Sofinter S.p.A. and (iii) SAE Powerlines S.r.l. in such form and in such manner as may be deemed by the Board to be in the best interests of the Company and for such consideration, from such date and on such terms and conditions as the Board may deem fit;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things including but not limited to, deciding the time when the aforementioned subsidiaries be disposed off, identifying the buyer, to determine the consideration, other incidental and ancillary activities thereto, determining such other terms and conditions relevant to the sale / transfer, negotiating and finalising the terms of sale / transfer, negotiating, finalising and executing sale agreement(s) / business transfer agreement(s), by whatever name called and such other agreements, deeds, documents, indemnities, contracts, declarations, undertakings, forms, letters and such other papers as may be necessary, desirable and expedient to make all such filings and applications for the statutory / regulatory and other approvals as may be required for sale / divestment of the aforementioned subsidiaries of the Company and to complete the transaction(s)."

By Order of the Board of Directors
For Gammon India Limited

Sd/-
Gita Bade
Company Secretary

Registered Office:
'Gammon House',
Veer Savarkar Marg,
Prabhadevi,
Mumbai – 400 025.
Dated: 21st August 2014

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND INSTEAD OF HIMSELF / HERSELF AND THAT THE PROXY NEED NOT BE A MEMBER. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten (10) percent of the total paid-up share capital of the Company.
2. 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.
3. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of special businesses under Item Nos. 1 to 5 is annexed hereto.
4. 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.
5. **Voting through electronic means:**

   (a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the Extra Ordinary General Meeting (EGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL).

   (b) A member may exercise his vote at any general meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.

   (c) During the e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. 22nd August 2014, may cast their vote electronically.

   (d) The e-voting period commences at 9:30 a.m. on Monday, 15th September, 2014 and ends at 5:30 p.m. on Tuesday, 16th September, 2014. The e-voting module shall be disabled by CDSL for voting thereafter.

   (e) Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

   (f) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the members as on the date of dispatch of notice.

   (g) The Board of Directors has appointed Mr. Vidyadhar Chakradeo of M/s. V. V. Chakradeo & Co. Practicing Company Secretaries, Mumbai as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

6. **Instructions to the Members for e-voting are as under:**

   (a) In case of Members receiving Notice of the Extra Ordinary General Meeting by e-mail and who wish to vote using the e-voting facility :

   (i) The shareholders should log on to the e-voting website www.evotingindia.com.

   (ii) Click on Shareholders.

   (iii) Now Enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

   (iv) Next enter the Image Verification as displayed and Click on Login.

   (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric "PAN" issued by Income Tax Department (Applicable for both shareholders holding shares in demat as well as physical form). Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.

*Please enter the DOB **or** Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.*

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN **140826035** for **GAMMON INDIA LIMITED.**

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take printout of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details they should create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(b) In case of Members receiving Extra Ordinary General Meeting by post and who wish to vote using the e-voting facility :

Please follow all steps from Sr. No. (i) to Sr. No. (xv) above, to cast your vote.

7. Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form and not casting their vote electronically, may cast their vote at the Extra Ordinary General Meeting.
8. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
9. The Results shall be declared on or after the Extra Ordinary General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.gammonindia.com and on the website of CDSL within two (2) days of passing of the resolutions at the Extra Ordinary General Meeting of the Company on 20th September 2014 and communicated to the NSE & BSE Limited.
10. Electronic copy of the Notice is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Notice are being sent in the permitted mode.
11. 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 with details like Name, Folio No. etc.
12. Members are requested to send their queries, if any, at least ten (10) days before the Extra Ordinary General Meeting, so as to enable the Board to keep the information ready.
13. 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.
14. Members may also note that the Notice of the Extra Ordinary General Meeting will be available on the Company's website viz. www.gammonindia.com. Physical copies of the aforesaid documents will be available at the registered office for inspection during normal business hours on working days.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 1:

Mr. Digambar C. Bagde was re-appointed as a Whole-time Director of the Company designated as Deputy Managing Director (Transmission & Distribution Division) with effect from 9th July 2012 for a period of five (5) years with a stipulation that he will not be liable to retire by rotation.

In order to ensure compliance with the provisions of Section 152(6)(a) of the Companies Act, 2013, which mandates that not less than two thirds of the total number of Directors on the Board of a Company shall be persons whose office is liable to retirement by rotation at every Annual General Meeting, it is necessary to amend the term of appointment of Mr. Digambar C. Bagde so as to make his office liable to retire by rotation.

The Board of Directors, at its meeting held on 13th August 2014, subject to the shareholders' approval, approved change in terms of office of Mr. Digambar C. Bagde thereby making him liable to retire by rotation.

Your Directors commend passing of the special resolution at Item No. 1 of the Notice.

Except Mr. Digambar C. Bagde, none of the Directors and key managerial personnel of the Company are interested or concerned in the passing of the above resolution.

Item No. 2:

At the 90th Annual General Meeting of the Company held on 25th September, 2012, the members had approved payment of 'Minimum Remuneration' of Rs. 1 Crore per annum to Mr. Digambar C. Bagde - Deputy Managing Director (Transmission & Distribution Division) of the Company for the financial years 2012-13 and 2013-14 and the said remuneration was duly approved by the Central Government.

Mr. Digambar C. Bagde was the Managing Director of erstwhile Associated Transrail Structures Limited ("ATSL") prior to its merger in 2009. Post the merger, Mr. Digambar C. Bagde was inducted on the Board of the Company and has been in charge of the Transmission & Distribution business since then. Taking into consideration the contribution made by Mr. Bagde and the responsibilities entrusted to him, the Board of Directors, at its meeting held on 13th August 2014, on the recommendation of the Nomination and Remuneration Committee, proposed a remuneration of Rs. 1.25 Crores per annum payable to Mr. Bagde for the period from 1st January 2014 to 31st December 2016 as follows:

Particulars	Amount (in Rs.) (per annum)
Salary	11,327,000
Perquisites	525,000
Retirals	648,000
Total	**12,500,000**

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; and (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.

Approval of the Shareholders is being sought pursuant to Section II of Part II of Schedule V to the Companies Act, 2013 for increase in the payment of remuneration to Mr. Digambar C. Bagde as set out in the resolution at Item No. 2.

Information as required in terms of Section II of Part II of Schedule V to the Act is 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: ***(Rs. in Crores)***

Sr. No.	Particulars	Year				
		2009-10	2010-11	2011-12	2012-13	9 months period ended 31.12.2013
(1)	Paid-up Capital	25.83	27.49	27.50	27.50	27.50
(2)	Reserves & Surplus	1,898.72	2,088.15	2,224.48	1,687.12	1,018.28
(3)	Turnover	4,534.25	5,636.85	5,473.23	5,100.25	3,186.49
(4)	Net Profit as per Section 197 of the Companies Act, 2013 & Section 198 of the erstwhile Companies Act, 1956	217.81	186.26	161.12	(434.20)	(905.68)
(5)	Amount of dividend	13.73*	10.63**	2.73	NIL	NIL
(6)	Rate of Dividend declared	30%	40%	10%	NIL	NIL

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. Foreign Investments or Collaborators, if any : The total equity shares held by Foreign Institutional Investors is 12,471,171 Equity Shares of Rs. 2/- each which constitutes 9.14% of the Paid-up Equity Share Capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE:

MR. DIGAMBAR C. BAGDE:

a. Background Details:

Mr. Digambar C. Bagde, aged 64 years, is Bachleor 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. Digambar C. Bagde was heading ATSL as its Managing Director. Mr. Bagde helped the Transmission & Distribution business grow from Rs. 21 crores in 2000-01 to over Rs. 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, tower manufacturing plant in Deoli (Wardha) in the year 2010 and setting up a conductor manufacturing plant at Silvasa. In July 2009 ATSL was merged with and into Gammon India Limited. Post the merger, Mr. Digambar C. Bagde was appointed as Whole-time Director in Gammon India Limited and re-designated as Deputy Managing Director – Transmission & Distribution Business ('T & D Business'). Mr. Bagde is on the Board of several other Gammon group companies.

Mr. Bagde has wide and varied experience of more than 40 years in engineering and transmission line industry which includes design, manufacturing and execution of transmission lines in India & abroad. He was involved in execution of railway electrification projects also 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 Rs.)

Year	Amount* (per annum)
2011-2012	8,581,891
2012-2013	9,458,531
9 months period ended 31st December 2013	7,761,204

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

c. **Recognition / Awards: NIL**

d. **Job Profile & Suitability:**

Subsequent to the amalgamation of ATSL with and into Gammon India Limited, Mr. Digambar C. 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) from 9th July 2012 for a period of five years 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. Digambar C. Bagde to the growth of the Transmission & Distribution business, the Nomination & Remuneration Committee and the Board of Directors thought it fit to increase the remuneration payable to Mr. Bagde to Rs. 1.25 Crores per annum for the period from 01.01.2014 to 31.12.2016.

e. **Remuneration proposed:**

Details of the total remuneration comprising, interalia, salary, perquisites and allowances and other benefits/ perquisites which is paid/proposed to be paid to Mr. Digambar C. Bagde for the period from 01.01.2014 to 31.12.2016 are as follows:

(Amount in Rs.)

Period	Salary	Perquisites	Retirals	Total
01.01.2014 - 31.12.2014	11,327,000	525,000	648,000	12,500,000
01.01.2015 - 31.12.2015	11,327,000	525,000	648,000	12,500,000
01.01.2016 - 31.12.2016	11,327,000	525,000	648,000	12,500,000

f. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Under the leadership of Mr. Digambar 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 on the Board 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 & distribution projects.

Taking into consideration Mr. Bagde's rich experience and his valuable contributions towards effective management and growth of the Company's T&D Business, his job profile and responsibilities entrusted to him and the prevailing remuneration levels in the industry, the Nomination and Remuneration Committee and the Board of Directors, in their respective meetings held on 12th March 2014 and 13th August 2014 respectively, approved increase in the remuneration payable to Mr. Digambar C. Bagde from Rs. 10,000,000/- (Rupees One Crore Only) per annum to Rs. 12,500,000/- (Rupees One Crore and Twenty Five Lacs Only) per annum for the period 01.01.2014 to 31.12.2016.

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

Mr. Digambar C. Bagde - Deputy Managing Director (Transmission & Distribution Division) 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. 2 and except to the extent of his shareholding in the Equity Share Capital of the Company.

III. OTHER INFORMATION

1. Reasons for inadequate profits:

The recessionary trends in the construction industry continued during the period under review leading to postponement of projects, delays in decision making by government agencies and large PSU's. Inordinate delays in clearing of dues, adverse regulatory environment and bureaucratic apathy further caused delays in project execution. As a consequence the downturn in the Company's operations continued unabated during the period under review. The severe liquidity crisis also affected project execution. Revenues continued to remain stagnant due to the delays in execution. All this led to re-assessment of jobs, higher borrowings and higher interest costs coupled with fall in margins. The Company continues to face difficulties in realising receivables and arbitration claims. Further considering the economic scenario in Europe and uncertainties prevailing there, the Company on a prudent basis and following the principal of conservatism, made provisions against risk & contingencies towards impairment of Investments/ Advances in its overseas companies.

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

The Company is pursuing various options for streamlining its business operations in wake of the continued liquidity crises. The Company is currently re-assessing its jobs which have turned negative due to external factors and efforts are being taken to turn these jobs profitable. Timely completion of those jobs which are in the closing stages is also being taken up on priority basis. The Company has taken several effective cost reduction measures. The Company is aggressively bidding for those jobs which are within the ambit of the Company's core competencies and which have a substantial profit margin. The Company is also actively exploring partnerships for its real estate projects. On the international front, the Company is considering options for reorganizing its overseas business by aggressively pursuing monetization of international power and oil business. The Company is also pursuing for amicable settlement of non-routine collection including claims and arbitration awards.

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

In spite of various challenges, the Company has secured orders worth Rs. 3,500 Crores. With the assistance provided by the lenders, the Company is also taking efforts to streamline its cash management so that it is in a better position to complete the new projects on time. Your Company believes that the new government shall introduce more business friendly policies in addition to according more importance to the infrastructure needs of this country. The Company is already geared up to take advantage of the new opportunities and initiatives that the Company expects this government to provide.

IV. DISCLOSURES:

Disclosures required to be made pursuant to point IV of Part A of Section II of Part II of Schedule V to the Act in respect of past remuneration paid to Mr. Digambar C. Bagde have been made in the Corporate Governance Report for the nine (9) months period ending 31st December 2013. Further, disclosures regarding revised remuneration, if approved by the shareholders, shall be made in the Annual Report that shall be published by the Company for the eighteen months period ended 30th June 2015.

Your Directors commend the resolution at Item No. 2 for your approval as Special Resolution.

Except for Mr. Digambar C. Bagde, no other Directors or Key Managerial Personnel of the Company or their relatives are directly or indirectly concerned or interested in the passing of the above resolution

Item No. 3:

In order to rationalize and re-organise its core Engineering, Procurement & Construction (EPC) business, it is proposed to sell 528,000,000 (Fifty Two Crores and Eighty Lacs) equity shares (constituting 71.93%) held by the Company in its subsidiary viz. Gammon Infrastructure Projects Limited ("GIPL") to its subsidiary viz. Gammon Power Limited ("GPL") through open market sale at the price prevailing on the date of sale. Pursuant to regulation 10(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI SAST Regulations") the Company's subsidiary Gammon Power Limited is exempt from the obligation to make an open offer under regulations 3 and 4 of SAST regulations subject to fulfillment of the conditions stipulated therein. As per Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 and the provisions of Clause 49 of the Listing Agreement, prior approval of the shareholders by way of special resolution is being sought .

Your Directors commend passing of the special resolution at Item No. 3 of the Notice.

None of the Directors and key managerial personnel of the Company are interested or concerned in the passing of the above resolution.

Item No. 4:

Members are informed that during the course of its business the Company makes contributions to various charitable and other institutions. The Board of Directors, at its meeting held on 3rd April 2014, subject to the shareholders' approval, accorded its consent for making donations of an amount not exceeding Rs. 20,000,000/- [Rupees Two Crores Only] to bonafide charitable & other funds in a single financial year.

Pursuant to Section 181 of the Companies Act, 2013, approval of the shareholders is required where such contribution made during a financial year exceeds 5% of its average net profits for the three immediately preceding financial years.

Your Directors commend passing of the special resolution at Item No. 4 of the Notice.

None of the Directors and key managerial personnel of the Company are interested or concerned in the passing of the above resolution.

Item No. 5:

Members are hereby informed that the Company has through its wholly owned subsidiaries in Netherlands made investments in the following foreign subsidiaries/associates viz. (i) Franco Tosi Meccanica S.p.A., (ii) Sofinter S.p.A. and (iii) SAE Powerlines S.r.l. The Company has from time to time, issued corporate and other guarantees to support the operations of these companies. Pursuant to the Master Restructuring Agreement dated 24th September 2013 ["MRA"], executed by the Company with the CDR Lenders, the Company is required to ensure that either the Corporate Guarantees issued by the Company on behalf of its subsidiaries are released in full or the Company monetizes / divests its investment / shareholding in the domestic and overseas subsidiaries by no later than 31st March 2015. The MRA also states that the divestment process shall be monitored by the Asset Sale Committee of the CDR Lenders at regular intervals. The Board of Directors are considering various options to monetize / divest / sell its investment / shareholding in the abovementioned subsidiaries.

As per the provisions of Clause 49 of the Listing Agreement, no company shall dispose off shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting. Accordingly, shareholders approval is being sought for divestment / sale of the Company's shareholding in the aforementioned foreign subsidiaries.

Your Directors commend passing of the special resolution at Item No. 5 of the Notice.

None of the Directors and key managerial personnel of the Company are interested or concerned in the passing of the above resolution.

By Order of the Board of Directors
For Gammon India Limited

Sd/-
Gita Bade
Company Secretary

Registered Office:
'Gammon House',
Veer Savarkar Marg,
Prabhadevi,
Mumbai – 400 025.
Dated: 21st August 2014