

responsive
p **prudent**
p **profitable**



R.P.P INFRA PROJECTS LIMITED
ANNUAL REPORT 2014-15



DISCLAIMER

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

CONTENTS

- | | |
|---|--|
| 02 About us | 21 Notice |
| 04 Chairman’s message | 28 Directors’ Report |
| 06 Our financial journey | 54 Management Discussion and Analysis |
| 08 Kick-starting our virtuous growth cycle | 62 Report on Corporate Governance |
| 09 Our opportunity landscape | 80 Auditors’ Report on Standalone Financial Statements |
| 10 Business pillars | 84 Standalone Financial Statements |
| 12 Shareholder value creation | 107 Auditors’ Report on Consolidated Financial Statements |
| 14 Q&A with the Whole Time Director | 108 Consolidated Financial Statements |
| 16 Managing risks | 131 Proxy Form & Attendance Slip |
| 18 Our opportunity landscape | |



There are two points that we wish to make about R.P.P Infra Projects Limited.

We are one of the most profitable infrastructure companies in India; during one of the most challenging downturns in India's infrastructure sector.

We are a niche infrastructure player, selecting to grow our presence in select spaces where we enjoy a demonstrated competitive advantage.

This consistent focus makes R.P.P Infra one of the most attractive proxies of India's infrastructure growth across the foreseeable future.

responsive
prudent
profitable

263.14

Our revenues,
2014-15
(in ₹ crores)

45.56

Our operating
profit, 2014-15
(in ₹ crores)

17.31

Our EBIDTA
margin, 2014-15
(%)

26.76

Our RoCE,
2014-15 (%)



R.P.P Infra. One of India's fastest growing niche infrastructure players

This is our business

R.P.P Infra has been engaged in nation-building since 1995. The Company has executed projects in Tamil Nadu, Karnataka and Andhra Pradesh (erstwhile).

These are the verticals we serve

R.P.P Infra is engaged in construction across multiple infrastructure verticals

like roads, buildings, industrial structures, power and irrigation.

This is where we are present

R.P.P Infra had 26 concurrent projects in Tamil Nadu, Karnataka, Andhra and Telangana (as on 31st March 2015).

This is how we are valued

The market capitalization of the Company (listed on the Bombay Stock Exchange) increased from ₹133.57 crores

as on 31st March 2014 to ₹244.09 crores as on 31st March 2015.

Our promoters

R.P.P Infra is promoted by Mr. P. Arulsundaram (Managing Director), a first-generation entrepreneur. Mrs. A. Nithya (Whole Time Director) possesses a strong experience in infrastructure financing. The promoters are assisted by a team of techno-commercial professionals.

India. South India. And R.P.P Infra

India is the fastest growing major global economy (7.5% growth in Q4, 2014-15)

The construction:GDP elasticity of 1.3 under-performed in last few years; trend expected to correct in the next few years

The Indian government allocated USD 1.3 trillion for infrastructure development in the 13th Five Year Plan.

Southern India. Growing its share of national GDP. Tamil Nadu, Karnataka, Andhra Pradesh and Telangana reporting average GSDP growth of 10-15%, higher than the all-India average.

The Tamil Nadu Vision 2023 document envisages USD 25 billion for infrastructure development.

The Andhra Pradesh government's projected investment in its new capital's infrastructure is expected to be ₹20,000 crores.

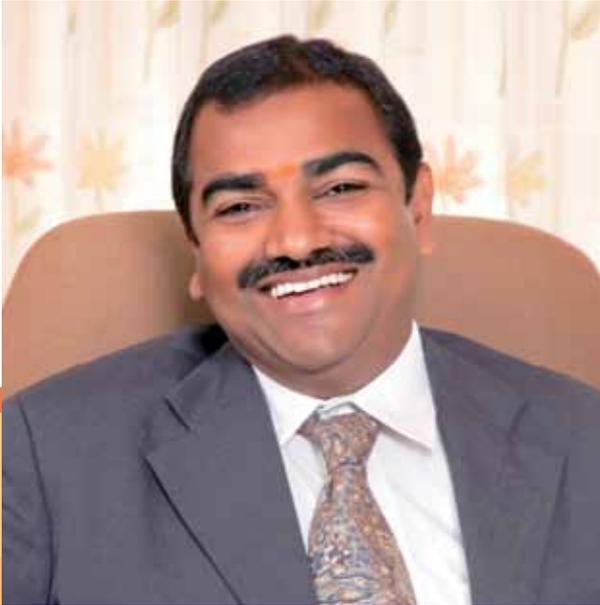
Telangana identified 34 priority sectors for industrial and infrastructure development.

R.P.P Infra is strengthening competencies through JV partners and with an asset light business model and strong relationships with equipment rental agencies, the company is able to ensure faster mobilization of equipment, quicker project liquidation and lower costs. Besides, quicker project completion also

helps it free-up capacity to bid for and bag a larger number of projects. Moreover, higher intake of orders and quicker liquidation has result in a larger cash flow pool and higher network that enables the company to strengthen its prequalification criteria towards bidding for larger projects.

In addition, with revenue security through working on government projects only, the company has adequately created a platform for long-term shareholder value creation.

Chairman's message



Vision

To be a global leader in the construction and infrastructure industry by continuously moving forward. To have international standards by adopting latest technologies, ideas and systems by creating quality-minded employees to deliver client expectations.

Mission

To perform exceptionally well in all aspects in the industry by providing innovative, reliable and high quality services to our clients. Developing highly trained loyal employees who work as a team to anticipate, identify and respond to the client needs.

IT GIVES ME PLEASURE IN PRESENTING THE HIGHLIGHTS OF YOUR COMPANY'S PERFORMANCE FOR THE YEAR 2014-2015.

The financial year ended 31st March 2015 was a challenging one, with the construction landscape clouded by rising costs, intense competition, macro-economic and liquidity concerns. Nevertheless, I am glad to report that the Company delivered superior financial performance with improvements across key parameters, due in no small part to our continued efforts in productivity enhancement and resource management.

India's economy is in the midst of a recovery marked by lower fiscal and current account deficit, moderated inflation and weak commodity prices. The result is that our country seems poised to return to a high-growth path.

Over the years, the rapid growth of the Indian economy has placed an increasing stress on physical infrastructure - electricity and power, railways, roads, ports, irrigation, water supply and sanitation, which already suffer from capacity and efficiency deficit. This year's Union Budget demonstrates the Government's intention to kick-start fresh infrastructure investment and unblock the pipeline. Indeed, by increasing public spending, creating new infrastructure funds and laying the foundation for a stronger, more transparent PPP process, the government seems committed to address the key challenges that have long been raised by international and domestic investors. The result is that states will also now be more empowered to spend on infrastructure capacity creation, catalyzing economic growth.

Performance review

The Company's revenue for the FY15 was ₹263 crores representing a 13% increase compared to the previous financial year. Net profit for the year was ₹17.27 crores as against ₹11.69 crores in the previous year.



Some of the significant projects undertaken by the Company during the year included:

- Construction of godowns at Thanjavur, Coimbatore and other sites for TNCSC (Tamil Nadu Civil Supplies Corporation Limited)
- Construction of staff quarters for Tangedco
- Structural and civil work for BHEL
- Site grading work at Ennore for NTPC
- Civil works at MSEZL Pipeline Corridor for the Mangalore SEZ
- Providing CWSS (Combined Water Supply Schemes) to rural habitations in Salem, Tirupur and Trichy districts
- Construction of stormwater drains at South Buckingham Canal Water Shed and Velachery water shed for Chennai Corporation
- Implementation of Phase II eco restoration in the 300 acres of Adyar estuary and creek

The performance of the subsidiary companies remained moderate with the Group's consolidated revenues for the year being ₹266 crores, while the consolidated profit after tax was ₹16.58 crores.

The Board of Directors proposed a dividend of ₹0.50 per equity share for the financial year ending 31st March 2015.

Strengthening the business

We are stepping up our operations to grow exponentially with collaborations that transcend geographical and cultural boundaries. The Company entered into a Memorandum of Joint Co-operation Agreement with Hunan Construction Engineering Group Corporation, China, and Canadian Delamore & Owl Group of Companies, to act as strategic joint venture partners to jointly develop and fund projects across India and neighbouring countries. Hunan Group will be the lead technical construction partner dealing with the supply of equipment, design, engineering support besides offering expertise in project execution; R.P.P Infra will address tendering processes and key aspects like project management and project expenditure; Delamore & Owl Group would provide assistance in securing project financing, acting as a co-sponsor and even in cost management. This joint collaboration will help us bid for large infrastructure projects.

Outlook

R.P.P Infra continues to build on core competencies thus reducing the risk of dependence, on any one sector or project and helps in participating in projects across the country. We will stay focused and selective in achieving increased returns. Vigorous efforts are

ongoing to procure high value and high return contracts in niche projects. Our efforts will focus on increasing manifold our conversion ratios from bid to order.

While the Company has done a creditable job in managing its resources, we are not resting on our laurels. On the contrary, we will continue to strive hard and intensify our efforts to optimize operating costs and streamline work processes.

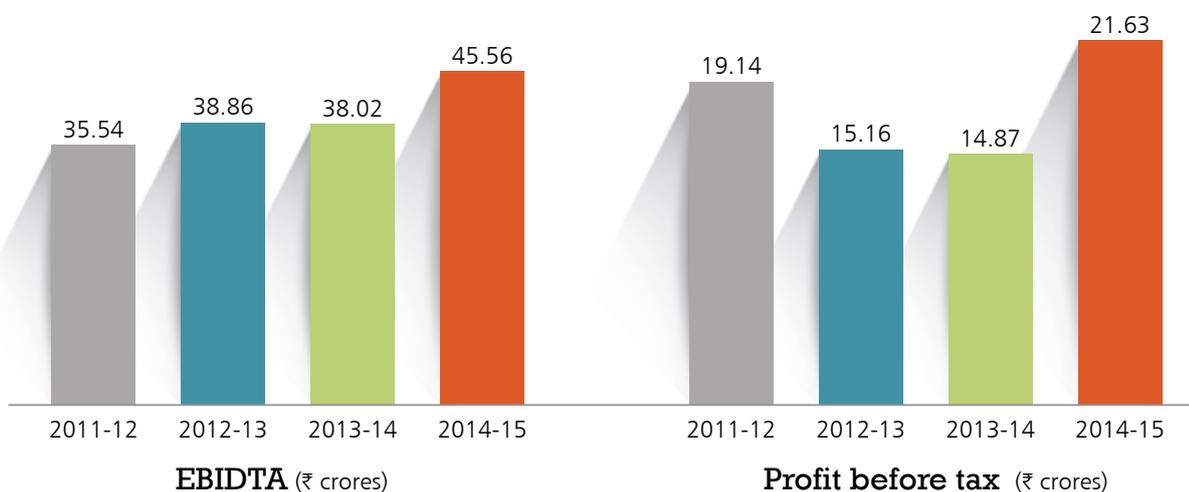
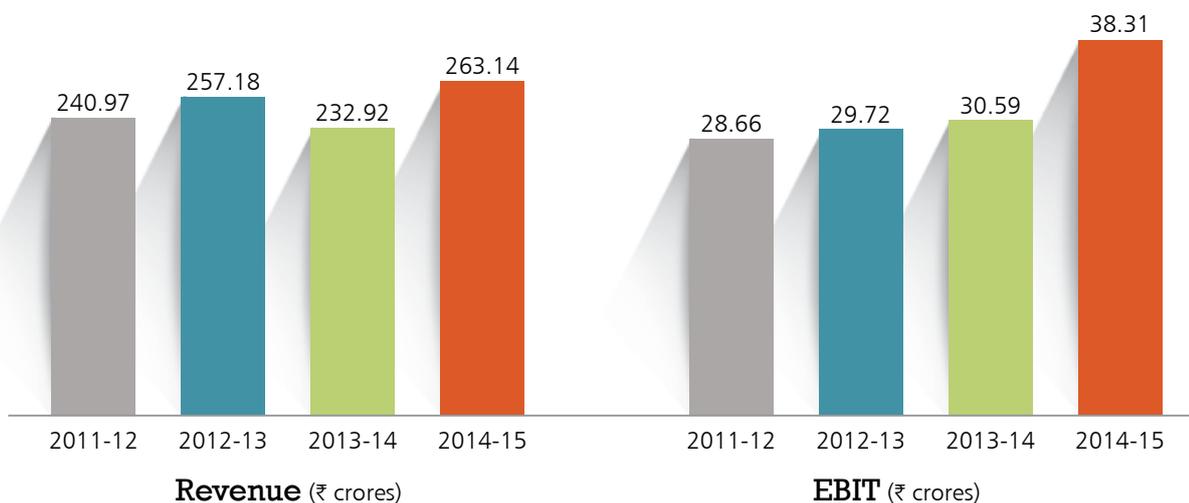
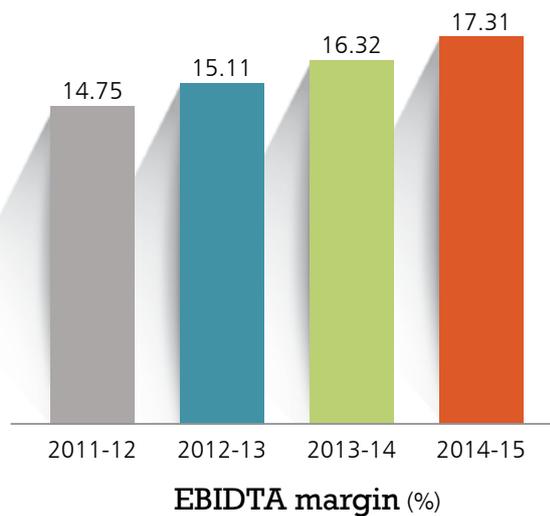
On behalf of the Board, I wish to express my gratitude to all our shareholders, clients, bankers, suppliers and business partners for their steadfast support and continued confidence in us. I also thank our management team and employees for their dedication, initiative and team spirit. I would also like to express my appreciation to my fellow Board members whose wise counsel and commitment have been invaluable.

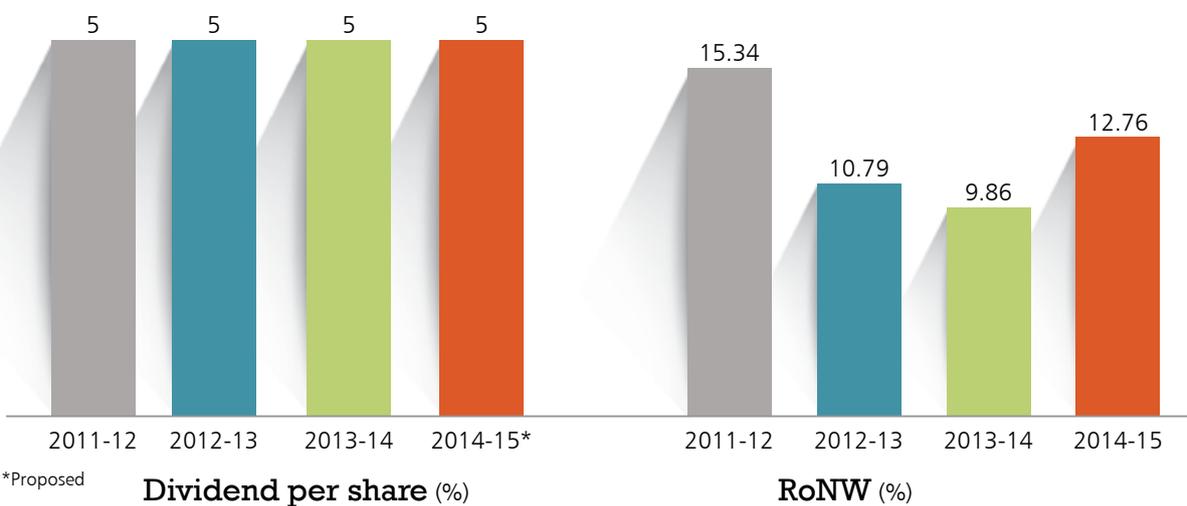
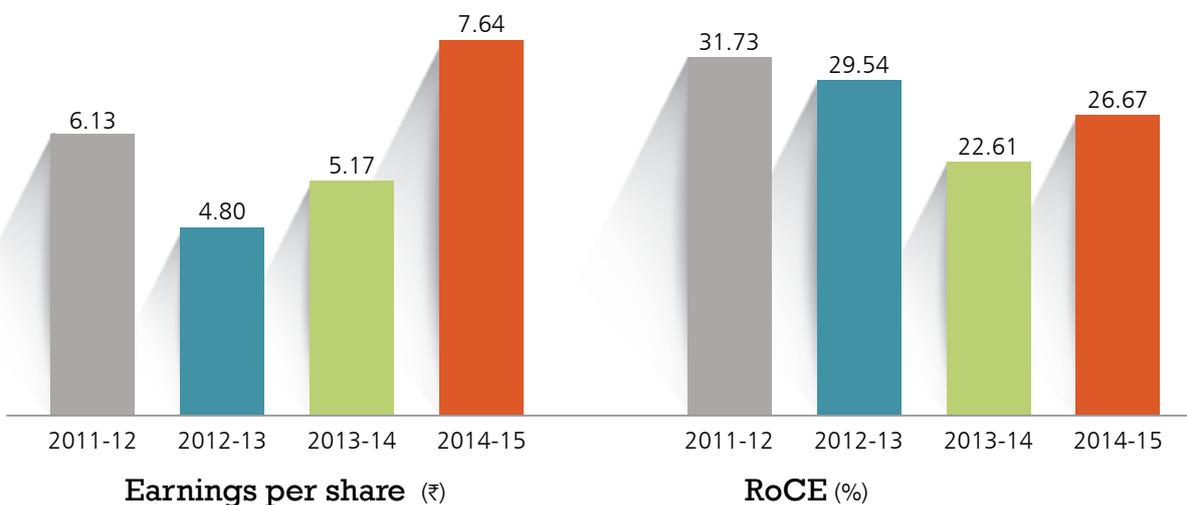
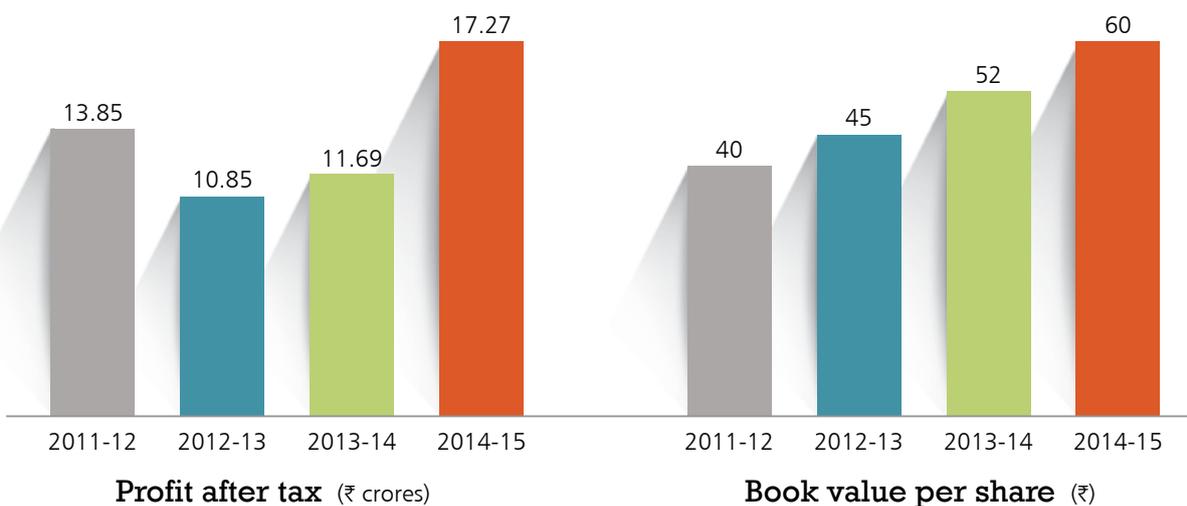
As we forge ahead, we will be relentless in building on our strong foundation and look forward to the next phase of your Company's growth.

Thank you

P. Arulsundaram
Chairman & Managing Director
 May 29, 2015

Our financial journey





*Proposed

Kick-starting our virtuous growth cycle

Even before the ambitious 'Make in India' campaign was launched by the Indian government, R.P.P Infra has been focused on 'making' India, engaged in the development of core infrastructure that has enhanced the country's economic capacity.

1

WHAT IS GOOD FOR INDIA'S INFRASTRUCTURE IS GOOD FOR THE COUNTRY

- a. Infrastructure investments for the 12th Plan are pegged at USD 1.3 trillion
- b. The government created a ₹20,000 crores infrastructure development fund
- c. The government allocated ₹50,000 crores to the Pradhan Mantri Krishi Sinchai Yojana
- d. The government set an ambitious 37,000-km road development target under the Pradhan Mantri Gram Sadak Yojana
- e. The government earmarked ₹1 lakh crores for transmission projects in its ambitious 'Power for all by 2022' vision
- f. The Tamil Nadu government in its final year before the elections is expected to accelerate infrastructure development

2

... R.P.P INFRA IS ENGAGED IN NATION BUILDING

- a. The Company is present in the construction of irrigation, roads and highways, water pipeline projects as well as buildings and industrial structures
- b. The Company is engaged in the construction of RCC roads and water pipeline projects – niche, complex and profitable spaces

3

... R.P.P INFRA IS ATTRACTIVELY POSITIONED TO ADDRESS MORE ORDERS

- a. The Company possesses attractive multi-year presence in various verticals
- b. The Company entered into joint ventures with Hunan Corporation and Delamore & Owl to bid for larger projects
- c. R.P.P Infra is focused on active rotation of equipment and resources to accelerate workflow
- d. The Company expects to strengthen its net worth to reinforce its pre-qualification

4

... R.P.P INFRA WILL GROW ITS CASH PROFIT AND BID FOR MORE PROJECTS ORDERS

- a. Higher intake of orders and quicker projects liquidation will result in a larger cash flow pool
- b. The Company will retire costly working capital debt and optimise interest outflow
- c. The Company is also engaged in active negotiations with bankers for lower interest rates
- d. The Company's return on networth has grown from 9.86% in 2013-14 to 12.76% in 2014-15
- e. This will reinforce its ability to bid successfully for more projects