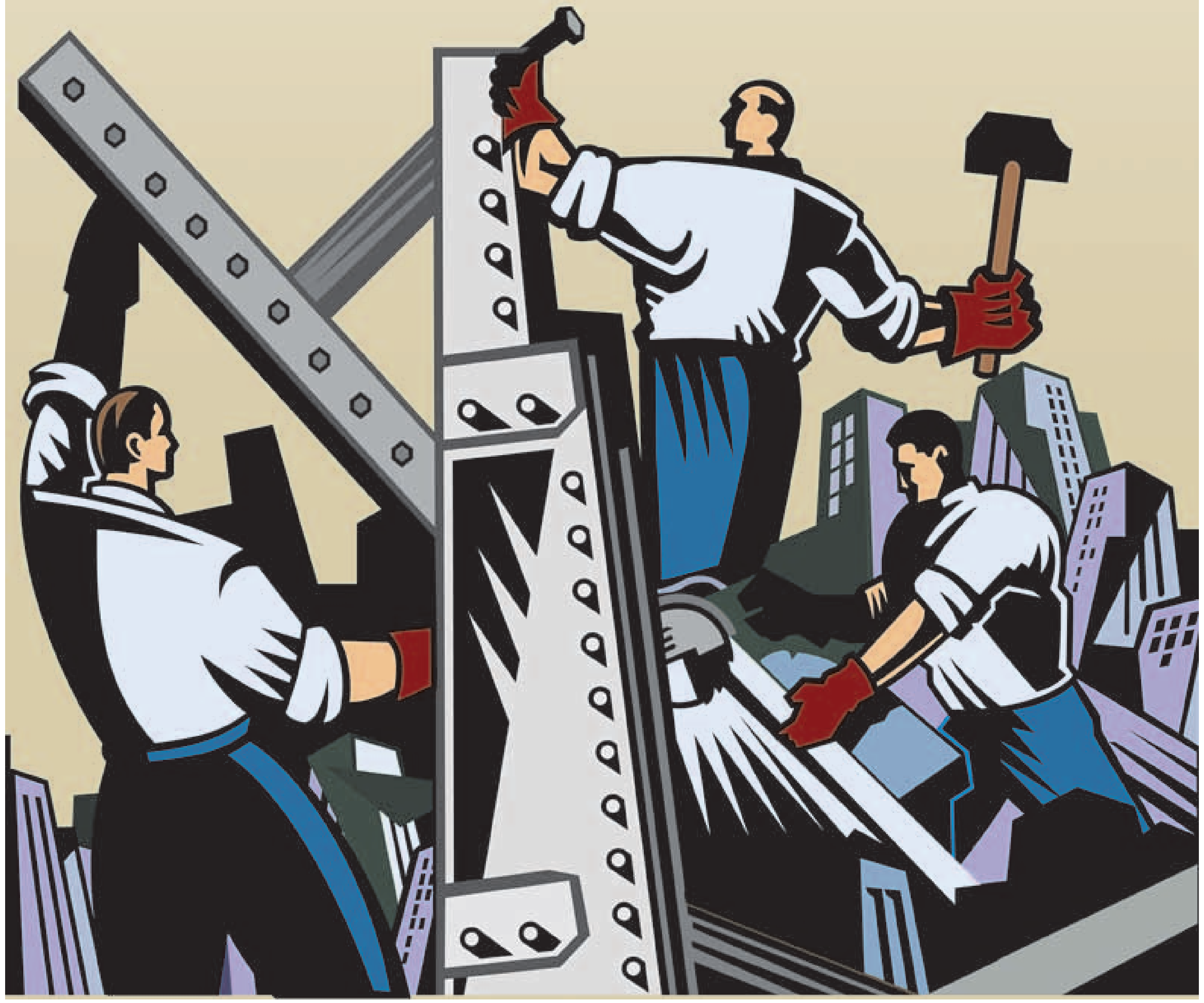
GPT group

GPT Infraprojects Limited
"Jeewansatya"
DD-6, Salt Lake City, Sector - I
Kolkata - 700 064
www.gptgroup.co.in

INFRASTRUCTURE CATALYST!

GPT Infraprojects Limited | Annual Report 2010-11



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. Tantia
Managing Director	Mr. S.G. Tantia
Executive Director	Mr. Atul Tantia
Non-Executive Directors	Mr. H.S. Sinha Mr. V.N. Purohit Dr. N.N. Som Mr. Kunal Kumthekar Mr. Sunil Patwari
Chief Operating Officer	Mr. Vaibhav Tantia
Chief Finance Officer	Mr. A. K. Dokania
Company Secretary	Mr. R. Mishra
Bankers	Allahabad Bank Axis Bank Limited ICICI Bank Limited IDBI Bank Limited Standard Chartered Bank State Bank Of India
Auditors	S.R.Batliboi & Associates (Chartered Accountants)
Registered & Corporate Office	"Jeewansatya" DD- 6, Salt Lake City, Sector – I Kolkata – 700 064.
Works	Concrete Sleeper Division P.Way Depot, Panagarh, District – Burdwan, West Bengal Bhadramore, Chousal, P.S. Gangajal Ghati, District – Bankura, West Bengal Wind Power Division Irukkandurai, Radhapuram, District – Tirunelveli, Tamilnadu
Registrar & Transfer Agent	ABS Consultant Private Limited Stephen House, 4, B.B.D. Bag, Kolkata – 700 001.

Directors' Report

Dear Shareholders,

We are delighted to present the 31st Annual Report on our business and operations and the audited accounts for the financial year ended March 31, 2011.

1. Results of operations

Rs. in Lacs, except per share data (Rs 1 lac equals Rs. 100,000)

	2011	2010
Operating profit before interest and depreciation (EBIDTA)	4,419.89	4,363.39
Interest	1,647.98	1,431.52
Depreciation	593.29	485.37
Operating profit before tax	2,178.62	2,446.50
Provision for taxation	596.65	881.29
Net profit after tax (PAT)	1,581.97	1,565.21
Profit and loss account balance brought forward	2,485.58	1,391.79
Amount available for appropriation	4,067.55	2,957.00
Dividend		
Interim	-	177.70
Final	172.10	76.50
Total dividend	172.10	254.20
Dividend tax	27.92	42.22
Amount transferred to general reserve	60.00	175.00
Balance in profit and loss account	3,807.53	2,485.58
EPS		
Basic	15.27	15.07
Diluted	14.78	12.07

2. Business

Our total stand-alone revenue increased from Rs.30,729.68 Lacs in the previous year to Rs. 37,013.01 Lacs. The growth rate was 20%.

EBIDTA for the year under review is Rs.4,419.89 Lacs compared to Rs. 4,363.39 Lacs for the previous year.

PAT for the year under review is Rs.1,581.97 Lacs compared to Rs.1,565.21 Lacs for the previous year.

3. Concrete Sleeper Business

During 2010-11, this business recorded a total income of Rs.5,876.90 Lacs as against Rs. 4,435.64 Lacs in the previous year, registering a growth of 32%.

The export order which was received from IRCON International Limited for the supply of sleepers for their project in Sri Lanka, having an order value of USD 5.7 million for a project funded by Export Import Bank of India under a Government of India Line of Credit to the Government of Sri Lanka, has been virtually completed.

In terms of Memorandum of Understanding entered in between the Company and The Government of the Republic of Namibia, represented by Ministry of Works & Transport and TransNamib Holdings Limited, Namibia, under the Public Private Partnership (PPP) model, the Company has promoted a Joint Venture Company in Namibia, namely GPT TransNamib Concrete Sleepers (Pty) Limited with TransNamib Holdings Limited, Namibia with the purpose to set up a plant for the manufacture and supply of concrete sleepers in Tsumeb, Namibia. This project will have an estimated project cost of around N$50 million (equivalent to around USD 6.60 million or Rs.31 crore). The commercial production is likely to commence in July, 2011.

4. Civil and core infrastructure business

During 2010-11, this division contributed an income of Rs.30,668.74 Lacs against that of Rs. 26,070.02 Lacs in the previous year, registering a growth of 18%. This business currently has order book under execution of Rs. 1,543 crore.

5. Wind power business

During the current year, this division contributed Rs.121.78 Lacs to the total income against that of Rs. 144.58 Lacs in the previous year.

6. Dividend

The Board of Directors are pleased to recommend a dividend of Rs.1.25 per equity share (i.e. 12.50% on par value of Rs. 10/- each) aggregating to Rs.172.10 Lacs (excluding dividend tax of Rs. 27.92 Lacs) on existing 13,768,000 nos. Ordinary share of Rs.10/- each of the Company as on 31st March,2011, subject to the approval of shareholders in the ensuing Annual General Meeting of the Company.

7. Share capital

During the year under review, the Company's authorised share capital was increased to Rs. 500,000,000 divided into (a) 21,698,000 equity shares of Rs. 10/- each ranking pari-passu with the existing share capital, (b) 1,793,000 compulsorily-convertible preference shares of Rs. 140/- each and 200,000 compulsorily-convertible preference shares of Rs. 160/- each, as per the shareholders' approval vide resolution passed through postal ballot on 13th September, 2010.

Preferential allotment

During the year under review, your Company allotted 1,175,000 convertible equity warrants at a price of Rs. 160/- each, and 200,000 compulsorily-convertible preference shares-Series A (CCPS) at a price of Rs. 160/- each on preferential basis through private placement. Each equity warrant and CCPS carries the right to convert into one equity share of Rs. 10/- at a premium of Rs. 150/- per share, any time within 28th February, 2011.

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

Allotment of equity shares

During 2010-11, your Company allotted

a) 175,000 equity shares of Rs. 10/- each at a premium of Rs. 130/- per share upon conversion of 175,000 equity warrants of Rs.140/- each as per the option for conversion exercised by the warrant holder,

b) 1,375,000 equity shares of Rs. 10/- each at a premium of Rs. 150/- per share upon conversion of 1,175,000 equity warrants of Rs.160/- each and 200,000 compulsorily- convertible preference shares – Series A of Rs.160/- each as per the option for conversion exercised by the warrant holder as well as convertible preference share holders, respectively,

c) 2,018,000 equity shares of Rs. 10/- each at a premium of Rs. 130/- per share upon conversion of 425,000 equity warrants of Rs.140/- each and 1,593,000 compulsorily- convertible preference shares of Rs.140/- each as per the option for conversion exercised by the warrant holder as well as convertible preference share holders, respectively.

8. Award and recognition

Your Company received two awards/recognitions in 2010 which signifies the growth in its business operations:

- Best SME in infrastructure
- Best SME in Global Rich

Both were awarded by CNBC, CRISIL & ICICI Bank under the Emerging India Award, 2010.

9. Credit Rating of Debt Instrument

The long term credit facilities continues to be rated by Credit Analysis & Research Ltd (CARE) as BBB+.

10. Corporate Social Responsibility(CSR)

The following CSR activities were undertaken by the Company during the year 2010-11:

A sum of Rs. 17.00 Lacs contributed during the year under review to a charitable trust for various social upgradation programmes.

11. 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 stock exchanges, is presented in a separate section forming part of the Annual Report.

12. Directors

Mr. Himangsu Sekhar Sinha and Mr. Atul Tantia, Directors of the Company will retire at the forthcoming Annual General Meeting by rotation and, being eligible, offer themselves for re-appointment.

During 2010-11, Mr. Sunil Patwari, was appointed as an Additional Director of the Company vide resolution passed by circulation on 15th June, 2010 with the unanimous consent of all members of the Board and his appointment was regularised at the last Annual General Meeting of the Company held on 17th July, 2010.

13. Subsidiary companies

During 2010-11, 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.

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.

During the current year, your Company co-promoted a subsidiary company namely Jogbani Highway Private Limited, incorporated on 31st May, 2010 as special purpose vehicle (SPV) for the purpose of executing a road project awarded by National Highway Authority of India on Design Built Finance Operate and Transfer (DBFOT) on annuity basis. Your Company holds 73.33% equity shares in the said subsidiary.

Your Company acquired Superfine Vanijya Pvt. Limited as wholly-owned subsidiary for the purpose of establishing and running an export-oriented unit (EOU) for manufacture of Maricom mattress generally used for maritime protection works.

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	Jogbani Highway Private Limited	Superfine Vanijya Private Limited
Financial year ending of the subsidiary	31st March 2011	31st March 2011	31st March 2011	31st March 2011
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	3,300,000 (PY – Nil) Equity shares of Rs.10/- each	485,920 (PY – Nil) Equity shares of Rs.10/- each
Extent of Holding	54% (PY 54%)	100% (PY 100%)	73.33% (PY-Nil)	100%(PY-Nil)
Profit/(loss) so far as it concerns the members of the holding company and not dealt with in the holding company's accounts	Rs.119.77 Lacs (PY Rs.78.27 Lacs)	Rs.242.94 Lacs (PY Rs.256.06 Lacs)	Nil (PY Nil)	Rs.4.56 Lacs (PY Nil)
Profit/(Loss) so far as it concerns the members of the holding company and dealt with in the holding company's accounts	Nil (PY Nil)	Nil (PY Nil)	Nil (PY Nil)	Nil (PY Nil)

Note:

1) The Company undertakes that the annual accounts of the above-stated subsidiary companies and the related detailed information are available to the shareholders of the Company and its subsidiary companies as they seek such information at any point of time.

2) The annual accounts of the above-stated subsidiary companies are also available for inspection by shareholders in the head office/registered office of the Company and of the subsidiary companies concerned.

14. 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 are being organised. Human relations continue to be cordial.

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

15. 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 Ltd. (UPSE). Both stock exchanges have issued its listing approval/trading approval to the Company in respect of allotment of 175,000 equity shares of Rs.10/- at a premium of Rs.130/- per share upon conversion of equity warrants. Further, during the year under review, the Company issued/allotted 3,393,000 equity shares (1,375,000 equity shares of Rs.10/- each at a premium of Rs.130/- per share and 2,018,000 equity shares of Rs.10/- each at a premium of Rs.150/- per share) upon conversion of equity warrants as well as compulsorily- convertible preference shares, in respect of which the Calcutta Stock Exchange has issued its listing approval.

16. 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.

17. 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.

18. 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	:	46 years
Qualification	:	Graduate
Date of Employment	:	13 August 2007
Designation/Nature of duties	:	Managing Director
Remuneration received gross(Rs. in '000)	:	6,000
Experience	:	27 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 1,368,022 shares in the Company which is about 9.94% of the Company's total equity shares.

19. Auditors and Auditor's Report

M/s. S.R. Batliboi & Associates, Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing annual general meeting but do not offer themselves for re-appointment. The Company has received a requisition to appoint M/s. S.R. Batliboi & Co., Chartered Accountants, as the Statutory Auditors of the Company. Consequently a consent letter and certificate from M/s. S.R. Batliboi & Co., Chartered Accountants stating that their appointment, if made, will be in accordance with the limits specified in Section 224(IB) of the Companies Act,1956, has also been received. The Audit Committee in its meeting held on 21st May,2011 has also recommended the appointment of M/s. S.R. Batliboi & Co., Chartered Accountants, as Statutory Auditors of the Company. Your directors also recommend their appointment.

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.

20. 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 2011 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.

21. 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 investors.

Registered office:
Jeewansatya
DD-6, Salt Lake City
Kolkata 700 064
Dated: 21st May 2011

For and on behalf of the Board,

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 2011.

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

C. Foreign exchange earnings:

Exports (FOB)	:	Rs.2,058.14 Lacs (PY Rs. 1,093.06 Lacs)
Other income	:	Rs.9.89 Lacs (PY Rs. 238.32 Lacs)

D. Foreign exchange expenditure:

Foreign travel	:	Rs.8.91 Lacs (PY Rs. 12.62 Lacs)
Professional Fees	:	Rs. 91.27 Lacs (PY Nil)
Interest	:	Rs. 58.43 Lacs (PY Rs. 6.85 Lacs)
Dividend	:	Rs.50.20 Lacs (PY Nil)

Registered Office:
Jeewansatya
DD-6, Salt Lake City
Kolkata 700 064
Dated: 21st May 2011

For and on behalf of the Board,

D. P. Tantia
Chairman

Management Discussion Analysis and Review

Review of the global economy

Strong demand growth in developing economies (accounted for 46 percent of global growth, 2010) catalysed global economic growth from a negative 2.2 percent in 2009 to 3.9 percent in 2010 and a projected 3.3 percent in 2011 and 3.6 percent in 2012. GDP growth in low and middle-income countries was 7 percent in 2010 (5.2 percent excluding India and China) and is projected to increase 6.0 and 6.1 percent in 2011 and 2012 respectively. As is evident, developing countries returned to growth rates close to those observed in the pre-crisis period while high-income regions (Europe and Central Asia) still lagged their retrospective growth rates on account of high unemployment and spare production capacity.

Global output (real GDP growth, percentage change from previous year)

	2008	2009	2010e	2011 f	2012f
High-income countries	0.2	(3.4)	2.8	2.4	2.7
Developing countries	5.7	2.0	7.0	6.0	6.1
World	1.5	(2.2)	3.9	3.3	3.6

[Source: World Bank]

Note: e = estimate, f = forecast; growth rates aggregated using real GDP in 2005 constant dollars

Indian economic growth

The Indian economy rebounded from the global economic slowdown of 2008, its GDP rebounding from 8% in 2009-10 to 8.6% in 2010-11, following a recovery in agriculture and sustained momentum in its manufacturing sector.

Growth in GDP at factor cost (2004-05 prices) (%)

	2006-07	2007-08	2008-09PE	2009-10QE	2010-11AE
Agriculture, mining and forestry	4.2	5.8	(0.1)	0.4	5.4
Mining and quarrying	7.5	3.7	1.3	6.9	6.2
Manufacturing	14.3	10.3	4.2	8.8	8.8
Electricity, gas and water supply	9.3	8.3	4.9	6.4	5.1
Construction	10.3	10.7	7.6	9.7	11.0
Trade, hotels, transport and communication	11.7	10.7	7.6	9.7	11.0
Financing, insurance, real estate and business services	14.0	11.9	12.5	9.2	10.6
Community, social and personal services	2.9	6.9	12.7	11.8	5.7
GDP at factor cost	9.6	9.3	6.0	8.0	8.6

[Source: CSO]

India's economic highlights, 2010-11

- Inflation was 15.92%; food inflation peaked at 9.5%
- Foreign exchange reserves strengthened from US$279.09 billion (2 April 2010) to US$305.49 billion (1 April 2011)
- India's wireless network (811.59 million mobile users) emerged second largest in the world.
- India reported savings at 34% and investment at 37% (of GDP, 2010-11).
- Per capita income (at 2004-05 prices) rose from Rs. 33,731 in 2009-10 to Rs. 36,003

The Indian infrastructure sector

The size of India's infrastructure investment is likely to rise from 5.15 per cent of Gross Domestic Product (GDP) in the Tenth Five Year Plan period (2002-07) to about 7.55 per cent in the Eleventh Five Year Plan (2007-12). A preliminary assessment suggested by the Planning Commission envisages that India's Twelfth Five Year Plan (2012-17) infrastructure investment will need to be around US$ 1,025 billion to achieve a share of 9.95 per cent of GDP, around 50% of which is expected to be derived from its private sector.

Budget, 2011-12

The Union Budget 2011-12 proposed an increase in infrastructure investment. A boost was provided from the supply side by allocating 'infrastructure' status to cold chains, post-harvest storage and capital investments in the fertilizer sector. The increase in Foreign Institutional Investor investment limit in corporate bonds and a reduction in withholding tax are expected to catalyse fund flow into the sector.

PPP – potent infrastructure driver

XIth Plan	FY08	FY09	FY10	FY11E	FY12E	FY13E
Overall USD bn	26	30	35	35	38	44
YoY growth (%)	-	12.9	15.7	1.8	7.5	16.5
Gov (USD bn)	20	23	28	29	30	32
YoY growth (%)	-	16.2	22.7	3.0	2.9	8.9
PPP (USD bn)	7	7	7	6	8	12
YoY growth (%)	-	3.5	(6.7)	(3.4)	28.1	44.0

Source: Planning Commission, Enam Securities

Infrastructure – A SCOT analysis

Strengths	Challenges
**Strong private participation in the sector reflected in a growing number of PPP projects *Increase in the number of infrastructure players with growing international support in the form of funding from banks and private equity players	*Lack of proper knowledge in project management and terrain management * Extensive regulatory clearances * Non-availability of long-term finance * Inadequate low cost funds
Opportunity	**Threats**
**Growing government support to strengthen the country's infrastructure via fiscal and regulatory policies. *Twelfth Plan infrastructure development outlay of USD 1.02 trillion, double the Eleventh Plan fund outlay of USD 514 billion *A reviving Indian economy (GDP growth of 8.6% for 2010-11).	* Hurdles in land acquisition * Political instability and inadequate regulatory norms could delay project delivery.

Railways

With the fourth largest rail network in the world and a total track length of more than 64,000 km which carries an average 2 million tonnes of freight and 21 million passengers daily, the Indian railways drive a major part of the national growth. On an average, around 220 km of new lines are added annually in India. According to Economic Survey 2010-11, a total of 216 route km was electrified during April-November 2010. The Ministry of Railways (MoR) announced the Railways Policy for Connectivity to coal and iron ore mines, which will provide an incentive to rail developers by way of returns on capital through freight surcharge over 20-25 years.

Budget, 2011-12

- Highest ever Budget outlay of Rs 57,630 crore. This includes an allocation of Rs. 84.33 billion for construction of new lines, Rs. 54.18 billion for doubling projects, Rs. 27.76 billion for gauge conversion and Rs. 141.2 billion for acquisition of rolling stock.
- Moreover 1,000 km of route electrification, 200 rail overbridges and 325 rail underbridges/ subways projects would be undertaken. Also in 2011-12, 107 new line surveys, four gauge conversion surveys and 16 doubling surveys would be conducted.
- Around 442 stations targeted to be upgraded as Aadarsh stations; 136 more stations to be included in the list of Aadarsh stations
- Two new passenger terminals proposed for Kerala and one each for West Bengal and Uttar Pradesh

Major investments in key areas for Indian Railways

(In Rs. billion)

Area	2009-10 (actual)	2010-11 (revised estimates)	2011-12 (budget estimates)
Construction of new lines	36.44	49.9	84.33
Restoration of dismantled lines	0.46	0.55	0.50
Gauge conversion	35.80	25.52	27.76
Doubling lines	24.00	22.04	54.18
Rolling Stock	131.61	130.87	141.20
Road Safety Works-Level Crossings	3.58	7.01	8.00
Road Safety Works-Road Over/Under Bridges	5.41	9.99	12.00
Track Renewals	41.05	46.05	49.64
Bridge Works	3.70	3.29	3.30
Signaling and Telecommunication Works	10.55	9.15	11.01
Electrification Projects	7.14	6.57	9.78
Dedicated Freight Corridor Corporation	2.81	2.57	9.65
Metropolitan Transport Projects	6.21	5.73	65.02
Others	87.96	83.91	99.93
Total	**396.72**	**403.15**	**576.30**

Prospects

- The Ministry of Railways permitted leasing companies to purchase wagons from container train operators, special freight train operators, automobile freight train operators and end-users
- Vision 2020 envisages the development of one Rapid Rail Transit System (RRTS) in each region of the country along with eight high speed rail corridors
- The reduction in haulage charges on commodities (cement, steel, sugar and more) is expected to provide a 15 per cent concession with effect from March 2011 to August 2011, against an existing 10 per cent (Economic Survey 2010-11, Indian Infrastructure Research, Ministry of Railways)
- The MoR reduced haulage charges payable on the transportation of commodities like cement, steel, sugar, chemical manure and petroleum products.

Roads

Roads represent the primary means of connecting regions. The Indian road network (over 3.34 million km) is the second largest in the world; it carries more than 85% of passenger and 65% of the country's freight traffic. The transport sector accounts for about 6.4 % of India's GDP, of which the road transport alone accounts for 4.5%.

India's road sector elicited a significant interest from the government over the past decade resulting in the launch of several road building programmes and the development and maintenance of National Highways are being done on agency basis. The National Highways Authority of India (NHAI), State

Public Works Departments (SPWDs) and the Border Roads Organization (BRO) are the main agencies of the Central Government for this purpose. The National Highways (NH) constitutes only 1.7% of the total road network in India and carries about 40% of total road traffic. The Planning Commission provided an outlay of Rs. 1,06,659 cr for roads in the eleventh plan of which Rs. 27,500 cr is the outlay for 2011-12 as against Rs. 25,465 cr in 2010-11 and Rs. 18,632.75 cr in 2009-10.

In 2011-12 the road transport ministry plans to award projects covering 10,000 km of highways of which about 7,994 km would be on BOT (toll) mode, 1,000 km will be awarded on annuity and EPC and the remaining will be awarded by the state governments. (Source: Ministry of Roads, Transport and Highway)

Since 2005, the number of vehicles on Indian roads increased 10.2% a year, warranting a larger and quicker investment in quality roads. During 2011-12, the country expects to upgrade about 5,926 km of National Highways with the construction/rehabilitation of 130 bridges and 10 bypasses for an estimated Rs.19,600 crores.

Indian road network (km)

Expressways	200
National Highways	70,934
State Highways	1,31,899
Major district roads	4,67,763
Rural and other roads	26,50,000
Total	**33,20,796**

[Source: NHAI]

Budget, 2011-12

- Operationalisation of infrastructure debt funds, increased FII investments and lowering the withholding tax
- Allocation of Rs 103.40 billion for National Highways Development Programmes (NHDP)
- Full exemption from basic customs duty for bio-asphalt and specified machinery (including tunnel-boring machines) used in national highway construction
- Exemption from basic customs duty for bio-asphalt and tunnel-boring machines used in national highway construction
- Support of Rs. 200 billion for rural roads under Pradhan Mantri Gram Sadak Yojna for 2011-12

Government initiatives

- National Highway Development Programme (NHDP): The government initiated the NHDP project to develop more than 50,000 km of road in seven phases
- Bharat Nirman Programme: Introduced in 2005 to provide road connectivity to about 23,000 villages with a population of 1,000, or 500 in hilly or tribal areas.
- Pradhan Mantri Gram Sadak Yojana (PMGSY): Launched in 2000 to connect isolated rural habitations.
- Government to bear the cost of the project feasibility study, land for the right of way and way side amenities, shifting of utilities, environment clearance, cutting of trees, etc. (Source: IBEF)
- Foreign Direct Investment to be put in up to 100 per cent in road sector. (Source: IBEF)
- Duty free import of high capacity and modern road construction equipments. (Source: IBEF)

The other related government initiatives comprised Special Accelerated Road Development Programme in the North-Eastern region (SARDP-NE). The Ministry has taken up the Special Accelerated Road Development Programme in the North Eastern Region (SARDP-NE) involving widening of 10,141 km of National Highways and other roads in three phases ensuring connectivity of 88 district headquarters in the North Eastern Region to the National Highways. An outlay of Rs.1600 crores has been proposed for SARDP-NE for the year 2011-12.

Prospects

- India's private sector is expected to contribute 44 per cent of the total projected spend of US$ 95.8 billion (INR 4,600 billion) on roads and highways over the Twelfth Five Year Plan.
- The government plans to construct 35,000 km of highways by 2014 under the NHDP, with an investment of US$ 60 billion (INR 2,880 billion)
- The Ministry of Road Transport and Highways has recommended a total expressway network of about 18,637 km for the unhindered, high-speed and safe movement of traffic. Construction on the country's expressways will be initiated in three phases and is scheduled for completion in 2022.

Airports

The civil aviation sector in India is overseen by the Ministry of Civil Aviation (MoCA). It is the ninth largest in the world and projected to emerge as the third largest by 2020. It is also expected that domestic passenger traffic will grow 13% during FY10-13. The supply side is also likely to grow at 12% over the next three years, considering the addition of grounded fleet, aircraft utilization and more services by carriers.

Budget, 2011-12

- The current Budget proposes to infuse Rs. 12 billion worth of equity to Air India
- The Indian airport sector is expected to attract investments of about Rs 363.71 billion, of which the AAI will invest Rs 129.69 billion, the rest from the private sector.
- The freight traffic handled by Indian airports increased at a CAGR of 8.9 per cent between 2004-05 and 2010-11

Prospects

- Domestic passenger traffic is estimated to grow from 105.52 million in 2010-11 to 150-180 million by 2020, while international traffic is expected to grow from 37.91million in 2010-11 to around 50 million by 2015.
- India's aircraft fleet size has grown from 225 in 2000 to 735 in 2010.
- Of 30 projects relating to the modernization of non-metro airports, 11 were completed and 19 were implementation.

  (Source: Indian Infrastructure Report, IBEF Research Report)

Ports

The Indian coastline extends across 7,500 km, is dotted with 13 major ports and 187 minor ports. India has one of the largest merchant shipping fleet in the world; the country is ranked 16th among maritime countries. The country's ports are a key driver of its international trade, handling more than 95 per cent of the country's total trade by volume and about 70 per cent by value. The aggregate port traffic is projected to grow from 850 million tonnes in 2009-10 to 979 million tonnes in 2011-12 as per National Maritime Development Programme. Interestingly, the historical trend in port cargo traffic mirrors the growth in India's GDP.

Budget, 2011-12

- The Government of India has permitted the issuance of tax-free bonds of Rs. 30,000 crore of which Rs. 5,000 crore will be issued by the ports to boost port infrastructure development.

Prospects

- Indian ports crossed 1 billion tonnes of cargo handling capacity in 2010-11; the Ministry of Shipping set a target of 3.2 billion tonnes of cargo handling capacity by 2020 to address the projected traffic of about 2.500 billion tonnes by 2020. Currently, it is at 56.9 crore tonnes.
- The country also envisages an increase in the share of Indian seafarers from 6–7 per cent to at least 9 percent in the global shipping industry by 2015
- The government allocated Rs. 65.24 billion for Ministry of Shipping
- The government allocated Rs. 4.76 billion for the port sector and Rs. 2.74 billion for shipping and ship building sector.

Power

In recent years, India's power installed capacity increased from 1, 20,000 MW (January 2006) to 1,73,626.40 MW (31st March 2011). Around 65% was derived from thermal sources. Besides, the country accounted for around 19,509 MW of captive power generation capacity.

- A record capacity addition of 10,200 MW was completed in the first ten months of 2010-11.
- India is expected to add 15,000 MW in 2011-12 as per government sou.rces.

Budget, 2011-12

- The Central Plan outlay proposes an allocation of Rs. 663.82 billion for the Ministry of Power
- The government made a major allocation of Rs. 20.34 billion for the Restructured Accelerated Power Development and Reform Programme
- A further Rs. 37.82 billion was allocated for research and projects in atomic energy and Rs. 10.25 billion for

investment in Bharatiya Nabhikiya Vidyut Nigam Limited

- The government allocated Rs. 21.5 billion to Ministry of New and Renewable Energy
- The government allocated Rs. 60 billion towards Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY) under the Bharat Nirman programme
- The government provided parallel excise duty exemption for domestic suppliers producing capital goods needed for the expansion of existing mega or ultra-mega power projects
- The government allocated Rs. 8.13 billion in the National Hydro Electric Power Corporation

Prospects

- There is a growing emphasis on rural electrification and increasing renewable energy generation
- The basic customs and countervailing duty (CVD) has been reduced to 5 per cent on high voltage power transmission projects
- The Indian Energy Exchange (IEX) launched renewable energy certificate (REC) trading in February 2011; the first trading session received 125 buy bids for non-solar RECs and 11 buy-bids for solar RECs (Source: Ministry of Power, Indian Infrastructure Report, Economic Survey 2010-11)

Business segment review

Concrete sleepers and allied

- GPT is among India's first concrete sleeper manufacturers for railway tracks
- The company possesses a manufacturing unit at Panagarh (India), Dondo (Mozambique), Sena (Mozambique) and Ladysmith (South Africa).
- The company enhanced its global presence through prestigious orders in Bangladesh, Myanmar and Ghana
- The company is diversifying into track components, railway signalling and telecommunication equipment.
- The company provides track superstructure design, production technology transfer and concrete sleeper manufacture

Highlights, 2010-11

- Manufactured 3,04,267 concrete sleepers against 2,92,902 in 2009-10.
- Secured a contract from the Government of the Republic of Namibia to supply railway concrete sleepers
- Received order from Transnet Freight Rail in South Africa for supplying 1,000,000 sleepers over the next five years
- Supplied 160,000 sleepers for Sri Lankan Railways

Segment review

Civil and core infrastructure

The division's technical expertise and dependable project execution accelerate the construction of roads, bridges, irrigation and railway systems, urban transit, industrial and civil aviation infrastructure. In doing so, the company plays the role of a responsible national catalyst.

The Company is now a renowned name in the field of bridge construction - from foundation to finish - and is foraying into challenging projects in other infrastructure areas. Within a few years, the Company has worked for various pride-enhancing clients.

Highlights, 2010-11

- Received contract for 18 new projects and completed 7 projects
- Completed a project for Eastern Railways for earthwork in filling on Railway Embankment, supplying and spreading stone dust
- Completed the construction of open web steel girder with pile foundation between Barakar and Kumardhubi station
- Awarded projects for construction of road over bridges in Kerala
- Received order for of construction of steel suspension Bridge in Arunachal Pradesh

Finance review

Revenues

The Company's net sales increased 20.39% from Rs 304.55 crore in 2009-10 to Rs. 366.67 crore in 2010-11 owing to increased project execution.

Expenditure

Raw material consumption increased 2.75% from Rs. 134.6 crore in 2009-10 to Rs.138.30 crore in 2010-11 while power consumption increased 26.26% from Rs 6.98 crore in 2009-10 to Rs. 8.82 crore in 2010-11. Employee expenses declined 6.05% from Rs. 18.31crore in 2009-10 to Rs. 17.21 crore in 2010-11 on account of better employee cost management. Administrative expenses declined 7.18% from Rs. 9.47 crore in 2009-10 to Rs. 8.79 crore on account of better cost management. Total operating expenses increased 22.91% from Rs 267.49 crore in 2009-10 to Rs 328.78 crore in 2010-11. Operating cost as a proportion of total income stood at 88.12% in 2010-11 against 86.04% in 2009-10.

Profit

EBIDTA increased 2.09% from Rs. 43.41 crore in 2009-10 to Rs 44.31 crore in 2010-11 while PAT soared 1.07 from Rs. 15.65 crore in 2009-10 to Rs. 15.81crore in 2010-11. EBIDTA margin declined 208 basis points from 13.96% in 2009-10 to 11.88% in 2010-11 while net profit margin declined 79 basis points from 5.03% in 2009-10 to 4.24% in 2010-11 reflecting enhancing operational efficiency.

Interest

Interest outlay of the Company increased 15.12% from Rs 14.31 crore in 2009-10 to Rs 16.48 crore in 2010-11 to fund the growing business. However, interest cover stood at 2.69 in 2010-11 to 3.03 in 2009-10.

Tax

The Company reduced its tax provisions to Rs. 5.97 crore in 2010-11 from Rs 8.81 crore in 2009-10.

Sources of funds

During the year under review, the Company reduced its share capital to Rs. 16.37 crore, from Rs. 35.10 crore on account of conversion of compulsorily convertible preference share as well as equity warrants issued on preferential allotment basis into equity shares. Reserves increased 180.64% from Rs. 34.87 crore as on 31st March 2010 to Rs. 97.87 crore as on 31st March 2011 on account of increased securities premium accounts and increased profit plough back. Secured loans increased 64.83% from Rs. 77.03 crore as on 31st March 2010 to Rs. 126.96 crore as on 31st March 2011 owing to fresh borrowings through ECB route. The Company repaid unsecured loans fully in 2010-11. Current liabilities and provisions increased marginally from Rs. 82.73 crore in as on 31st March 2010 to Rs. 84.03 crore as on 31st March 2011. The debt-equity ratio declined from 1.35 in 2010-11 to 1.08 in2009-10. Book value per share increased from Rs. 72.63 in 2009-10 to Rs. 85.12 in 2010-11.

Application of funds

Gross block increased 15.75% from Rs 65.89 crore as on 31st March 2010 to Rs 76.27crore as on 31st March 2010 following the addition of plant and machinery and steel shutters. This also increased depreciation provision 22.23% from Rs. 4.85 crore in 2009-10 to Rs 5.93 crore in 2010-11. Investments increased 131.52% from Rs. 12.15 crore as on 31st March 2010 to Rs. 28.12 crore as on 31st March 2011 mainly due investments in Group companies and other joint ventures. Current assets increased by 22.89% from Rs. 199.01 crore as on 31st March 2010 to Rs. 244.56 crore as on 31st March 2011, mainly due to an increase in short-term loans, advances and sundry debtors.

Working capital

Net current assets increased by 38.06% from Rs. 116.28 crore as on 31st March 2010 to Rs. 160.53 crore as on 31st March 2011 to fund business growth. Inventories declined from 61 days if turnover equivalent in 2009-10 to 47 days in 2010-11 on account of a reduction in the level of work-in-progress goods and increased revenues. Current ratio increased marginally from 2.41 in 2009-10 to 2.91 in 2010-11. The debtors' cycle increased from 59 days of turnover equivalent in 2009-10 to 75 days in 2010-11.

Risks and concerns

The Company possesses a comprehensive integrated risk management framework with stringent norms and control. The risk management approach conforms to the Company's direction, shareholders' desired total returns, credit rating and desired risk appetite.

Human resources

GIL promotes continuous learning and meritocracy. During the year under review, the Company's employee strength touched individuals who underwent functional and behavioural training for enhanced productivity. A regularised recruitment process was supplemented by a transparent performance appraisal system with inbuilt feedback.

Internal controls and procedures

At GIL, stringent control systems and procedures minimized the unauthorised use of products, ensuring optimal resource utilisation. The Company conducted regular and extensive checks at every production stage and dispatch cycle to ensure strict operational and quality compliance. An Audit Committee, headed by a Non-Executive Independent Director, periodically reviewed audit observations.