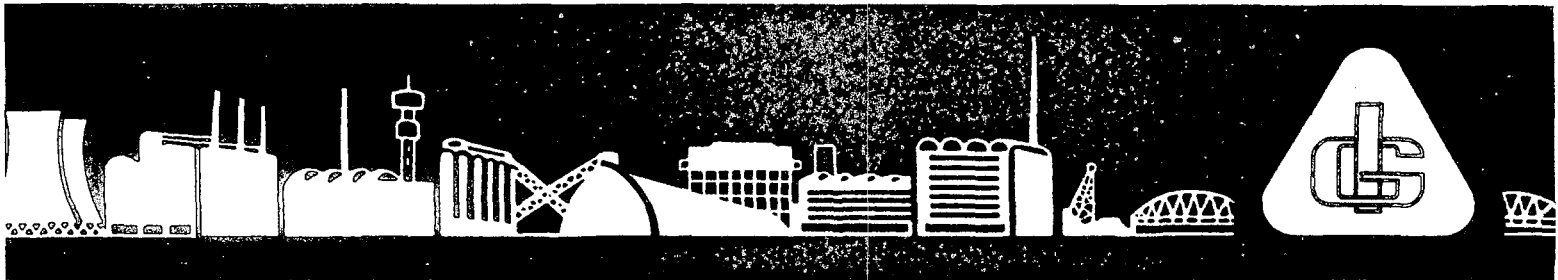


MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

76th

Annual Report

Report  Junction.com
and Statement of Accounts
1997-98



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*
G. V. HINGORANI, *Dy. Managing Director*
S. A. REDDI, *Dy. Managing Director*
ASHOK KUMAR, *Director*
W. PAUL HARRIMAN, *Director*
SHOBHIT RAJAN, *Director*
C. C. DAYAL, *Director*
Dr. N. V. NAYAK, *Director*
S. K. GUHA THAKURTA, *Director*
HIMANSHU PARIKH, *Alternate Director to Mr. Peter Gammon*

COMPANY SECRETARY:

VEENA NAGPAL

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-Sixth Annual General Meeting of the Shareholders of Gammon India Limited will be held at the Registered Office of the Company at 'Gammon House', Veer Savarkar Marg, Prabhadevi, Mumbai- 400 025 on Wednesday, the 30th day of September, 1998 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, 1998 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. Dharma Vira, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. W. Paul Harriman, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S.A. Reddi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. N.C. Dave, who retires by rotation and being eligible, offers himself for re-appointment.
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 Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 of the Companies Act, 1956, read with Schedule XIII thereto and other applicable provisions of that Act and in partial modification of the Resolution passed by the Shareholders at the 73rd Annual General Meeting of the Company held on 21st September, 1995, approving the re-appointment of Mr. Abhijit Rajan, Managing Director, the Company doth hereby accord its approval to the variation/increase in remuneration and perquisites payable to Mr. Abhijit Rajan, Managing Director of the Company, from 1st October, 1998 to 16th May, 2001, being the residual period of his existing five years term of office (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year without any reduction but on the basis and subject to the ceiling limits specified in Schedule XIII to the said Act, during the aforesaid period) as set out in the draft Supplementary Agreement to be entered into between the Company and Mr. Abhijit Rajan placed at this Meeting and initialled by the Chairman for the purpose of identification, which Supplementary Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement, as may be agreed to between the Board of Directors and Mr. Abhijit Rajan;

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all such steps as may be expedient or desirable to give effect to this Resolution."

9. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 of the Companies Act, 1956, read with Schedule XIII thereto and other applicable provisions of that Act and in partial modification of the

Resolution passed by the Shareholders at the 75th Annual General Meeting of the Company held on 25th September, 1997, approving the re-appointment of Mr. G.V. Hingorani, Deputy Managing Director, the Company doth hereby accord its approval to the variation/increase in remuneration and perquisites payable to Mr. G.V. Hingorani, Dy. Managing Director of the Company, from 1st October, 1998 to 31st December, 1999, being the residual period of his existing two years term of office (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year without any reduction but on the basis and subject to the ceiling limits specified in Schedule XIII to the said Act, during the aforesaid period) as set out in the draft Supplementary Agreement to be entered into between the Company and Mr. G.V. Hingorani placed at this Meeting and initialled by the Chairman for the purpose of identification, which Supplementary Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement, as may be agreed to between the Board of Directors and Mr. G.V. Hingorani;

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all such steps as may be expedient or desirable to give effect to this Resolution."

10. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

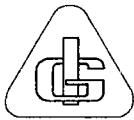
"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 of the Companies Act, 1956, read with Schedule XIII thereto and other applicable provisions of that Act and in partial modification of the Resolution passed by the Shareholders at the 73rd Annual General Meeting of the Company held on 21st September, 1995, approving the re-appointment of Mr. S.A. Reddi, Dy. Managing Director, the Company doth hereby accord its approval to the variation/increase in remuneration and perquisites payable to Mr. S. A. Reddi, Dy. Managing Director of the Company, from 1st October, 1998 to 18th September, 2001, being the residual period of his existing five years term of office (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year without any reduction but on the basis and subject to the ceiling limits specified in Schedule XIII to the said Act, during the aforesaid period) as set out in the draft Supplementary Agreement to be entered into between the Company and Mr. S.A. Reddi placed at this Meeting and initialled by the Chairman for the purpose of identification, which Supplementary Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement, as may be agreed to between the Board of Directors and Mr. S.A. Reddi;

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all such steps as may be expedient or desirable to give effect to this Resolution."

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

"RESOLVED that in supercession of the Special Resolution passed by the Shareholders of the Company at the 70th Annual General Meeting held on 30th September, 1992 and pursuant to the provisions of Section 370 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby authorises the Board of Directors:

- (a) to make loans to any body corporate or bodies corporate whether or not under the same management as that of the Company, on such terms and conditions as the Board may think fit notwithstanding that the aggregate of all such loans including the loans already made to bodies corporate may exceed the percentages specified in the said Section 370 of the Companies Act, 1956, as may from time to time be in force, subject however, to the prior approval of the Central Government, in the event of the aggregate of such loans exceeding the percentages so prescribed and subject to an aggregate limit at any time not exceeding Rupees One Hundred Crores;
- (b) to give any guarantee or guarantees or provide any security in connection with any loan made by any other person to, or to any other person by, any body corporate upto an aggregate limit not exceeding Rupees Five Hundred Crores.



GAMMON INDIA LIMITED

12. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED that subject to the provisions of Section 372 and all other applicable provisions, if any, of the Companies Act, 1956, (the Act) and subject to the approval of the Central Government, if necessary, sanction of the Company be and is hereby accorded to the Board of Directors of the Company for making investments in the shares of Progis (India) Software Limited to the extent of an amount equivalent to US \$ 1,00,000 in Indian Rupees at such rate as may be prevalent at the time of investment notwithstanding that such investment made by the Company will exceed the limits and percentages as prescribed under Section 372 of the Act or any modification 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 Progis (India) Software Limited provided however that the aggregate of such investment shall not exceed the Indian Rupees equivalent of US \$ 1,00,000;

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

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

"RESOLVED that pursuant to the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval, if required of SEBI and other concerned authorities/ financial institutions, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter called "the Board" which term shall include any Committee of the Board) to create, issue and allot in terms of a scheme of option to be framed by the Board such number of equity shares or partly/fully convertible Debentures or convertible cumulative Preference Shares or share warrants or any other security or securities as are from time to time convertible into equity shares and are generally regarded as Employee Stock Option instruments (hereinafter collectively and severally called "the stock option instruments") to or for the benefit of such person or persons (including Managing/Whole-time Directors) as are at the time of issue/ allotment in the permanent employment of the Company, for subscription for cash and in one or more tranches and at/for a price which in any event shall not be lower than the book value or market price prevailing on the date of issue/allotment, whichever is less, and at such time and on such other terms and conditions as the Board shall, in its discretion, determine for the purpose, provided that such stock option instruments shall not exceed, at any time in the aggregate in terms of value, 1% of the Company's post issue subscribed and paid-up equity share capital;

RESOLVED FURTHER that the Board be and is hereby authorised to do and execute and cause to be done and executed all such acts, deeds, matters and things including settling any question or difficulty that may arise in connection therewith as it may in its discretion deem necessary, usual, proper or expedient to give effect to this resolution."

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

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board"), the consent of the Company be and is hereby accorded to the Board to buy-back, from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from lots smaller than market lots of the Securities (odd lots) and/or by purchasing the securities issued to the employees pursuant to a scheme of stock option, the shares or such other security or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory

authority, from time to time (herein for brevity's sake referred to as "the Securities") from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose of buy-back, or from such other sources as may be permitted by law, on such terms and conditions and in such manner as may be prescribed by law from time to time, provided that the aggregate of the Securities so bought back shall not exceed 5% of the respective Securities of the Company;

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

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

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting the following new Article 63A after the existing Article 63:

'Buy Back 63A of Shares Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by the law."



By Order of the Board of Directors
For GAMMON INDIA LIMITED

VEENA NAGPAL
Company Secretary

Mumbai, Dated: 29th June, 1998.

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

NOTES:

- (a) An Explanatory Statement relating to item Nos. 8 to 15 as required under Section 173(2) 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 Proxy form should be lodged with the Company at its Registered Office at least 48 hours before the time of the meeting.
- (d) The Register of Members and the Share Transfer Books of the Company will remain closed from 24th September, 1998 to 30th September, 1998 (both days inclusive).



GAMMON INDIA LIMITED

- (e) Dividend, if declared at the Meeting, will be paid on or before 10th November, 1998, to those Members whose names appear on the Company's Register of Members on 30th September, 1998, subject to the provisions of Section 206A of the Companies Act, 1956.
- (f) Members are requested to:
- (i) intimate to the Company changes, if any, in their registered address by 20th September, 1998, and
 - (ii) quote folio numbers in all their correspondence.
- (g) The Unclaimed dividend upto the Company's Financial Year 1993-94 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, Fancy Corporation Building, Hakoba Compound, Kalachowki, Mumbai - 400 033. The Unpaid Dividends that are due for transfer to the Central Government are as follows:

Dividend declaration date	For the financial year	Due to transfer on
21.9.1995	1994-95	08.11.1998
25.9.1996	1995-96	11.11.1999
25.9.1997	1996-97	11.11.2000

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

- (h) Members desiring any information about the Accounts are requested to write to the Company as early as possible, preferably before 20th September, 1998, so that the information can be made available to them.
- (i) Members who attend the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
- (j) Members are requested to bring their copies of the Annual Report at the time of attending the meeting.
- (k) All future correspondence in connection with the Fixed Deposit Scheme of the Company should be addressed to the Company's Fixed Deposit Department at its Registered Office.

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 8:

At the 73rd Annual General Meeting of the Company held on 21st September, 1995 Mr. Abhijit Rajan was re-appointed as Managing Director of the Company for a period of five years w.e.f. 17th May, 1996 to 16th May, 2001, as per terms contained in the Agreement dated 21st September, 1995 entered into between the Company and Mr. Abhijit Rajan. Taking into consideration the entrepreneurial skills and management talent of Mr. Abhijit Rajan, the Board had, at its Meeting held on 29th June, 1998, resolved to increase/revise the remuneration and perquisites payable to Mr. Abhijit Rajan w.e.f. 1st October, 1998, being the residual period of his current service contract of five years, i.e. from 1st October, 1998 upto 16th May, 2001, consistent with the existing provisions of Schedule XIII to the Companies Act, 1956. In view of the growing activities of the Company, your Directors are of the opinion that the revision of remuneration and perquisites of Mr. Abhijit Rajan as Managing Director on the terms as to remuneration, including perquisites stated hereinbelow, would be reasonable in his case and therefore the Board recommends the revision in remuneration and perquisites of Mr. Abhijit Rajan the Managing Director of the Company on these terms.

The material terms of the Supplementary Agreement pertaining to the revision in remuneration of Mr. Abhijit Rajan as Managing Director are as follows :

- I. Period of Agreement : With effect from 1.10.1998 to 16.5.2001
- II. Designation : Managing Director
- III. Remuneration

- (i) Salary: Rs. 40,000/- 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 Sections 198 and 309 read with Schedule XIII to the Companies Act, 1956.

- (iii) Perquisites:

Perquisites shall be restricted to an amount equal to Rs. 3,60,000/- per annum.

PART A:

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

Housing II - In case the accommodation is owned by the Company, ten per cent of the salary of the Managing Director shall be deducted by the Company.

Housing III - In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent 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 the Managing Director.

- (ii) Medical reimbursement:

Expenses incurred for the Managing Director 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.



GAMMON INDIA LIMITED

(iii) Leave travel concession:

For the Managing Director and his family, once in a year incurred in accordance with any Rules specified by the Company.

(iv) Club Fees:

Fees of clubs 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. 4,000/- per annum.

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

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. 3,00,000/-.

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 the Managing Director.

The remuneration and perquisites payable in the event of loss or inadequacy of profits in any financial year during the aforesaid period 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.

(V) Any dispute or difference whatsoever concerning or arising out of this Agreement shall be referred to Arbitration.

Apart from the above terms and conditions governing remuneration, determination of Agreement and Arbitration, the aforesaid Agreement contains further terms and conditions as to the powers and duties of Mr. Abhijit Rajan.

The draft of the Supplementary Agreement proposed to be entered into by the Company with Mr. Abhijit Rajan as also the Agreement dated 21st September, 1995 are available for inspection by the shareholders at the Registered Office of the Company on any working day except Public Holidays, Saturdays and Sundays between 3.00 p.m. and 5.00 p.m. upto the date of the Annual General Meeting.

Mr. Abhijit Rajan, Managing Director, is interested in this resolution in so far as it relates to increasing his remuneration. Mr. Shobhit Rajan, his brother, may be regarded as interested in this resolution. None of the remaining Directors of the Company is, in any way, concerned or interested in the said Resolution.

This explanation, together with the accompanying notice may be regarded as an abstract and memorandum under Section 302 of the Companies Act, 1956.

Item No. 9:

At the 75th Annual General Meeting of the Company held on 25th September, 1997 Mr. G.V. Hingorani was re-appointed as Dy. Managing Director of the Company for a period of two years w.e.f. 1st January, 1998 to 31st December, 1999, as per terms contained in the Agreement dated 26th December, 1997. Taking into consideration the entrepreneurial skills and management talent of Mr. G.V. Hingorani, the Board had, at its Meeting held on 29th June, 1998, resolved to increase/revise the remuneration and perquisites payable to Mr. G.V. Hingorani w.e.f. 1st October, 1998, being the residual period of his current service contract of two years, i.e. from 1st October, 1998

upto 31st December, 1999, consistent with the existing provisions of Schedule XIII to the Companies Act, 1956. In view of the growing activities of the Company, your Directors are of the opinion that the revision of remuneration and perquisites of Mr. G.V. Hingorani as Dy. Managing Director on the terms as to remuneration, including perquisites stated hereinbelow would be reasonable in his case and therefore the Board recommends the revision in remuneration and perquisites of Mr. G.V. Hingorani the Dy. Managing Director of the Company on these terms.

The material terms of the Supplementary Agreement pertaining to the revision in the remuneration of Mr. G.V. Hingorani as Dy. Managing Director are as follows:

- I. Period of Agreement : With effect from 1.10.1998 to 31.12.1999.
- II. Designation : Dy. Managing Director with liberty to the Board of Directors to change this designation as and when they deem fit.
- III. Remuneration
 - (i) Salary: Rs. 30,500/- 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 Sections 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:

- (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 two months' salary over a period of two 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 clubs 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 Mr. G.V. Hingorani.