

Annual Report 2002-03
& Financial Highlights

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81
years

GAMMON
Builders to the nation

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Gammon India is the first civil engineering construction company to be awarded ISO - 9001 certification for the entire spectrum of civil engineering activities.

Chairman's Letter



Dear Shareholders,

A nation's growth is defined by the growth of its infrastructure.

By world standards, we as a nation have a long way to go in terms of infrastructure development. India's per capita spending on infrastructure trails way behind other fast growing developing nations.

The Prime Minister's initiatives on the Golden Quadrilateral, the North South & East West Corridors, Inland Waterways and connecting the Indian Coastline are all major positive steps towards accelerated economic growth.

Despite a testing economic environment during the last fiscal year, your company achieved a robust 41% growth in turnover. Value of works on hand is Rs. 2800 crores. This would enable the company to maintain similar growth momentum.

Our strategy is to grow through correct positioning in the right sectors of infrastructure development and effective risk management.

A major trend emerging in our industry is infrastructure development through private initiative. While consolidating our position as a market leader in our core contracting business, we are now poised to establish ourselves as a key player in this field.

Your company has four such projects under its fold totaling about Rs.900 crores. These consist of two highway projects in Andhra Pradesh on Annuity basis from the National Highways Authority of India, a toll bridge in Cochin and two berths for bulk handling in India's busiest port at Visakhapatnam. These development projects will significantly add to our bottomline in the years to come.

We continue to focus on operational efficiency and wealth creation while maintaining exceptional standards of performance and productivity.

All this has been possible thanks to our greatest asset - our human capital, a team that takes pride in being 'Builders to the Nation'.

Abhijit Rajan



Board of Directors

Abhijit Rajan
Chairman and Managing Director

Peter Gammon
Chairman Emeritus

S. A. Reddi
Dy. Managing Director

N. V. Nayak
Dy. Managing Director

M. S. Bisaria
Whole-time Director

Rajul A. Bhansali
Executive Director

W. Paul Harriman
Director

Shobhit Rajan
Director

C. C. Dayal
Director

S. K. Guha Thakurta
Director

Himanshu Parikh
Director

Atul Dayal
Director

S. Chakrabarti
Director

V. M. Dharap
Director

REGISTERED OFFICE

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Prabhadevi, Mumbai - 400 025

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+91-22-24 30 1084

Fax : +91-22-24 30 0529
+91-22-24 30 0221
+91-22-56 61 4025

Email : gammon@vsnl.com

Consortium Bankers

CANARA BANK

PUNJAB NATIONAL BANK

SYNDICATE BANK

ALLAHABAD BANK

IDBI BANK

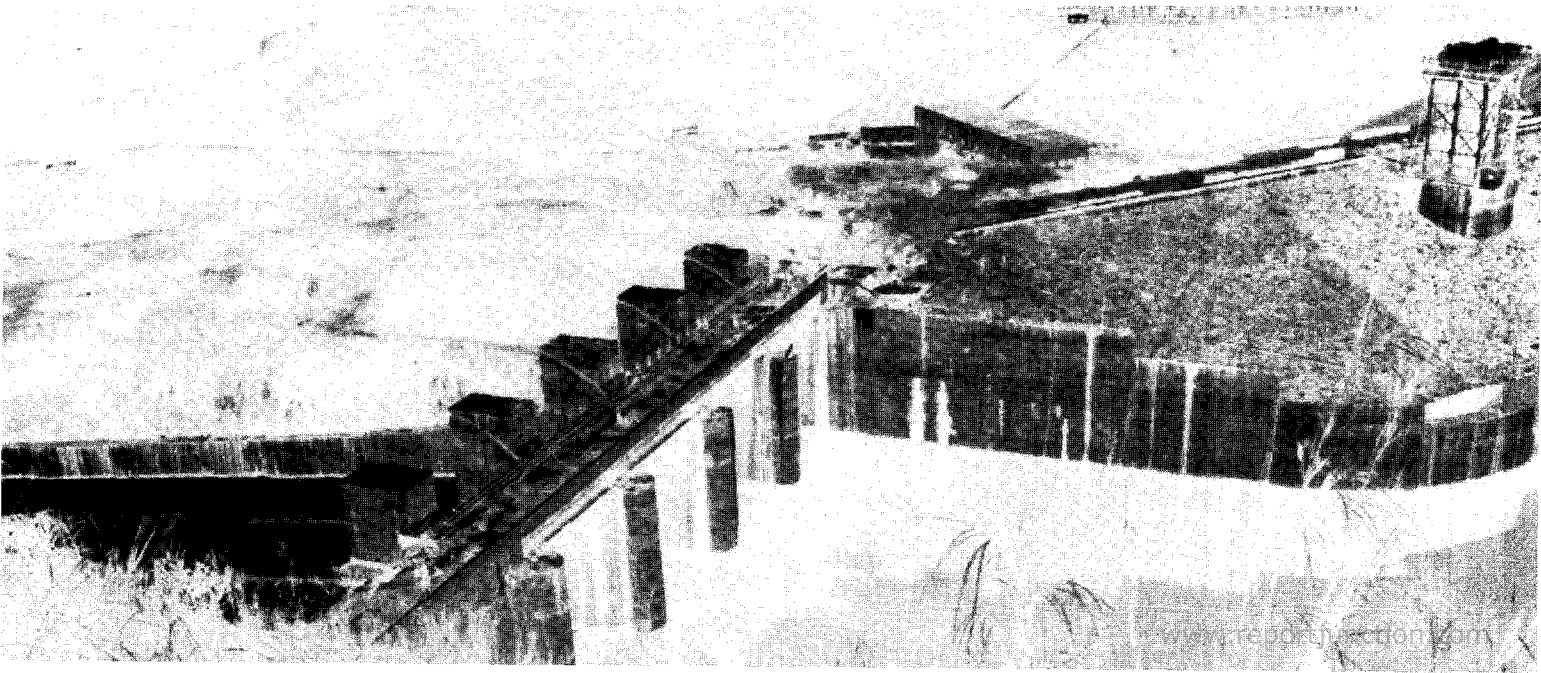
ICICI BANK

VYSYA BANK

AUDITORS

NATVARLAL VEPARI & CO.

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Consolidating position as an industry leader

Balance Sheet

(Rs. in lacs)					
Particulars	As at 31st March 2003	As at 31st March 1998	Particulars	As at 31st March 2003	As at 31st March 1998
SOURCES OF FUNDS:			APPLICATIONS OF FUNDS:		
Own Funds	12639	3952	Fixed Assets	21518	4622
Borrowed Funds	18826	3666	Investments	7689	724
Deferred Tax Liability	2661	0	Working Capital	4919	2272
	34126	7618		34126	7618

Profit & Loss Account

(Rs. in lacs)						
Particulars	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
Turnover	72665	51399	50376	45167	32768	21501
Profit Before Tax	3528	3158	2016	1820	1241	1016

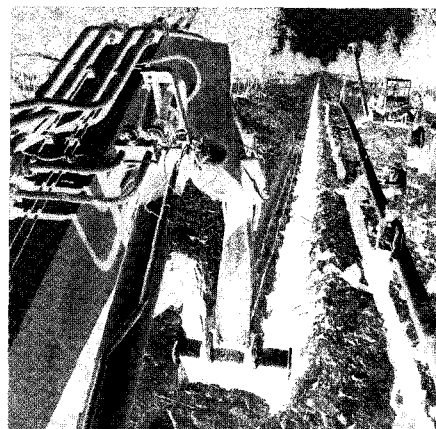
Consistent Growth in Work Order Position

(Rs. in lacs)	
Year Ended	Work Order Position
March, 2003	285915
March, 2002	228130
March, 2001	133045
March, 2000	98815
March, 1999	95725
March, 1998	77135

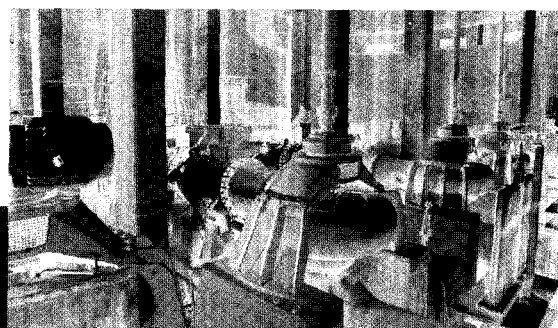
Strong Financial Ratings

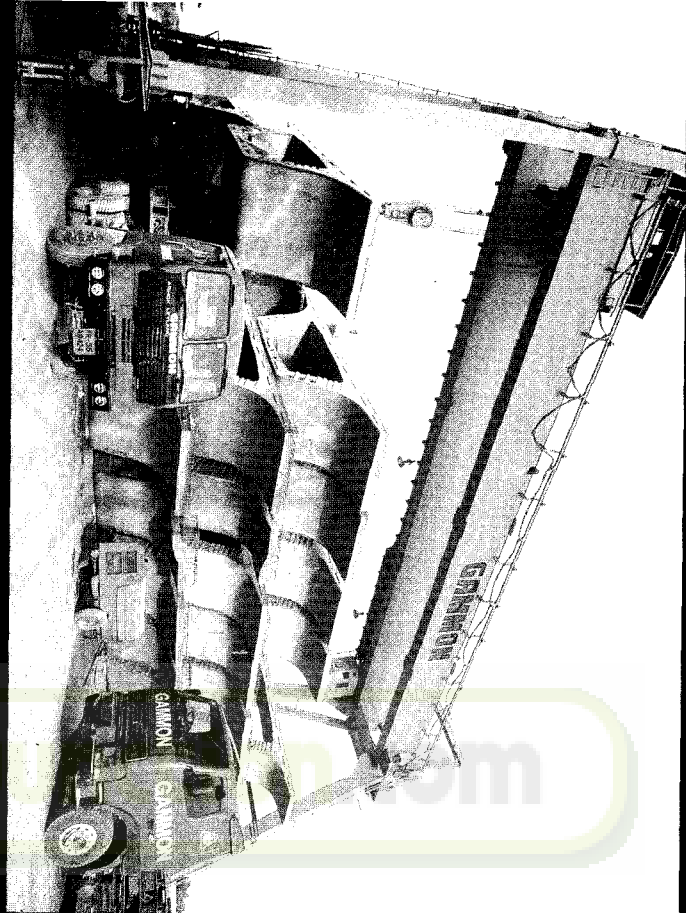
CARE has assigned the following ratings :

	TENURE (Months)	AMOUNT (Rs. in lacs)	RATING
Short Term	6	9500	PR1+
Medium Term	18	2500	AA+
Long Term	84	4000	AA
Long Term	120	5000	AA



Gammon's
ongoing
projects





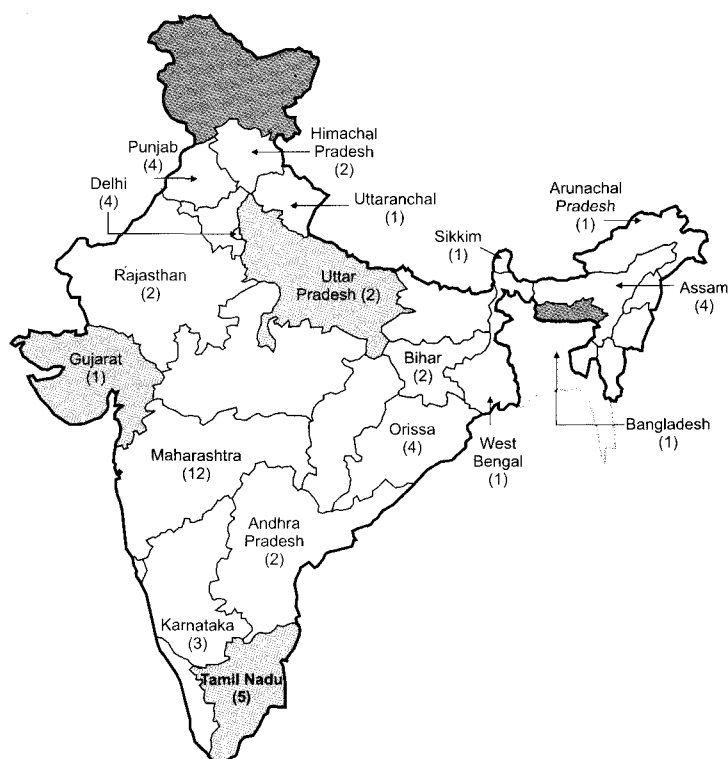
Gammon's
ongoing
projects



Projects being executed

as on 31st March, 2003

AREAS OF SPECIALISATION	NORTH	SOUTH	EAST	WEST	FOREIGN	TOTAL
Transportation Engineering	11	3	7	6	-	27
Energy Projects and Highrise Structures	2	5	-	3	-	10
Hydraulic Works Irrigation Projects	-	-	1	2	-	3
Tunnel Engineering	1	-	1	-	-	2
Marine Structures	-	1	-	-	1	2
Public Utility Structures	-	-	2	-	-	2
Ground Engineering Environmental Protection	-	-	1	2	-	3
Pipelines	1	1	1	-	-	3
Total	15	10	13	13	1	52



Financial Highlights of Ten Years

1993-94 1994-95 1995-96 1996-97 1997-98 1998-99 1999-2000 2000-2001 2001-2002 2002-2003

A. OPERATING RESULTS :

(Rs in lacs)

TURNOVER	10151	12223	15157	17478	21501	32768	45167	50376	51399	72665
Other Income	299	350	1684	900	252	296	509	701	661	962
TOTAL INCOME	10450	12573	16841	18378	21753	33064	45676	51077	52060	73627
Net Profit After Tax	264	436	656	455	701	1001	1398	1486	1967	2093
Dividend Distributed	60	65	76	76	76	95	117	253	126	316
Tax on Dividend	-	-	-	8	8	10	13	26	-	40
Retained Earnings	214	87	506	181	662	711	632	321	1963	1663
Cash Profits	473	679	966	818	1092	1492	2069	2385	3583	4700

B. FINANCIAL POSITION

ASSETS :

Fixed Assets (Net) (Excluding Revaluation of Assets)	2303	2709	3391	3657	4622	5891	8213	10298	16787	21517
Amount of Revaluation	-	-	-	-	-	7860	7675	7499	7332	7173
Total Net Fixed Assets (Including Revaluation of Assets)	2303	2709	3391	3657	4622	13751	15888	17797	24119	28690
Current Assets (Net)	1095	1566	2400	2929	2272	2832	4137	5638	9421	4919
Investments	132	150	833	709	724	1663	1775	1725	1570	7690
TOTAL ASSETS	3530	4425	6624	7295	7618	18246	21800	25160	35110	41299

LIABILITIES

Share Capital	216	216	216	216	216	630	631	657	1284	1284
Reserves & Surpluses (Excluding Revaluation of Assets)	1781	2152	2722	3106	3736	5846	6936	8119	9831	11355
Revaluation Reserve	-	-	-	-	-	7860	7675	7499	7332	7173
SHAREHOLDERS' FUNDS	1997	2368	2938	3322	3952	14336	15242	16275	18447	19812
Loan Funds	1533	2057	3686	3973	3666	3910	6558	8885	14917	18826
Deferred Tax Liability	-	-	-	-	-	-	-	-	1746	2661
TOTAL CAPITAL EMPLOYED	3530	4425	6624	7295	7618	18246	21800	25160	35110	41299

C. EQUITY SHARE DATA :

Earnings Per Share (Rs) (On Weighted Average Capital)	12.21	20.13	30.31	21.01	32.39	25.27	22.49	23.88	24.86	15.06
Dividend (%)	27.50	30.00	35.00	35.00	35.00	25.00	18.00	40.00	10.00	25.00

D. IMPORTANT RATIOS :

Return on Capital Employed (ROCE) (%) (PBIT/Weighted Average Capital Employed)	27.20	27.94	31.24	20.62	25.60	21.99	23.54	21.53	23.64	23.49
Debt Equity Ratio	0.77	0.87	1.25	1.20	0.93	0.60	0.87	1.01	1.34	1.48
Sales/Average of Net Fixed Assets (Number of Times)	4.76	4.88	4.97	4.96	5.19	6.23	6.40	5.44	3.80	3.79
Sales/Average of Net Working Capital (Number of Times)	10.03	9.19	7.64	6.56	8.27	12.84	12.96	10.31	6.83	10.13
Payout Ratio (Dividend Paid as % of PAT)	22.53	14.90	11.55	18.33	11.88	10.48	9.32	18.74	6.43	17.04
Book value of Share (Without Revaluation Reserve)	92.31	109.44	135.81	153.55	182.67	102.75	119.98	133.64	86.58	98.45
Book value of Share (With Revaluation Reserve)	-	-	-	-	-	227.46	241.69	247.83	143.69	154.32

Book value of shares for the year 1998-99 and 2001-2002 has been calculated on increased Share Capital due to the "Rights Issue" in the ratio of 2:1 in October, 1998 and in the ratio of 1:1 in December 2001 respectively.