



Strength to deliver

GPT Infraprojects Limited

ANNUAL REPORT 2019-20



Overview

GPT Infraprojects is a leading infrastructure company in India and the flagship entity of the fast-growing conglomerate, the GPT Group. Headquartered in Kolkata, we are primarily engaged in the execution of civil engineering projects and operate through two business divisions: Infrastructure and Sleepers.

INFRASTRUCTURE



Commenced in 2004

Recognised infrastructure company primarily involved in large infrastructure projects pertaining to bridges, railways, roads, urban transit and industrial infrastructure

SLEEPERS



Commenced in 1982

Manufacture of railway concrete sleepers in India and Africa, while also supplying to other neighbouring countries

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Performance snapshot FY 2019-20

₹623 crores
Revenue
5.2% ↑

13.5%
EBITDA margin
40 basis points ↑

₹13 crores
PAT
27% ↑

₹1,508 crores
Total outstanding order
book as on 31st March, 2020

Note: % change over FY 2018-19 unless mentioned otherwise.

Strength to deliver

FY 2019-20 was a year of progress. Financially, our results represented consistent year-on-year growth. Strategically, we reaped the dividends of sustained focus on cost optimisation, debt reduction and cash conservation. Operationally, the sizeable order pipeline underlined the role we play in helping India realise its economic potential. On the overall, our reputation as one of India's premier infrastructure firms remained stronger than ever.

As in the past, our strong performance is founded on our capacity to serve diverse infrastructure needs, our deeply entrenched culture of trust, accountability and flawless execution, and our project outcomes that provide substantial value to society.

Challenges in the macro environment only serve to inspire us to work harder and overcome obstacles that we did not know we could.

Progress, then, is the culmination of our vision.

Our conviction.

Our strength to deliver.



Corporate Profile

We are a high-performing infrastructure-focused business equipped with strong project execution capabilities and a robust financial base.



Vision

To build a dynamic organisation where we are leaders in the businesses in which we operate, and set standards in technical competence, quality, and customer satisfaction, by remaining true to our values, and encouraging professionalism, integrity & team spirit, among our employees.



Values

- Delivering value & true worth to clients through cost-efficiency, timely delivery, technical expertise and quality
- Integrity & transparency in all dealings with stakeholders, including clients, employees and associates
- Treating employees like family & motivating them to develop their talents & grow with us
- Always striving to expand our horizons by higher growth and continuous improvement
- Act as socially responsible corporate citizens by giving back to the society & country that has given us everything

Quick facts

40+

Years of experience

ISO 9001:2000

Certified operations

5

Manufacturing units spread across India, Namibia and South Africa

Project level ERP (SAP)

Implemented since 2011 to ensure better internal control of business



Manufacturing assets

India

- Panagarh: **4,80,000** sleepers p.a.
- Ramwa: **4,00,000** sleepers p.a.
- Pahara: **4,00,000** sleepers p.a.

South Africa

- Ladysmith: **5,00,000** sleepers p.a.

Namibia

- Tsumeb: **2,00,000** sleepers p.a.

Core engineering competence



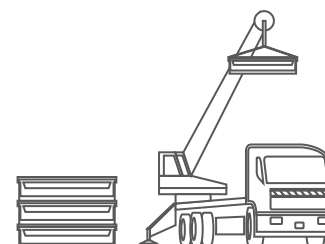
Infrastructure

- Steel girder bridges (including mega bridges with super steel structures across varied terrains)
- Roads, bridges and highways (including elevated metro structures and concrete pavements for airports)
- Railway tracks (including gauge conversion of railway tracks, earthwork, blanketing and track lining)
- Industrial (including railway sidings, merry-go-round railways and roads)



Sleepers

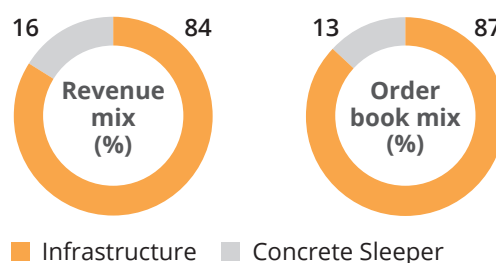
- Monoblocks and pre-stressed concrete sleepers for varied track applications



Marquee clients



Business segment overview



Market Drivers

Macro trends in urbanisation and population growth are increasing the need for new and more reliable solutions and are driving investments in infrastructure and modern transit facilities. Such demands are opportunities for GPT Infracore to create value while building a better society.

Our ability to grow and create value is affected by external factors.



Economic growth¹

India is reported to have a US\$9 trillion economic opportunity by 2030 with a projected per capita income of US\$5,625 in 2030 vis-à-vis US\$1,336 in 2019. Near-term challenges notwithstanding, India's growth story remains intact. A young demographic base, expanding middle-class and rapid urbanisation augur well for the economy.



Public spending

The Economic Survey 2019 estimated that India will need to invest 7-8% of its GDP annually, or ~US\$200 billion, in building infrastructure to realise its economic potential. Further, the Indian Railways has set an ambitious target of increasing private-sector participation in major projects by 2025 across passenger and cargo trains, rolling stock and station redevelopment. Safety features, capacity enhancement, suburban rail transit, high-speed rail connectivity and 'Make in India' projects are key priorities as well.



Urbanisation²

By 2030, India's urban areas will account for 40% of the population. To address the challenges associated with this pace of urbanisation, the country will require sustained infrastructure investment in railroads, highways, bridges, ports, airports, water, power, energy and telecommunications, creating massive opportunities for the businesses operating in these segments.



Structural reforms

There is an increased ease of doing business in the Indian Railways, owing to greater empowerment of zonal divisions for tenders and procurement contracts, 100% digitisation of payments to contractors and vendors, payment as per first-in-first-out system, Letter of Credit for railway suppliers/contractors; faster processing; and online procurement; alongside improved governance and higher availability of quality talent.

¹Source: CREDAI research

²Source: World Economic Forum research



Value Proposition

GPT Infraprojects offers competitive solutions for both simple and the most complex assignments. We leverage our engineering and manufacturing expertise to establish best practices, in order to operate with agility and effectiveness, and ultimately create value for all of our stakeholders.

Our key differentiators

Integrated solutions provider

We provide services spanning the entire value chain, in the rail and road infrastructure segments, from design to construction to maintenance. We enjoy one of the highest order books in the Engineering, Procurement and Construction (EPC) segment. The average ticket size of each project has increased substantially over the years.

Bridge-building expertise

We construct a variety of bridges, including cable-stayed, suspension, cantilever, pre-stressed concrete, reinforced concrete and steel bridges. We are also engaged in the execution of caisson foundations, bridge rehabilitation and re-girdering.

Timely execution

We adopt a stringent bid strategy, prioritising projects in sectors and geographies in which we have proven strengths and records of success. We also ensure that the right resources are being used together with efficient, effective processes. Consequently, we enjoy a consistent track record of completing projects on or before schedule.



Intellectual capital

We are a strong team with rich multi-sectoral experience. With society facing increasingly complex challenges, we are continually upgrading our competencies and fully leveraging the diversity of our backgrounds. As a result, we enable a high degree of in-sourcing of project requirements.

Global presence

Our footprint across geographies strengthen our competitive standing and ensures a balanced risk profile.

Fiscal discipline

We observe strict fiscal discipline, seeking to optimise costs while maximising quality. We execute projects on time and within targeted costs. Through a proven business model, we generate significant free working capital that puts the Company in a strong financial situation, while maintaining a high level of investments in project development.

Performance Highlights

Infrastructure

Key verticals

Bridges

We are engaged in the construction of railway bridges with steel super structures, structured steel fabrications and large-span steel super structures. We design, plan and execute on these projects using best-in-class equipment and technologies like steel piles, raker piles, large-diameter and deep-concrete in situ piles, decks and super structures that comply with international standards.

Roads, bridges, highways and airports

We are 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.

Industrial

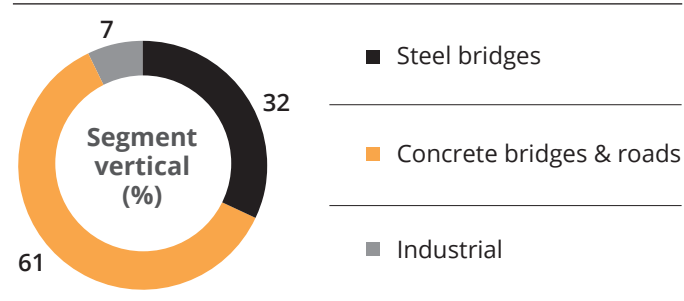
We develop railway sidings, merry-go-round railways and roads, among others, for industrial layouts, turnkey rail and road infrastructure projects.

Outlook FY 2020-21

We continue to build credibility in the Infrastructure segment with our orders from RVNL going on smoothly. Closure is expected over the next 20 months. This will enable us to bid for single orders of ₹ 1,000 crores.

Further, we were able to bag an order of ₹ 115 crores in April 2020 even amidst the lockdown. This order was awarded by the National Highways & Infrastructure Development Corporation for widening of a section of National Highway 102B in the State of Manipur on EPC mode.

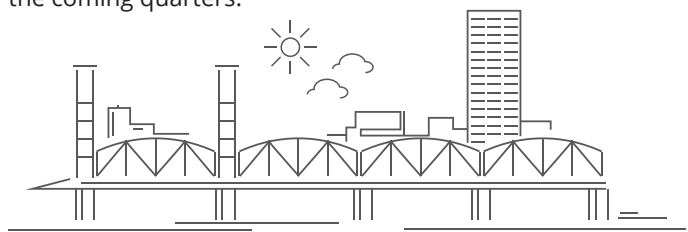
Infrastructure order book mix



Key projects under execution FY 2019-20

Scope of work	Location	Client	Contract value
Construction of roadbed, viaduct, bridges, railway road underbridge and overbridge (RUB and ROB), track lining and electrical works for rail-cum-road bridge	Ghazipur	Rail Vikas Nigam Limited (RVNL)	₹ 362 crores
Steel girder bridges, foundations, sub structure and protection works	Mathura-Jhansi	RVNL	₹ 217 crores
Rehabilitation of landslide location with slope protection and drainage improvement	Tindharia on NH-35	Public Works Department	₹ 84 crores
Construction of ROB and its approaches in lieu of level crossing	West Bengal	Public Works (Road) Directorate, West Bengal	₹ 210 crores

Additionally, we are the L1 bidders for orders worth nearly ₹ 200 crores. As a result, we are positive that the segment will continue to gain momentum over the coming quarters.



Sleepers

Our operations span the design of track super structure and transfer of production technology through investment in plant and machinery, establishment of concrete sleeper plant and manufacture of concrete sleepers.

Outlook FY 2020-21

We are manufacturing wider base sleepers for the requirement of Indian Railways for more stable movement of trains. We are also engaging in more freight corridor contracts in India. At the same time, we are bidding for orders in South Africa, Namibia, Bangladesh, Sri Lanka, Mozambique, and Myanmar, to further extend our global footprint.

Key projects under execution FY 2019-20

Scope of work	Client	Contract value
Supply of mono block sleeper and special sleeper for Eastern Dedicated Freight Corridor Project 201 & 202	GMR	₹ 246.6 crores
Manufacturing and supply of concrete sleepers	Transnet Freight Rail (South Africa)	₹ 217 crores



Key performance indicators

Our performance is a reflection of the continued successful execution of our business strategy.

Revenue (₹ crores)

FY 19-20	623
FY 18-19	592
FY 17-18	537
FY 16-17	517
FY 15-16	509
FY 14-15	392
FY 13-14	455
FY 12-13	487
FY 11-12	429
FY 10-11	439

Net Profit (₹ crores)

FY 19-20	12.82
FY 18-19	12.65
FY 17-18	20.56
FY 16-17	15.96
FY 15-16	12.80
FY 14-15	4.20
FY 13-14	6.30
FY 12-13	13.66
FY 11-12	15.75
FY 10-11	18.58

EBITDA (%)

FY 19-20	13.50
FY 18-19	13.14
FY 17-18	15.86
FY 16-17	14.00
FY 15-16	14.60
FY 14-15	15.60
FY 13-14	13.40
FY 12-13	14.50
FY 11-12	15.67
FY 10-11	13.54

Gearing (₹ crores)

FY 19-20	1.06
FY 18-19	1.18
FY 17-18	1.21
FY 16-17	1.18
FY 15-16	1.18
FY 14-15	1.54
FY 13-14	1.62
FY 12-13	1.39
FY 11-12	1.20
FY 10-11	1.33

Dividend (%)

FY 19-20	15.00
FY 18-19	20.00
FY 17-18	20.00
FY 16-17	25.00
FY 15-16	20.00
FY 14-15	0.00
FY 13-14	10.00
FY 12-13	10.00
FY 11-12	15.00
FY 10-11	12.50

Net worth (₹ crores)

FY 19-20	227
FY 18-19	217
FY 17-18	216
FY 16-17	191
FY 15-16	171
FY 14-15	166
FY 13-14	165
FY 12-13	161
FY 11-12	150
FY 10-11	119

Chairman's Communique

Dear Shareholders,

As I write this message, we are several months into the global pandemic and the phrase 'unprecedented times' has almost become a cliché. But these are truly times of great upheaval and change.



We, at GPT Infraprojects, are relying on our decades of experiences, a dedicated and hardworking team and a thoughtful, far-sighted Board, to address the challenges that are arising in consequence. I believe that there are opportunities within crisis and that new routes will open up to facilitate infrastructure development – one of the main drivers of economic progress.

ECONOMIC REVIEW

During FY 2019-20, India bore witness to a cyclical downturn in economic activity, owing to lingering stress in the financial services sector, slowdown across key industries, a muted demand environment and subdued investor sentiment. A slew of counter-cyclical measures was announced by the Government of India and the Reserve Bank of India to reverse the trend; however,