

## 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 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.
- 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.
- 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.
- 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).
- 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: