



CONSOLIDATION FOR GROWTH



GAMMON
Builders to the Nation

ANNUAL REPORT 2010-11

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CHAIRMAN'S ADDRESS

Dear Shareholders,

The year 2010-11 tested the resilience and the innate potential of industry players, particularly in the construction and infrastructure space. As a Leader in the infrastructure and construction sector your Company had to deal with an overall environment dominated by competitive pressures, strain on liquidity and the resultant pressure on operating margins.

The trickledown effect of the global meltdown and the increased uncertainties in markets across the world contributed to the overall pessimism. Although India continued to be largely insulated from the uncertainties of the global market environment, there continued to be a strain on large scale investments required in the

construction and infrastructure domain. The sector therefore did not grow in line with earlier expectations and failed to meet investment targets during the year. We hope, the much talked about reform process will bring in the much needed funds from the global arena to the Indian infrastructure sector if we are to meet the planned target of over US\$ one trillion (i.e. ₹ 45 lakh crores) earmarked for the infrastructure sector during the ensuing 12th five year plan 2012-17. It will be a significant challenge as well as an opportunity for the government, the public and private players involved with the sector to meet with the plan targets. The opportunities for your Company in this growth agenda of the Country are indeed promising. This industry is



Gammon House

the second largest contributor to the nation's GDP after the agricultural sector. Given the right platform this sector can grow at a dynamic rate of over 9% year on year.

Further, as a major contributor at over 7% to the employment workforce of the country, the industry has significant prospects to register an impressive and sustained growth. In this scenario, your Company is well equipped in terms of its legacy, strong track record and professional expertise to play a lead role in the economic growth story of the country.

Reverting to the annual consolidated results the Annual report of the Company gives an overview of the operations, prospects and challenges faced by each of the group companies in its sphere of activity. While your Company's consolidated Turnover during the financial year 2010-11 increased by 25.11% amounting to ₹ 8,899.70 crore, the Operating Profit margins were strained. These got further impeded by a less than projected order inflow during the year under review. The Company's order book position as on 31st March, 2011 was approximately ₹ 15,600 crore.

Your Company will continue to grow in its core EPC business as well as in the energy space through its Associates/subsidiaries viz Sofinter group, Ansaldo Caldaie, Franco Tosi Meccanica SpA and SAE Power Lines, Italy by further consolidating its order bookings in individual segments.

In addition, your Company has also embarked on some realty development projects through its subsidiary Gammon Realty, which has tied up with the Indian arm of Multiplex Construction, Australia, part of Brookfield Multiplex Group, Canada. Your Company will, in the coming years, adopt such structured international partnerships with strategic intent to strengthen its geographical spread and resource capabilities.



Kaiga Atomic Power Project, Karnataka, India

The ultimate goal of your Company is to build on a strong base to act as a one-stop EPC resource entity, that is, a total solutions provider in the entire energy value chain while continuing to be a dominant player in the areas of public private infrastructure projects covering bridges, flyovers, highways, mass transportation, irrigation and airports. Going forward, these initiatives and strategic moves will deliver increased value to benefit all stakeholders.

It has become important to gear up and upgrade the Company's internal capabilities across its human, technical and capital resource base to ensure that corporate goals are accomplished.

Your Company constantly strives to improve its management and information systems as well as its plant and personnel deployment techniques. It has taken initiatives in areas such as integrated approach to management processes and introduction of work methodologies such as the 5 S at project sites along with renewed attention to occupational health, safety practices, risk assessment and preparedness. This will significantly help your Company enhance its organizational performance in the years to come.

The Company has also put in place a new group website that is more customer and stakeholder centric, interactive and informative. Your Company continues to play its role as a responsible corporate citizen by taking initiatives both, at the corporate level and across its various project sites to undertake and partner in projects relating to community welfare and development.

We owe a word of special thanks and gratitude to all our stakeholder constituents. This important group comprises of our investors, shareholders, customer groups and bankers. We will strive to meet each of our stakeholder's expectations. Towards this I seek your continuing support and goodwill.

Thank you,

Abhijit Rajan
Chairman & Managing Director

BOARD OF DIRECTORS

MR. PETER GAMMON

Chairman Emeritus

MR. ABHIJIT RAJAN

Chairman & Managing Director

MR. ROHIT MODI

Dy. Managing Director

MR. HIMANSHU PARIKH

Executive Director

MR. RAJUL A. BHANSALI

Executive Director - International Operations

MR. DIGAMBAR C. BAGDE

Director & CEO (T & D Business)

MR. CHANDRAHAS C. DAYAL

Non - Executive Director

MR. ATUL DAYAL

Non - Executive Director

MR. JAGDISH C. SHETH

Non - Executive Director

MRS. URVASHI SAXENA

Non - Executive Director

MR. ATUL KUMAR SHUKLA

Non - Executive Director

MR. NAVAL CHOUDHARY

Non - Executive Director

Davengere-Hubli Highway Project, Karnataka





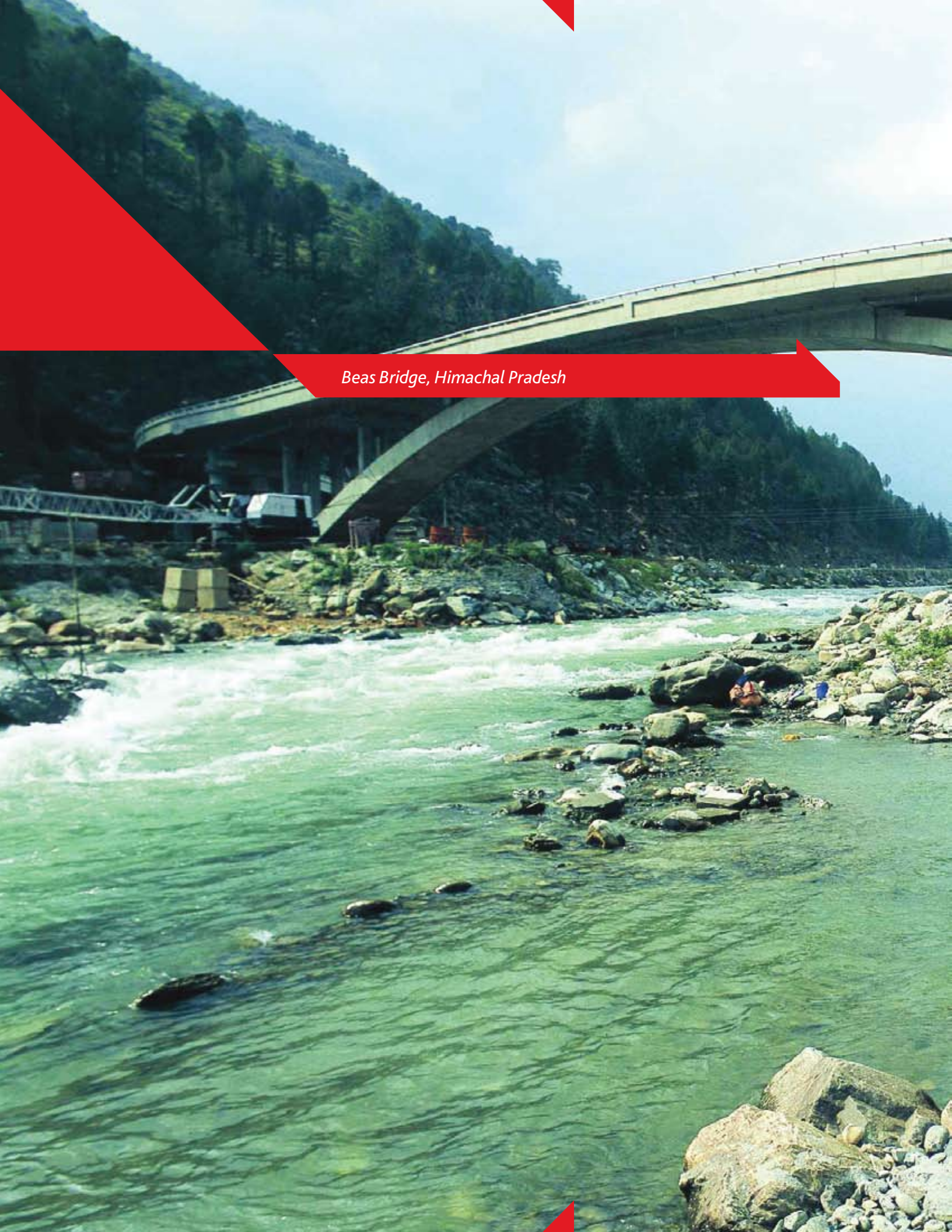
Vizag Berth (BOT), Andhra Pradesh

COMPANY SECRETARY
GITA BADE

AUDITORS
NATVARLAL VEPARI & CO.

CONSORTIUM BANKERS

CANARA BANK
PUNJAB NATIONAL BANK
ALLAHABAD BANK
ICICI BANK
SYNDICATE BANK
IDBI BANK
ORIENTAL BANK OF COMMERCE
BANK OF BARODA



Beas Bridge, Himachal Pradesh





*Aerial View of Sea Water Intake,
Kalpakkam, Tamil Nadu*



Sohar Jetty, Oman