

ON THE FAST TRACK...

GPT Infraprojects Limited | Thirtieth Annual Report 2009-10



GPT Infraprojects Limited

"Jeewansatya"

DD-6, Salt Lake City, Sector - I

Kolkata - 700 064

www.gptgroup.co.in



Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Corporate information

| | |
|-------------------------------|--|
| Chairman | : Mr. D. P. Tania |
| Managing Director | : Mr. S. G. Tania |
| Executive Director | : Mr. Atul Tania |
| Non-Executive Directors | : Mr. H. S. Sinha Mr. V. N. Purohit Dr. N. N. Som Mr. Kunal Kumthekar (Nominee Director of Nine Rivers Capital Limited, Mauritius) |
| Chief Operating Officer | : Mr. Vaibhav Tania |
| Chief Finance Officer | : Mr. A. K. Dokania |
| Company Secretary | : Mr. R. Mishra |
| Bankers | : Allahabad Bank State Bank of India ICICI Bank Limited Axis Bank Limited IDBI Bank Limited Export Import Bank of India |
| Auditors | : S. R. Batliboi & Associates (Chartered Accountants) |
| Registered & Corporate Office | : Jeewansatya, DD-6 Sector I, Salt Lake City Kolkata – 700 064, India |
| Registrar & Transfer Agent | : ABS Consultant Private Limited Stephen House 4 B.B.D. Bagh Kolkata – 700 001 India |



Directors' Report

Dear members

We are delighted to present the 30th Annual Report on our business and operations and the audited accounts for the financial year ended 31st March 2010

1. Results of Operations

Rs. in thousands, except per share data

| | 2010 | 2009 |
|--|---------|---------|
| Operating profit before interest and depreciation (EBITDA) | 436,339 | 255,469 |
| Interest | 143,152 | 123,625 |
| Depreciation | 48,537 | 33,811 |
| Operating profit before tax | 244,650 | 98,033 |
| Provision for taxation | 88,129 | 15,395 |
| Net profit after tax | 156,521 | 82,638 |
| Profit and loss account balance brought forward | 139,179 | 73,665 |
| Amount available for appropriation | 295,700 | 156,303 |
| Dividend | | |
| Interim | 17,770 | - |
| Final | 7,650 | 12,500 |
| Total dividend | 25,420 | 12,500 |
| Dividend tax | 4,222 | 2,124 |
| Amount transferred to general reserve | 17,500 | 2,500 |
| Balance in profit and loss account | 248,558 | 139,179 |
| EPS | | |
| Basic | 15.07 | 11.56 |
| Diluted | 12.07 | 11.56 |

2. Business

Our total stand alone revenue increased to Rs. 3,072,968 thousand from Rs. 1,987,859 thousand in the previous year, at a growth rate of 55%.

Our EBITDA for the year under review is Rs. 436,339 thousand compared to Rs. 255,469 thousand for the previous year, up from 12.85% to 14.20% of the total income for the current year, an increase of 71% compared to the previous year.

Our PAT for the year ended 31st March 2010 is Rs. 156,521 thousand compared to Rs. 82,638 thousand for the year ended 31st March 2009, an increase of 89%.

3. Concrete Sleeper Business

During 2009-10, this business recorded a total income of Rs. 470,934 thousand as against Rs. 618,949 thousand, due to suspension of production at its works at Panagarh for about 62 days because of reasons attributable to major buyers.

This year we received an order from IRCON International Limited for supply of 143,000 sleepers for their project in Sri Lanka at an order valued at USD 5 Million, in a project funded by Export Import Bank of India under a Government of India Line of Credit to the Government of Sri Lanka.

The export order worth USD 12.62 million from Mozambique, a world bank-funded project, is under smooth execution which is likely to be completed in current year 2010-11, due to additional orders received from the buyer.

We are pleased to report that the plant at Ladysmith, KwaZulu Natal Province, South Africa to manufacture pre-stressed concrete sleepers against the order received from Transnet Freight Rail, a division of Transnet Limited, a company under the Ministry of Public Enterprise, Republic of South Africa undertaken during 2008-09 by your Company's overseas subsidiary namely; GPT Concrete Products South Africa (Pty) Limited, was successfully commissioned and commercial production commenced on and from 1st April 2009.

During the year ended 31st March 2010, a Memorandum of Agreement was entered into between the Company and The Government of the Republic of Namibia represented by Ministry of Works & Transport and TransNamib Holdings Limited, Namibia, under Public Private Partnership (PPP) model for the purpose of undertaking a project for setting-up a plant for manufacture and supply of concrete sleepers in Tsumeb, Namibia. This project shall have an estimated project cost of N\$50 million approximately (equivalent to USD 6.60 million or Rs. 31 crore approximately).

4. Civil and core infrastructure business

During 2009-10, this division contributed towards a record total income of Rs. 2,607,002 thousand against that of Rs. 1,359,024 thousand for the previous year, a growth of 92%. This business currently has order under execution of Rs.1,148 crore as on 31st March 2010.

We are pleased to inform that the Company in joint venture with another construction company have received an order from National Highways Authority of India (NHAI) for construction of major bridges and road under the Build Operate and Transfer (BOT) on Annuity basis.

5. Wind power business

During the current year, this division contributed Rs. 14,458 thousand to the total income against that of Rs. 12,820 thousand in the previous year, indicating an increase of 13% over the last year.

6. Dividend

Your directors have declared an interim dividend of Rs. 1.25 per equity share of Rs. 10 each aggregating to Rs. 12,750 thousand (excluding Dividend tax Rs. 2,118 thousand) and Rs. 2.80 per Compulsorily Convertible Preference Shares of Rs. 140 (CCPS) aggregating to Rs. 5,020 thousand (excluding Dividend tax Rs. 833 thousand). The Board of Directors are pleased to recommend an additional final dividend of Rs. 0.75 per equity share of Rs. 10 each aggregating to Rs. 7,650 (excluding Dividend tax Rs. 1,271 thousand).

7. Share capital

In the Extra-Ordinary General Meeting of the Company held on 24th December 2009, the Company's Authorised Share Capital increased to Rs. 40,00,00,000 divided into 148,98,000 equity shares of Rs. 10 each ranking pari-passu with the existing share capital and 17,93,000 compulsorily convertible preference shares of Rs. 140 each.

During 2009-10, your Company allotted 2,00,000 equity shares of Rs. 10 each at a premium of Rs. 90 per share to GPT Employees Welfare Trust under ESOP scheme.

Preferential allotment of equity warrant

During 2009-10, with the approval of the shareholders, the Board of Directors of the Company at the meeting held on 6th January 2010 allotted 11,75,000 convertible equity warrants at a price of Rs. 140 each on preferential basis. Each equity warrant carries a right to convert into one equity share of Rs. 10 at a premium of Rs. 130 per share, over a period of 18 months from the date of allotment.

Preferential allotment of compulsorily convertible preference share (CCPS)

During 2009-10, with the approval of the shareholders, the Board of Directors of the Company at the meeting held on 6th January 2010 allotted 17,93,000 compulsorily convertible preference shares (CCPS) at a price of Rs. 140 each on preferential basis to a private equity investor. Each CCPS carries a right to convert into one equity share of Rs. 10 at a premium of Rs. 130 per share, over a period of 18 months from the date of allotment.

The above issue was raised for the purposes of long term working capital of the Company and has accordingly been utilised as such.

8. Employees Stock Option Scheme

With a view to enable its employees to participate in the future growth and success, the Company introduced Employee Stock Option Scheme-2009 ("ESOP Scheme") in the Financial Year 2009-2010. With the approval of shareholders, the Board of Directors of the Company at its meeting held on 2nd January 2010, allotted 2,00,000 equity shares of Rs. 10 each at a premium of Rs. 90 per share to GPT Employees Welfare Trust for the purpose of issuing shares to the eligible persons under the ESOP Scheme.

As approved by the members at their meeting held on 24th December 2009, the Employees Stock Option Scheme was introduced by the Company with broad parameters with a direction to the Board to frame the detailed Scheme. However, pending finalization of detailed scheme, no options have been granted to the Employees by the Compensation Committee of the Board.

The disclosures as stipulated in accordance with the SEBI Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 as at 31st March 2010 are as under:-

| | |
|---------------------------------|-------------------------------|
| Date of Board Approval | : 30.11.2009 |
| Date of Shareholder's Approval | : 24.12.2009 |
| Number of Options to be granted | : 200,000 |
| Vesting Period | : 1 – 5 years |
| Exercise Period | : 5 years from vesting period |

However, the other details are not applicable pending grant of options. The broad scheme as approved by the members in their Extra Ordinary General Meeting (EGM) held on 24th December 2009 is annexed hereto.

9. Credit rating of debt instrument

During 2009-2010, the Company obtained the domestic credit ratings of BBB+ from Credit Analysis & Research Ltd (CARE) for the long term credit facilities.

10. Management's Discussion and Analysis

Management's Discussion and Analysis Report for the year under review as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

11. Directors

Mr. Vishwa Nath Purohit and Dr. Nitindra Nath Som, Directors of the Company will retire at the forthcoming Annual General Meeting by rotation and, being eligible, offer themselves for re-appointment.

During 2009-10, Mr. Kunal Kumthekar, the nominee of Nine Rivers Capital Limited, Mauritius, was appointed as an Additional Director of the Company in the Board of Directors meeting held on 6th January 2010 and as such hold office up to the date of ensuing Annual General Meeting of the Company. The Company received requisite notice in writing from a member proposing the candidature of Mr. Kumthekar to the office of a Director.

12. Subsidiary Companies

During 2009-10, your Company continues to hold 54% shareholding of a joint venture company namely GPT Concrete Products South Africa (Pty) Limited, co-promoted in South Africa with the object inter alia to manufacture and supply concrete sleepers. As reported earlier, the commercial production of the unit set up by the said subsidiary commenced on and with effect from 1st April 2009.

Your Company promoted another wholly-owned subsidiary namely GPT Investments Private Limited, incorporated on 27th March 2008 in Republic of Mauritius with the object mainly to part finance your Company's subsidiary in South Africa and other overseas projects.

The audited accounts as at and for the period ended 31st March 2010 of both the said subsidiaries are annexed to the Annual Report of your Company.

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies:-

| Name of Subsidiary | GPT Concrete Products South Africa (Pty) Limited, South Africa | GPT Investments Private Limited, Mauritius |
|---|--|--|
| Financial Year ending of the Subsidiary | 31st March 2010 | 31st March 2010 |
| No. of Equity Shares held with its face value | 27,000 (PY 27,000) Equity Shares of ZAR 1 each | 2,125,000 (PY 2,125,000) Equity Shares of USD 1 each |
| Extent of Holding | 54% (PY 54%) | 100% (PY 100%) |
| Profit / (Loss) so far as it concerns the members of the holding company and not dealt with in the holding company's accounts | Rs. 7,827 thousand (PY Loss of Rs. 4,032 thousand) | Rs. 25,606 thousand (PY Rs. 6,652 thousand) |
| Profit / (Loss) so far as it concerns the members of the holding company and not dealt with in the holding company's accounts | Nil (PY Nil) | Nil (PY Nil) |

13. Human resources

During the year under review, there was a renewed thrust on attracting, developing and retaining talent. To improve the competence of employees, organisational effectiveness and productivity, a number of need-based training and development programmes were organised. Human relations continued to be cordial.

Your Directors wish to place on record their appreciation of all the employees for their valuable contribution.

14. Listing of the equity shares

The Company's equity shares are listed with The Calcutta Stock Exchange Ltd. (CSE) and The U.P. Stock Exchange Association Ltd. (UPSE). During 2009-10, the Company issued/allotted 2,00,000 equity shares to GPT Employees Welfare Trust under the ESOP Scheme in respect of which the both the Stock Exchange has already issued its Listing Approval to the Company.

15. Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance. The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company, M/s. S. R. Batliboi & Associates confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

16. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The additional information required under the provision of Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998, and forming part of the Report, is also annexed hereto.

17. Particulars of Employees

The name and other Particulars of Employees whose salary exceed the limits as prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of Employees) Rules, 1975, are given below:

| | |
|---|--|
| Name | : Mr. Shree Gopal Tantia |
| Age | : 45 years |
| Qualification | : Graduate |
| Date of Employment | : 13th August 2007 |
| Designation / | |
| Nature of Duties | : Managing Director |
| Remuneration received gross (Rs. in '000) | : 3,280 |
| Experience | : 26 years |
| Last employment | : Managing Director, GPT Infrastructures Private Limited |

Notes:

a) Remuneration received includes only salary.

- b) Nature of employment is contractual. Other terms and conditions are as per the Board resolution and as per the Company rules.
- c) Mr. Shree Gopal Tantia holds 13,68,022 shares in the Company which is about 13.41% of the Company's total equity shares.

18. Auditors and Auditor's Report

During 2009-10, M/s. S.M. Bengani & Company, Chartered Accountants, the Auditors of the Company resigned from the statutory auditorship of the Company. The Board placed on record its deep sense of appreciation for the co-operation and valuable advices received from him from time to time during his tenure of office as the Company's Statutory Auditors.

On the recommendation of the Audit Committee as well as the Board, your Company at its Extra-ordinary General Meeting held on 24th December 2009, appointed M/s. S.R. Batliboi & Associates, Chartered Accountants, Kolkata, as the Company's Statutory Auditors to fill up the causal vacancy caused by the resignation M/s. S.M. Bengani & Company, Chartered Accountants, to hold the office up to the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

The Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for appointment within the meaning of Section 226 of the said Act.

As regards observations contained in the Auditors' Report, the respective notes to the accounts are self-explanatory and, therefore, do not call for further comments.

19. Directors' responsibility statement

Pursuant to the requirement under Section 217(2AA) of the

Companies Act, 1956, with respect to the Directors' responsibility statement, it is hereby confirmed:

- a. That in preparation of the annual accounts, the applicable accounting standards were followed along with a proper explanation relating to the material departures, if any;
- b. That the Directors selected such accounting policies and applied them consistently, made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the Company's state of affairs as at 31st March 2010 and of the Profit and Loss Account of the Company for the year ended on that date;
- c. That the Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities;
- d. That the Directors prepared the annual accounts on going concern basis.

20. Acknowledgements

Your Directors acknowledge with gratitude the co-operation and assistance received from various agencies of the Government and from banks, financial institutions, financial companies, vendors, customers and our valued investors.

For and on behalf of the Board,

Registered office:

Jeewansatya
DD-6, Salt Lake City
Kolkata 700 064

Dated: 22nd May 2010

D. P. Tantia

Chairman

Annexure - I to the Directors' Report

Information under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rule 1988, and forming part of the Directors' Report for the year ended 31st March 2010.

A. Conservation of energy

- (i) Power factor improvement.
- (ii) Campaign to create awareness amongst the employees on the necessity of conservation of energy is practiced regularly.

B. Technology absorption

| | |
|--|--|
| Research and development (R&D) | : The technology was developed in-house. A small R&D unit was set up to monitor and upgrade the technology developed in-house. |
| Technology absorption, adaptation and innovation | : Not applicable |

C. Foreign exchange earnings:

| | |
|---------------|--|
| Exports (FOB) | : Rs. 109,306 thousand (PY Rs. 189,986 thousand) |
| Other income | : Rs. 23,780 thousand (PY Rs. 4,959 thousand) |

D. Foreign exchange expenditure:

| | |
|-------------------|---|
| Foreign travel | : Rs. 1,262 thousand (PY Rs.1,144 thousand) |
| Professional Fees | : Rs. Nil (PY Rs. 4,747 thousand) |
| Interest | : Rs. 802 thousand (P.Y. Rs. Nil) |

For and on behalf of the Board,

Registered Office:

Jeewansatya
DD-6, Salt Lake City
Kolkata 700 064

Dated: 22nd May 2010

D. P. Tantia
Chairman

Annexure - II to the Directors' Report

Broad parameters of the Employees Stock Option Scheme 2009 ("ESOP Scheme") as approved by the members in the Extra-Ordinary General Meeting (EGM) held on 24th December 2009:

1. Total number of options to be granted:

Options exercisable into not more than 2,00,000 Equity Shares of Rs.10/- each of the Company will be available for being granted to eligible employees and directors of the Company through the Trust.

2. Identification of classes of employees entitled to participate in the ESOP Scheme:

All permanent employees and directors of the Company and Subsidiaries (excluding promoters) as may be decided by the Compensation Committee, from time to time, would be entitled to options under the ESOP Scheme.

However, the employees would be granted Stock Options based on performance and such other criteria as the Compensation Committee may, in its absolute discretion decide.

The options granted to an employee will not be transferable to any person and cannot be pledged hypothecated, mortgaged or otherwise alienated in any manner, at any time.

3. Requirements of vesting and period of vesting :

Vesting of the options shall take place over a maximum period as may be decided by the Compensation Committee with a minimum vesting period of 1 (One) year and maximum vesting period of 5 (Five) years from the date of grant. The Compensation Committee may, in its discretion, lay down certain performance matrices on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance based vesting, and the proportion in which options granted under ESOP Scheme would vest (subject to the minimum and maximum vesting period) as specified above.

4. Exercise Price:

Options would be granted at a price as per decision of the Compensation Committee.

5. Exercise Period and the process of Exercise:

The Exercise Period would commence from the date of vesting and will expire on completion of five years from the date of vesting of options. The options will be exercisable by the

Employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified Exercise Period.

6. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and will be based on criteria such as seniority of employee, length of service, performance record, merit of the employee, future potential contribution by the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion. The Compensation Committee would also determine the weight / relative importance to be attached to each criterion for determining the eligibility of the employees.

7. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to employees under the Scheme shall be determined by the Compensation Committee from time to time.

8. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed by concerned Authorities.

9. Method of option valuation:

The option valuation shall not be less than 80% (Eighty Percent) of the fair market value as applicable at the time of grant of option.

For and on behalf of the Board,

Registered office:

Jeewansatya
DD-6, Salt Lake City
Kolkata 700 064

Dated: 22nd May 2010

D. P. Tantia
Chairman