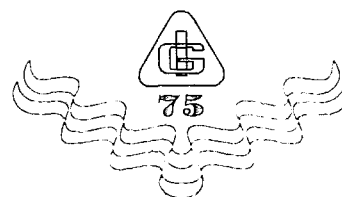


Celebrating



*50 Years
India's Independence*

*75 Years
Builders to the Nation*

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓			✓
YE	✓			✓

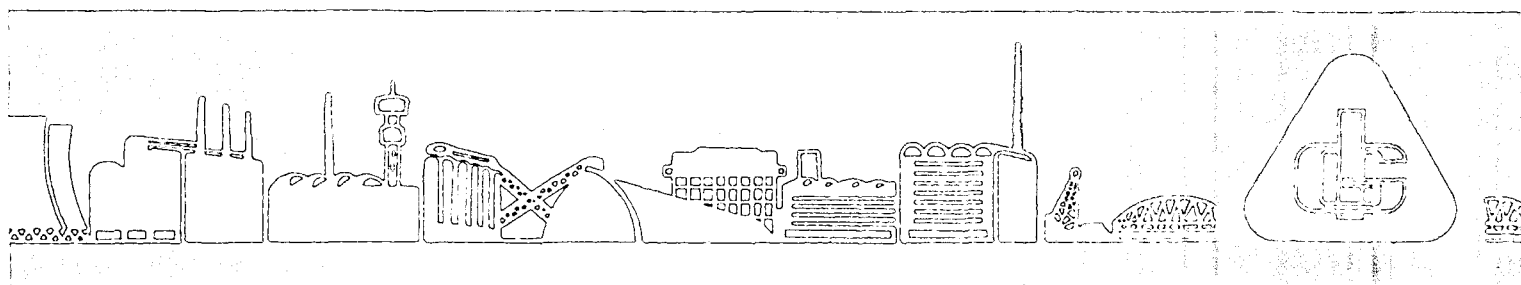
75th Annual Report

Report

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and Statement of Accounts

1996 - 97



**GAMMON
INDIA
LIMITED**



GAMMON INDIA LIMITED

BOARD OF DIRECTORS:

PETER GAMMON, *Chairman*
ABHIJIT RAJAN, *Managing Director*
DHARMA VIRA, ICS (Retd.), *Director*
N. C. DAVE, *Director*
AJIT KUMAR GUPTA, *Director*
G. V. HINGORANI, *Dy. Managing Director*
ASHOK KUMAR, *Executive Director*
S. A. REDDI, *Dy. Managing Director*
W. PAUL HARRIMAN, *Director*
SHOBHIT RAJAN, *Director*
C. C. DAYAL, *Director*
Dr. N. V. NAYAK, *Director*
S. K. GUHA THAKURTA, *Alternate Director to Mr. W. Paul Harriman*
HIMANSHU PARIKH, *Alternate Director to Mr. Peter Gammon*

VICE PRESIDENT & COMPANY SECRETARY:

KURUSH JAL DARUWALLA

BANKERS:

ALLAHABAD BANK
ANDHRA BANK
BANK OF BARODA
BANK OF INDIA
CANARA BANK
INDIAN BANK
INDIAN OVERSEAS BANK
PUNJAB NATIONAL BANK
STATE BANK OF INDIA
SYNDICATE BANK
THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD.
UCO BANK

AUDITORS:

NATVARLAL VEPARI & CO.

SOLICITORS:

MULLA & MULLA & CRAIGIE BLUNT & CAROE
LITTLE & CO.
UDWADIA, UDESHI, DESAI, BERJIS & CHINOY
KANGA & CO.

REGISTERED OFFICE:

GAMMON HOUSE,
VEER SAVARKAR MARG,
PRABHADEVI, MUMBAI-400 025.



GAMMON INDIA LIMITED

NOTICE

NOTICE is hereby given that the Seventy-fifth Annual General Meeting of the Shareholders of Gammon India Limited will be held at the Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Mumbai - 400 034 on Thursday, the 25th September, 1997 at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Peter Gammon, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shobhit Rajan, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. C. C. Dayal, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Ajit Kumar Gupta, who retires by rotation but does not seek re-election and in respect of which the Company has received a notice from a member to propose the candidature of Mr. S.K. Guha Thakurta for election as a Director in place of Mr. Ajit Kumar Gupta. Accordingly, to consider and if thought fit, to pass, with or without modifications, the following as an Ordinary Resolution:

"RESOLVED that Mr. S.K. Guha Thakurta be and is hereby appointed as a Director of the Company in place of Mr. Ajit Kumar Gupta, who retires by rotation at this Annual General Meeting and in respect of which the Company has received a notice in writing pursuant to Section 257 (1) of the Companies Act, 1956, from a Member of the Company proposing the appointment of Mr. S.K. Guha Thakurta as a Director."
7. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

8. To consider and, if thought fit, to pass, with or without modifications, the following as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Mr. G.V. Hingorani as Dy. Managing Director for a further period of two years with effect from 1st January, 1998 on remuneration including perquisites as set out in the draft Agreement submitted at this Meeting and signed by a Director for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as not to exceed the remuneration and perquisites specified in the draft as may be agreed to between the Board of Directors and Mr. G.V. Hingorani."
9. To consider and, if thought fit, to pass, with or without modifications, the following as an Ordinary Resolution:

"RESOLVED that subject to Section 372 and other applicable provisions if any, of the Companies Act, 1956, (the Act) and subject to the approval of the Central Government sanction of the Company be and is hereby accorded to the Board of Directors of the Company for making investments in the shares of Gammon Infrastructure Limited upto an amount of Rs. 15,00,00,000/- (Rupees Fifteen crores only) notwithstanding that such investment made by the Company will exceed the limits and percentages as prescribed under Section 372 of the Act or any modifications or amendment thereof and the Board of Directors of the Company be and is hereby authorised to determine the actual amount to be invested in the shares of Gammon Infrastructure Limited provided however that the aggregate of such investments shall not exceed Rs. 15,00,00,000/- (Rupees Fifteen crores only)."

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do and cause to be done and execute all such acts, deeds and things as it may be necessary or expeditious in the matter including obtaining the approval of the Central Government to give effect to this Resolution."

By Order of the Board of Directors
For GAMMON INDIA LIMITED

K.J. DARUWALLA
Vice-President & Company Secretary

Mumbai, Dated: 30th June, 1997.

REGISTERED OFFICE:

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

NOTES:

- (a) An Explanatory Statement relating to items No. 6, 8 and 9 as required under Section 173 of the Companies Act, 1956, is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from 2nd September, 1997 to 25th September, 1997, (both days inclusive).
- (d) Dividend, if declared at the Meeting, will be paid on or after 5th November, 1997, to those Members whose names appear on the Company's Register of Members on 25th September, 1997, subject to the provisions of Section 206A of the Companies Act, 1956.
- (e) Members are requested to:
 - (i) intimate to the Company changes, if any, in their registered address by 15th September, 1997, and
 - (ii) quote folio numbers in all their correspondence.
- (f) The Unclaimed dividend upto the Company's Financial Year 1992-93 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividends declared for the said year are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai. The Unpaid Dividends that are due for transfer to the Central Government are as follows:

Dividend declaration date	For the financial year	Due for transfer on
29-9-1994	1993-94	17-11-1997
21-9-1995	1994-95	8-11-1998
25-9-1996	1995-96	11-11-1999

Members who have not encashed their Dividends for the aforesaid years, may approach the Company.

- (g) Members desiring any information about the Accounts are requested to write to the Company as early as possible, preferably before 15th September, 1997, so that the information can be made available to them.



GAMMON INDIA LIMITED

EXPLANATORY STATEMENT

Pursuant to Section 173 of the Companies Act, 1956

Item No. 6:

Mr. Ajit Kumar Gupta who has been on the Board of your Company since 31.1.1991 is liable to retire by rotation at this Annual General Meeting but has intimated not to seek re-election.

The Company has however received a notice pursuant to Section 257(1) of the Companies Act, 1956, read with Section 190 of the Companies Act, 1956, from a member of the Company proposing the appointment of Mr. S.K. Guha Thakurta for the office of the Director in place of the retiring Director, Mr. Ajit Kumar Gupta.

Mr. S.K. Guha Thakurta was appointed as an Alternate Director to Mr. W. Paul Harriman on 31st March, 1995.

Mr. S.K. Guha Thakurta, an Engineer, was a Director of M/s. Gannon Dunkerly & Co. Ltd.

During his association with the Company, as an Alternate Director, Mr. S.K. Guha Thakurta has rendered valuable advice to the Company.

Mr. S.K. Guha Thakurta is interested in this Resolution. None of the remaining Directors of the Company are interested in this Resolution.

Item No. 8:

Mr. G.V. Hingorani was appointed as a Deputy Managing Director of the Company by the Board of Directors for a period of five years with effect from 1st January, 1993 to 31st December, 1997. The aforesaid appointment and the remuneration payable to him as Deputy Managing Director was approved by the Shareholders at the 69th Annual General Meeting held on 19th September, 1991.

The salary payable to Mr. G.V. Hingorani was increased by the Shareholders at the 72nd Annual General Meeting of the Company held on 29th September, 1994 from Rs. 10,500/- per month to Rs. 16,500/- per month with effect from 1st October, 1994, in view of the relaxation covering managerial remuneration contained in Notification GSR 48(E) dated 1st February, 1994, issued by the Government and the condition relating to payment of minimum remuneration after deduction of 10% of salary in the event of loss or inadequacy of profits was deleted.

Mr. G.V. Hingorani has considerable experience in all the technical and management aspects of Civil Engineering and is one of the senior most Engineers of the Company having served for more than 37 years in various capacities including his appointment as the Deputy Managing Director since September 1991.

Taking into account his expertise and varied experience, the Board is of the opinion that it is in the interest of the Company to re-appoint Mr. G.V. Hingorani as Dy. Managing Director of the Company for a further term of two years w.e.f. 1st January, 1998 on the below mentioned remuneration and perquisites. Mr. G.V. Hingorani has attained the age of 70 years.

The material terms of the Agreement for the appointment of Mr. G.V. Hingorani as Dy. Managing Director are as follows:

- I. Period of agreement : 2 years with effect from 1st January, 1998.
- II. Designation : Dy. Managing Director with liberty to the Board of Directors to change the designation as and when they deem fit.
- III. Remuneration :
 - (i) Salary: Rs. 16,500/- per month
 - (ii) Commission:

An amount by way of commission, payable annually in addition to the salary, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to a ceiling of an amount equal to 50% of the annual salary and further subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956.

(iii) *Perquisites:*

Perquisites shall be restricted to an amount equal to Rs. 1,35,000/- per annum.

PART A:

Housing:

- (i) Housing I: The expenditure by the Company on hiring unfurnished accommodation for Mr. G.V. Hingorani will be subject to a ceiling of 35 per cent of the salary, over and above ten per cent, payable by Mr. G.V. Hingorani.

Housing II: In case the accommodation is owned by the Company, ten per cent of the salary of Mr. G.V. Hingorani shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, Mr. G.V. Hingorani shall be entitled to allowance subject to the ceilings laid down in Housing I.

Explanation:

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of Mr. G.V. Hingorani.

- (ii) *Medical reimbursement:*

Expenses incurred for Mr. G.V. Hingorani and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

- (iii) *Leave travel concession:*

Leave travel concession for Mr. G.V. Hingorani and his family, once in a year incurred in accordance with any Rules specified by the Company.

- (iv) *Club Fees:*

Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.

- (v) *Personal Accident Insurance:*

Premium not to exceed Rs. 1,000/- per annum.

'Family' means spouse, dependent children and dependent parents of the appointee.

PART B:

- (i) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- (ii) Gratuity not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-.

The items in Part B will not be included in the computation of the ceiling on perquisites.

PART C:

Provision of car for use on Company's business and telephone at residence will not be considered perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company to Mr. G.V. Hingorani.

The remuneration and perquisites payable in the event of loss or inadequacy of profits in any financial year will be same as above. The proposed remuneration is within the limits specified in Schedule XIII to the Companies Act, 1956.

- (IV) The Agreement may be determined by either party by three months' notice in writing.



GAMMON INDIA LIMITED

The Draft of the Agreement proposed to be entered into by the Company with Mr. G.V. Hingorani is available for inspection by the Shareholders at the Registered Office of the Company on any working day between 3.00 P.M. and 5.00 P.M.

Mr. G.V. Hingorani is interested in this Resolution.

None of the remaining Directors of the Company are interested in this Resolution.

Item No. 9:

The Company as of today holds 10 Equity Shares in the Equity Share Capital of Gammon Infrastructure Limited.

Your Company has decided to actively pursue infrastructure projects including Build Own and Transfer Projects (BOT) both for construction and ownership.

It is beneficial for the Company to make this investment in Gammon Infrastructure Limited taking into consideration the encouraging national policy in this field and the benefits that the Company would derive from a strategic angle. By virtue of this investment, Gammon Infrastructure Limited will become a subsidiary Company.

Since the proposed investment may exceed the prescribed limits as stipulated under Section 372 of the Companies Act, 1956, it is necessary to obtain the prior approval of the Members and also the approval of the Central Government.

Except for Mr. Peter Gammon, Mr. Dharma Vira, Mr. Abhijit Rajan, Mr. Shobhit Rajan and Mr. N.C. Dave, none of the remaining Directors of the Company are interested in this Resolution.

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By Order of the Board of Directors
For GAMMON INDIA LIMITED

K.J. DARUWALLA
Vice-President & Company Secretary

Mumbai, Dated: 30th June, 1997.

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

DIRECTORS' REPORT

Your Directors present their 75th Annual Report with the Audited Accounts for the year ended 31st March, 1997.

	<u>Current Year Rupees</u>	<u>Previous Year Rupees</u>
1. FINANCIAL RESULTS:		
The profit for the year after charging all working expenses including Salaries, Provident Fund and Gratuity Fund contribution, Interest etc. but before providing Depreciation and Taxation amounts to	8,87,96,333	12,61,37,591
From which has to be deducted:		
Depreciation	3,63,39,518	3,10,45,193
Profit before Tax	5,24,56,815	9,50,92,398
Provision for Tax/Taxes Paid	70,03,633	2,95,03,912
Profit after Tax	4,54,53,182	6,55,88,486
And to which is to be added:		
(a) Investment Allowance Reserve (utilised) written back	—	1,30,32,845
(b) Provision for earlier year's tax	12,66,125	—
Profit brought forward from last year	1,71,38,475	1,65,49,966
Amount available for appropriation	6,38,57,782	9,51,71,297
Less: Foreign Projects Reserve	2,03,00,000	1,95,00,000
Amount Transferred to General Reserve	2,24,44,000	5,00,00,000
Provision for fluctuation on investment	—	9,59,382
Proposed Dividend	75,73,440	75,73,440
Tax on the proposed dividend	7,57,342	—
Balance carried to Balance Sheet	<u>1,27,83,000</u>	<u>1,71,38,475</u>

2. DIVIDEND:

Your Directors recommend the same rate of dividend of Rs. 3.50 per Equity Share as in the previous year on Equity Shares of Rs. 10/- each absorbing Rs. 75,73,440/-.

3. OPERATING RESULTS:

Your Company's turnover for the year amounted to Rs. 18,008.34 lacs as compared to Rs. 16,402.40 lacs of last year. Earnings before Depreciation and Taxation amounted to Rs. 887.96 lacs (Rs. 1261.38 lacs) and the profit before tax stood at Rs. 524.57 lacs (Rs. 950.92 lacs).

4. TAXATION:

Provision for Taxation amounts to Rs. 70,00,000/-. The Foreign taxes paid during the year amounts to Rs. 3,633/- and the Tax on proposed dividend amounts to Rs. 7,57,342/-.



GAMMON INDIA LIMITED

5. INVESTMENTS:

Total investments made by your Company stood at Rs. 737.03 lacs (Rs. 861.31 lacs), at the close of the year. The income on investments amounted to Rs. 77.78 lacs (Rs. 187.76 lacs) excluding profit on sale of Investments Rs. 90.16 lacs (Rs. 22.74 lacs).

6. FIXED DEPOSITS:

Fixed Deposits with the Company as at year end was Rs. 294.91 lacs (Rs. 205.66 lacs). Deposits amounting to Rs. 3.70 lacs (Rs. 5.13 lacs) relating to 70 (99) deposits were unclaimed by the Depositors, out of these 8 (10) deposits amounting to Rs. 0.38 lac (Rs. 0.48 lac) have since been claimed.

7. PROSPECTS:

The order book position continues to remain healthy. In addition to the contracts already secured to date, some major contracts are expected to be secured during the next few months aggregating to over Rs. 100 crores.

We are also actively pursuing the tenders for several infrastructure projects in the Roads, Railways and Port sectors, which are all the beneficiaries of the recent liberalisation by the Government of India. We are also actively collaborating with a leading foreign Company for Joint Venture projects of large size.

The Company has decided to seek ISO-9000 accreditation for which the process has already been initiated. The accreditation is expected very shortly.

8. FOREIGN OPERATIONS:

The re-construction of 3 Bridges alongwith approach roads in Nepal has been successfully completed and the projects were handed over to the Government of Nepal. In addition to the 9 bridges contracts secured during the previous year, the Company has also secured one more contract (Package III) for 13 Bridges in the Kohalpur Mahakali Highway in Nepal for N. Rs. 22,48,04,730/-.

9. CAPITAL EXPENDITURE:

Capital expenditure on Plant and Machinery during the year amounted to Rs. 624.19 lacs (Rs. 948.86 lacs).

10. RESEARCH & DEVELOPMENT:

The river circulation piling rig system has been streamlined and put into effective use for a major bridge project across Godavari River for piles upto 1750 mm diameter. Additional rigs have been manufactured to suit the requirements. This has been very effective for import substitution development. For the Godavari Bridge, the Company has also developed an innovative and cost effective bridge erection system and this is being used successfully on the project.

Based on the applied R&D, the Company has further improved the tapered slipform system. This has resulted in fast track construction of two tapered chimneys for Raytheon at Jindal. The second chimney of 115 m height has been completed in a record time of 36 days. This is the fastest slipform construction in the country with maximum daily slipping of upto 6 m.

The R&D of the Company has also designed a mini batching plant of capacities in the range of 3 to 5 cu.m. per hour and these are being successfully used on a number of projects of the Company.

11. SUBSIDIARY COMPANIES:

- (i) The Freyssinet Pre-stressed Concrete Company Limited.
- (ii) Gilcon Project Services Limited.
- (iii) Gammon Nirman Limited.
- (iv) Gammon Turnkeys Limited.