Annual Report 2011

Ramky Infrastructure Limited

RAMKY GROUP

Towards sustainable growth

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Towards sustainable growth

Ramky Infrastructure is setting trends with first-movers' advantage in demand-led verticals and innovating with successful forays into niche development projects. The proven track record of execution capabilities has ensured that the Company delivers on its promises. The Company defines itself by being far sighted, customer focused, leaner and agile to convert opportunities into business.

Despite the pressures in the economy, Ramky Infra demonstrated resilience with a revenue growth of 40% and rise in bottom line of 41% CAGR over the past 4 years. The organisation stands stress tested and is well positioned with a balanced portfolio paving the way for sustained growth.

The objective is clear. Ramky Infra is striving to build a sustainable growth oriented enterprise. Indeed, the team is building a premier infrastructure company, better and stronger than ever before.

An overview

The Company

Ramky Infra is an integrated construction and infrastructure development and execution company with two principal business segments:

- Construction business which is operated by the Company
- Developer business which is operated through subsidiaries and associates

Construction business of the Company focuses on sectors including water and waste water, roads, buildings, irrigation projects, industrial construction and power (transmission & distribution). The developer business presently focuses on needs of 'Hassle-free manufacturers,' industrial parks, roads, buildings and transport terminals. New and niche areas are being explored.

Ramky has been approached by several international companies for a strategic partnership and is planning to move in this direction, to leverage the in-house competencies and exploit emerging overseas opportunities.

Ramky Infrastructure

Vision

Ramky shall be a leading global enterprise in world class infrastructure development and environment management through sustainable growth.

We shall ensure quality, reliability and continuous technology upgradation thereby enhancing the value for all stakeholders.

Values

At Ramky Infra, we cherish our values:

- Integrity
- Customer satisfaction
- Work culture
- Employee sense of belonging
- Innovation
- Health, safety & environment
- Social commitment

Promoters

The Company is promoted by first generation promoters, Mr. A. Ayodhya Rami Reddy and Mr. Y.R. Nagaraja who between them hold 62.86% of the equity. Managed by a team of experienced professionals, Ramky Infra had 2,429 employees on its rolls, of whom 41% were engineers, as at March 31, 2011.

Ramky has an eminent and well balanced board with a professional management team across all business segments which facilitate transparency and efficiency in decision making.

Track Record

Robust growth with a diversified portfolio of projects

₹ crore	2007	2010	2011	4 Year CAGR
Order book	2230.8	7431.7	10998.8	49%
Revenue	711.1	1861.3	2730.5	40%
EBITDA	76.7	201.6	299.9	41%
Net income	39.7	102.7	157.4	41%

Business Mix

Construction

- Water & Waste Water
- Irrigation
- Roads & bridges
- Building construction
- Industrial projects
- Power

Developer

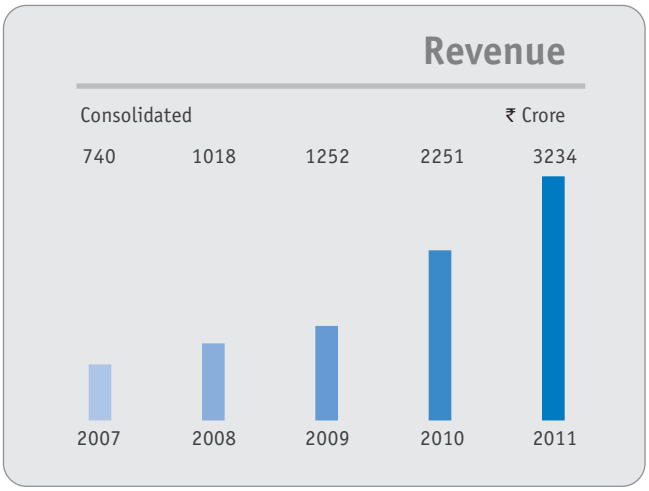
- Industrial parks
- Roads
- Transport terminals
- Integrated townships

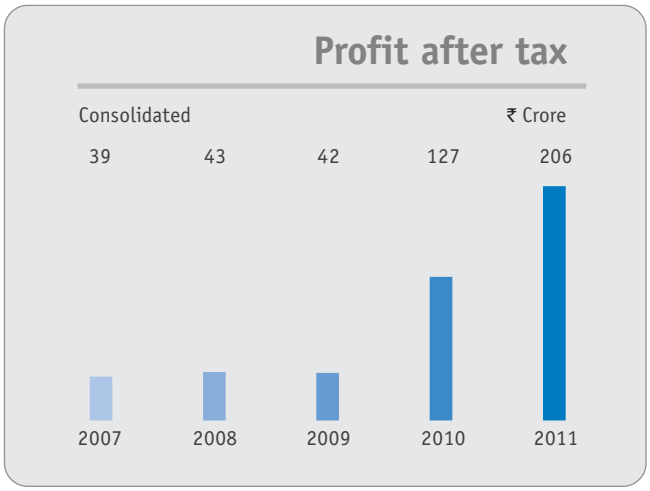
FROM THE DESK OF THE EXECUTIVE CHAIRMAN

Growth is our way of life

We have set a clear vision of what we want to achieve and where we belong. We will accelerate to further improve traction in our business.

Infrastructure industry has opportunities and growth prospects like never before. Aspiration levels of the people, needs of the economy and commitment of the government are triggers that are compelling infrastructure companies to step up to the plate and deliver valuable assets. The demands on the industry are being matched by the sustained performance of all players in the business.





We at Ramky Infra believe that the best is yet to come. A brief perspective of where we are and the potential can be appreciated from the following indicators:

- 11th Five Year Plan targeted ₹20 lakh crore (US$ 500 billion) for infrastructure development of the country, double the amount achieved in the 10th Five Year Plan;
- A high level committee on financing infrastructure in the Planning Commission has projected investment of ₹40.99 lakh crore (US$ 1,025 billion) during the 12th Five Year Plan period (2012-17) to achieve a share of 9.95% as a proportion of the GDP.

We are aware that infrastructure bottlenecks or inadequacies in several sectors need immediate attention. Capacities in areas such as energy, ports, railways and highways need to be hugely enhanced, all of which provide opportunities to technically competent and financially sound companies like Ramky Infra to increase their presence, deliver projects and expand service levels.

As I welcome the new shareholders who joined us after the IPO in October 2010, I would like to express my confidence in our abilities to meet expectations and optimism in growth potential for the Company. In fact, we strive to make growth a way of life at Ramky Infra.

At Ramky Infra, we believe that infrastructure opportunities are vast and shall continue to be so in the foreseeable future. We shall explore these opportunities by participating in the growth story. We also believe that these efforts are part of nation building. Ramky Infra would however, like to derisk itself by ensuring sectoral and geographical diversification and prudent application of the capital deployed in the EPC business.

We have set a clear vision of what we want to achieve and where we belong. We will accelerate to further improve traction in our business. We are also aware that there may be challenges not entirely in our control. Yet, we need to raise the bar, better the industry average on our way to becoming one of the best infrastructure companies in the country. My team and I shall make you proud of your association with us.

With warm regards

A. Ayodhya Rami Reddy
Executive Chairman

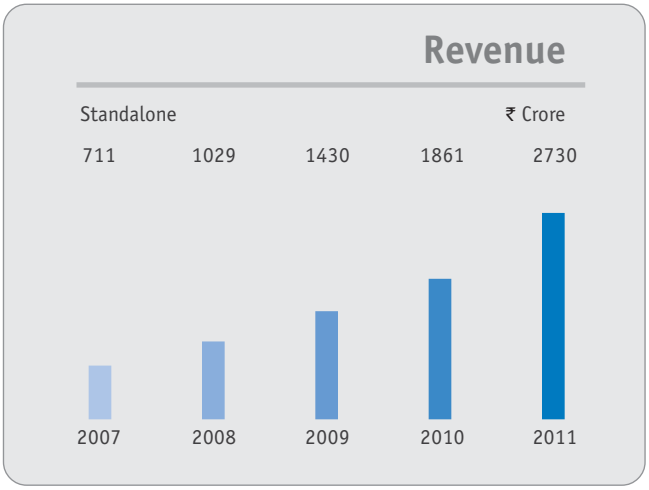
FROM THE DESK OF THE MANAGING DIRECTOR

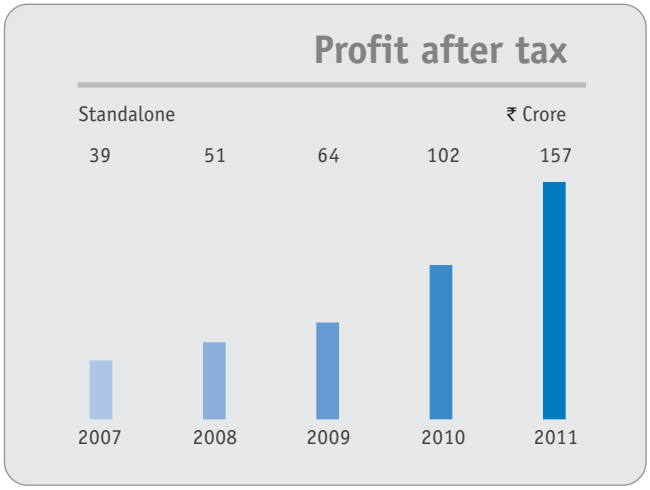
Building Momentum

While ensuring the business grew faster than in the past, we strived to stay the path of prudence and discipline.

We were keen that every project executed and every transaction was ethically appropriate and enhanced the Ramky brand.

As in the previous years, we have reported a robust performance. Our financial results are a testimony of our achievements in a highly competitive market. My team and I are gratified that we have maintained our growth momentum and in many respects, we are further building on them.





We delivered quality, reliability and thereby enhanced value for all stakeholders. Measured on every key parameter, we did better than our own track record. We saw order intake climb higher than any year in the past; we executed well and saw a new high in revenues; the year end order backlog is the highest ever; the EBITDA margin was maintained; Return on net assets (RONA) was also a new high; profit after tax was another new record for the Company; and more important, we had a successful IPO and now have a large family of shareholders. In short, we executed our corporate vision and are powering ahead towards our stated goal of emerging as a leading infrastructure company.

While ensuring the business grew faster than in the past, we strived to stay the path of prudence and discipline. We were keen that every project executed and every transaction was ethically appropriate and enhanced the Ramky brand.

Our business model is robust because we are strengthening both our EPC business as well as our developer profile. Our ability to complete projects as an EPC player improves the viability of every developer project.

Looking ahead, we will continue to be seen as one of the most competitive bidders in the market; we will execute as well as the customer desires; we will maintain the focus on being cash flow positive; we will strive to ensure that our margins are protected with emphasis on being cost conscious and time bound in completion of projects; and overall, we will sustain the momentum to be a value generator both in the medium and long term.

With warm regards

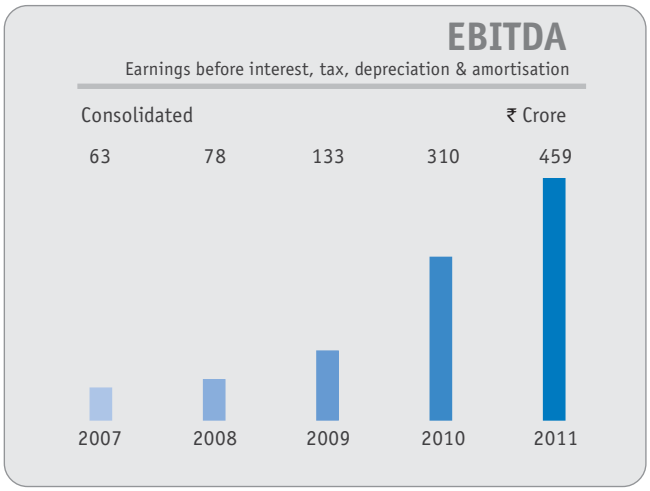
Y.R. Nagaraja
Managing Director

Managing growth

Brand Ramky Infra is well recognized in the infrastructure industry in a range of different market segments. It represents the Company's promise and offering: innovative and reliable engineering and construction solutions even in demanding environments. Based on latest technology and in-depth know-how, we at Ramky Infra strive to give our customers something they cannot get from others. This is what we have done for more than 15 years.

Our strategic cornerstones are to:

- Innovate to offer customers tailor-made solutions;
- Excel in all respects;
- Continue portfolio management for sustained growth.

This ability to be different with demonstrated expertise has been achieved while managing the challenges of growth. We have worked to improve our operational structure and internal processes, built capacity and increased our agility and speed in implementing projects. These were accomplished over the years, are time tested and we now have a better structure that ensures efficiency in delivering projects and services.

In the following pages, we briefly describe the critical processes that enable Ramky Infra to manage its growth and maintain superior performance.