### **GPT INFRAPROJECTS LIMITED** 38<sup>TH</sup> ANNUAL REPORT, FY2017-18

ANYANYAN V

G-P group

## BREAKOUT PERFORMANCE

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#### 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 our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should underlying assumptions prove inaccurate acutal 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.

The Indian infrastructure segment is at the cusp of unprecedented growth.

The country's railways sector is investing unprecedented outlays in increasing railway safety.

This safety priority is being reflected in larger spending by the government in building overbridges with the objective to eliminate unmanned crossings. This has benefited a railways-centric player like GPT through a larger order book and enhanced revenue visibility.

Besides, a visible improvement in the demand for sleepers arising out of network expansion and renewal has strengthened this business and its prospects.

The combination of these two upsides has translated into a breakout performance for GPT Infraprojects.

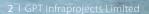
### Our breakout performance

15.86%

3.82%

\*as a percentage of consolidated revenues

# 8 things you need to know about GPT Infraprojects Limited



#### OUR BACKGROUND

GPT Infraprojects Limited, the flagship company of the GPT Group, is a premier infrastructure company based out of Kolkata. Incorporated in 1980, the Company is engaged in the execution of civil and infrastructure projects as well as the manufacture of concrete sleepers.

#### **OUR BUSINESSES**

The Company is engaged in EPC contracts across diverse sectors (roads, railways, power and industrial). It also manufactures pre-stressed concrete sleepers in dedicated facilities in India, South Africa and Namibia.

#### **OUR COMPETENCIES**

#### **Bridge building**

- Construction of bridges, ROBs, flyovers and metro corridors
- Erection of steel girder bridges and ancillary structures
- Construction of bridges over large rivers

#### Power and industrial sector

 Designing, engineering and constructing structures in challenging geographies  Commissioning and operating of electromechanical equipment

#### Concrete sleeper manufacture

 End-to-end sleeper construction and manufacturing services for international and domestic clientele

#### **OUR CAPACITIES AND LOCATIONS**

- Panagarh 4,80,000 sleepers per annum
- Ramwa and Pahara 4,80,000 sleepers per annum
- Ladysmith (South Africa) 5,00,000 sleepers per annum
- Tsumeb (Namibia) 2,00,000 sleepers per annum

#### OUR LISTING

The Company's shares are listed and actively traded on the Bombay Stock Exchange and National Stock Exchange. The Company enjoyed a market capitalisation of ₹519.91 crore as on 31st March 2018.

#### **OUR ORDER BOOK**

The Company had a net order book of ₹2,073 crore as on 31<sup>st</sup> March 2018, which increased by 11.99% over the previous year.

#### OUR CLIENTELE

The Company addresses some of the largest and most prestigious railway customers in India, Asia and Africa.



- Indian Railways
- IRCON International Limited
- RITES Limited
- TransNamib Holdings Limited
- Transet Freight Rail
- Ricon Corporation
- Sri Lanka Railways
- Bangladesh Railway

- Myanmar Railways
- Rail Vikas Nigam Limited
- Roads and Bridges Development Corporation of Kerala Limited
- National Highways Authority
- of India Arunachal Pradesh Public Works
  - Department
- Tripura Public Works Department
- Engineering Projects (India) Limited
- National Thermal Power Corporation
- Kolkata Environmental Improvement Project
- Power Grid Corporation of India

#### OUR AWARDS AND ACCREDITATIONS

- Awarded 'Emerging India' award in the infrastructure category by ICICI Bank, CNBC TV18 and CRISIL in 2010
- Awarded 'Certificate of Excellence in Safety and Quality' by RVNL in the year 2016
- Bestowed with ISO 9001:2015 certification
- Bestowed with 'Star Export House' certification by Ministry of Commerce, Government of India
- Awarded 'Best Infrastructure Brand, 2016' by The Economic Times
- Awarded 'Certificate of Excellence for Contract Execution', 2007-08 and 2008-2009 by Eastern Railways

## Our senior management



He possesses more than 45 years of experience in the infrastructure sector and pioneered the Company's entry into the sleepers business and its eventual foray into international markets.

#### Chairman:

*CSR Committee Stakeholders Relationship Committee, Securities Issue Committee and Executive Committee* 

*Member:* Nomination & Remuneration Committee



Atul Tantia Executive Director

Having earned a degree in B.S. Finance from Wharton School and in B.S. Systems Engineering from University of Pennsylvania, he leads the Company's manufacturing operations along with managing relationships with banks and financial institutions.

#### Member:

Executive Committee Securities Issue Committee



**Vaibhav Tantia** Director & COO

A degree-holder in B.S. Finance from Wharton School and in B.S. Civil Engineering from University of Pennsylvania, he leads the EPC segment including management of projects and business development.



Managing Director

With more than 35 years of experience in the infrastructure and civil construction sectors, he possesses strong execution capabilities and oversees the customer relationship aspect of the business.

#### Member:

CSR Committee Stakeholders Relationship Committee Executive Committee



Arun Kumar Dokania Chief Financial Officer

Besides being a graduate in Commerce, he is also a FCA. He has more than 35 years of experience in the industry and is an experienced finance professional, responsible for the Company's finance, accounts, banking and legal matters.

## Our independent directors



Viswa Nath Purohit Independent Director

He holds a certificate of practice from the Institute of Chartered Accountants of India and has gathered more than 55 years of experience in the realms of accounts, finance and taxation.

*Chairman: Audit Committee* 

#### Member:

Nomination & Remuneration Committee CSR Committee



Mamta Binani Independent Director

She holds certificate of practice from the Institute of Company Secretaries of India. She served as the president of the Institute of Company Secretaries of India in 2016 and has amassed more than 15 years of experience in the realms of corporate consultation and advisory.



Sunil Patwari Independent Director

He holds a PGDM degree from IIM-Ahmedabad and an associate member of the Institute of Chartered Accountants of India. His areas of expertise include business management, accounts, taxation and finance.

**Chairman:** Nomination & Remuneration Committee

#### *Member:* Audit Committee



Kunal Kumethakar Nominee Director

He holds a bachelor's degree in mechanical engineering as well as an MBA degree. A graduate of the Wharton Advanced Management Programme with a rich experience of the financial markets.

#### Member:

Audit Committee Nomination & Remuneration Committee



Shankar Jyoti Deb Independent Director

Besides holding a B.Sc. degree and B.E. degree in civil engineering, he has attended a financial management programme at IIM - Calcutta. His areas of expertise include designing, engineering and implementation of civil projects.

#### Member:

Stakeholder's Relationship Committee



Kashi Prasad Khandelwal Independent Director

He holds a certificate of practice with the Institute of Chartered Accountants of India having more than 40 years of experience and his areas of expertise include Union budget, service tax, accounting, auditing, corporate laws, corporate governance, information technology and income tax.

#### Member:

Audit Committee Securities Issue Committee

## Chairman's review



Your Company is optimistic that this improvement is not one-off; it represents the start of a multi-year growth journey.

#### **Operational overview**

I am pleased to present the performance of your Company for 2017-18. Your Company reported consolidated revenues of ₹537 crore compared to ₹517 crore in FY2016-17, the highest revenues reported by your company in existence. The infrastructure segment accounted for ~75% of the revenues while the rest was derived from the sleeper segment. The performance could have been better but for GST-related adjustments and the accounting policy change for Namibia.

I am pleased to communicate that the Company reported profitable growth during the year under review. EBITDA was ₹85 crore compared to ₹72 crore in the previous fiscal, a growth of 18.05%. The consolidated PAT for the year stood at ₹20.56 crore compared to ₹15.96 crore in the previous fiscal, a growth of ~28.82%. The EBITDA margin was 15.86% compared to 14.0% in the previous year. These numbers indicate a strengthening of the Company's business model, creating a platform for profitable and sustainable growth across the foreseeable future.

#### Why GPT is optimistic of prospects

Your Company enjoys attractive revenue visibility. During FY2017-18, we received orders worth ₹608 crore and L1 contracts worth ~₹737 crore. The result was a net order book of ₹2,073 crore (excluding L1 orders), almost quadrupling our book-tobill ratio when compared to FY2017-18 revenues. I am pleased to report that our EPC order book accounted for ~81%

**GROWTH DRIVERS** 

share of the order book while our sleeper manufacturing business accounted for the rest.

Your Company is optimistic that this improvement is not one-off; it represents the start of a multi-year growth journey. There is a structural shift driving this improvement: the Indian Railways sector has outlined a fundamental priority in enhancing the safety of the railways sector. This priority is being manifested in a number of construction projects and rail track renewal. For instance, there is a keen government emphasis in enhancing railway safety through the construction of over-bridges and phasing out legacy unmanned crossings.

Your Company's sleeper business also expects to capitalise on the improvement in sectoral prospects in India and Africa. The Indian government's focus on enhanced safety translated into a larger order book from this business. Besides, there was a visible improvement in demand in South Africa that grew this business segment. On account of a robust project execution track record, we expect to generate a higher profitability from our South African subsidiary.

Both your Company's sleeper manufacturing facilities in Uttar Pradesh commenced production, commending their contribution to the construction of the Eastern Dedicated Freight Corridor.

#### Our sense of optimism

Your Company will continue to focus on

Your Company will continue to focus on timely project completion, generating enhanced revenues, controlling costs and increasing business surplus available for reinvestment.

timely project completion, generating enhanced revenues, controlling costs and increasing business surplus available for reinvestment. We believe that this represents the start of a virtuous cycle, where we utilise an increased proportion of accruals in growing our business and enhancing value for all stakeholders associated with our company.

Dwarika Prasad Tantia, Chairman

Robust capex revival by Indian Railways Healthy order book; attractive revenue visibility Consistent focus on increasing profitability Strong focus on corporate governance

# **Operational review**

### Infrastructure Segment

#### Overview

In the bridges vertical, the Company is engaged in the construction of railway bridges with steel superstructures, structured steel fabrications and large-span steel superstructures.

The Company is engaged in the designing, planning and execution of these projects using best-in-class equipment and technologies like steel piles, raker piles, large-diameter and deep-concrete in situ piles, decks and superstructures that comply with international standards.

In the roads, bridges and highways vertical, the Company is engaged in the turnkey construction of railway bridges, riverine bridges on deep-pile or pile foundations, heavy duty concrete pavements for airports and elevated metro and light rail systems.

In the industrial vertical, the Company is engaged in the construction of railway sidings, merry-go-round railways and roads, among others, for industrial layouts, turnkey rail and road infrastructure projects.

#### Key projects, FY2017-18

Constructing a major steel girder bridge along with the foundation and sub-structures in Kalpi.

The Company is involved in the construction of a steel girder bridge and other related structures for the Mathura-Jhansi division of the North Central Railway awarded by RVNL.

• Constructing approach ramps and connecting and diversion roads for the re-building of the existing ROB at Bardhaman over the Bardhaman-Durgapur Railway Line

Constructing a bridge over the Fulahar River on the Sankaritola Ghat of Malda District in West Bengal

• Is involved in the civil, structural and architectural work in the construction of an intake well, pump house and an approach bridge for Raghunathpur Thermal Power Station in Purulia, West Bengal.

#### Outlook, FY2018-19

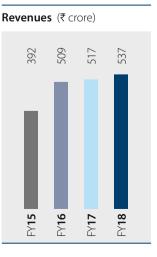
The Company expects current orders to be executed smoothly, meeting its hurdle rate of EBITDA going forward.

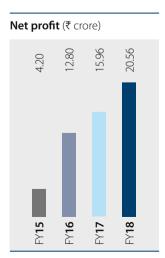
The Company's current order book of 3X FY 18 revenue provides visibility of attractive growth going forward.

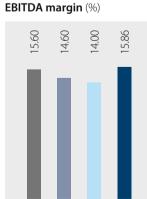
Indirect tax changes like GST will help in a smoother execution of projects.



### Financial highlights, FY2017-18







F715

FY**16** 

FY17

FY**18**