

RIDING IT OUT...WITH STRENGTH AND STABILITY



SUPREME INFRASTRUCTURE INDIA LTD.

ANNUAL REPORT 2016

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RIDING IT OUT... **with STRENGTH AND STABILITY**

The construction/infrastructure sector is likely to get major boost from the Government's focus on development of infrastructure in India. Prime Minister Narendra Modi's drive to bring in more investments into the infrastructure sector has raised hope for stalled infrastructure development in India. Structural constraints such as uncertainty in land acquisition, delays in approvals and inadequacy of long-term funding avenues are likely to be tackled swiftly. While the recovery in the sector is likely, it is expected to be gradual. With political stability, sharper focus on infrastructure development and improvement in economy, new project announcements are likely to pick up.

We took the setbacks faced by the infrastructure sector as our challenges and stood firm and tall. We used the downtime and rose to the occasion. Blessed with a healthy pipeline of projects, we came up with effective solutions for our creative survival. We adopted a pragmatic and cautious approach to navigate through these turbulent times. We prioritised our projects, rescheduled activities and optimised their delivery schedules. We also trimmed our overheads, cut down on costs and improved our operational efficiencies to improve profitability.

What worked in our favour was a progressive Government that placed sufficient importance on the growth of infrastructure as a pre-requisite to India's development.

FY2017 is expected to be a year of consolidation in the industry and within Supreme Infrastructure. Our confidence stems from our judicious mix of assets diversified across multiple infrastructure segments and states and healthy operational cash flows. We remain poised to face the future by monetising our assets to leverage debt and tap newer market opportunities. Our broader approach gives us the confidence that our solid foundation will see us advantageously into the future.

AT A GLANCE

We are an integrated infrastructure player with a presence across multiple EPC segments and a current portfolio of 11 BOT projects. Our diverse execution capabilities have enabled us to build a diversified presence in 6 segments – Roads, Bridges, Buildings, Railways, Power and Water Infrastructure.

We are fully integrated in terms of raw material availability through the ownership of quarries, crusher plants, ready-mix concrete and wet mix plants. We also have a diversified presence in 13 states across India and cater to variety of clientele across the Government and the private sector.

Our unique business model is characterised by backward integration of EPC operations and a cluster based execution strategy. This has enabled a smooth transition in the asset development space and allowed us to build robust portfolio of road BOT projects.

06

EPC Segments we are present in

13

No of States where we are present

11

Current BOT Projects

04

Operational BOT Projects

07

Under Construction
BOT Projects

₹ 41,560

Million

Current Order Book
(as of March 31, 2016)



BUSINESS VERTICALS

Roads /
Bridges

Buildings

Water

Power

Railways

TOTAL

Current Order Book As of March 31, 2016
(₹ In Million)

21,239.7

12,656.4

2,470.6

4,766.7

426.5

41,560

Contribution to Total Order Book (%)

51.1%

30.5%

5.9%

11.5%

1.0%

100%

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. B. H. Sharma

Executive Chairman

Mr. Vikram Sharma

Managing Director

Mr. Vikas Sharma

Whole Time Director & Chief Financial Officer

Mr. V. P. Singh

Independent Director

Mr. Vinod Agarwala

Independent Director

Mr. S.K.Mishra

Independent Director

Mrs. Nilima Mansukhani

Independent Director

Mr. Dakshendra Agarwal

Non-Executive Director

COMPANY SECRETARY

Mr. Vijay Joshi

STATUTORY AUDITORS

Walker Chandiok & Co LLP

Chartered Accountants

Shah & Kathariya

Chartered Accountants

BANKERS & INSTITUTIONS

State Bank of India

State Bank of Patiala

Union Bank of India

Punjab National Bank

Bank of India

Central Bank of India

Canara Bank

Syndicate Bank

ICICI Bank Ltd.

Axis Bank Ltd.

SREI Infrastructure Finance Ltd.

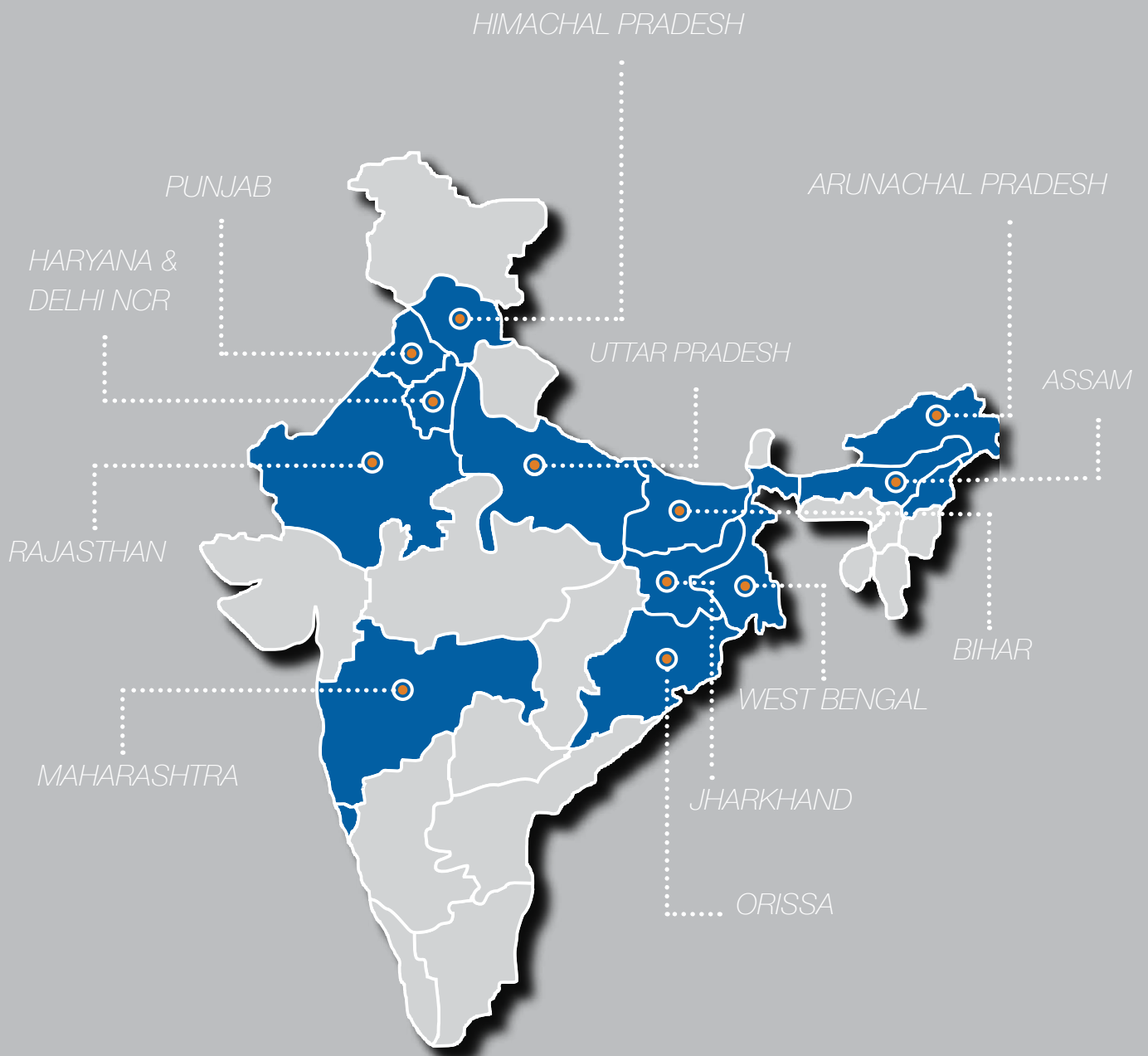
REGISTERED OFFICE

Supreme House,
Plot No. 94/C Pratap Gad,
Opp. I.I.T Main Gate, Powai,
Mumbai – 400 076
Tel: +91 22 6128 9700
Fax: +91 22 6128 9711
CIN No.: L74999MH1983PLC029752

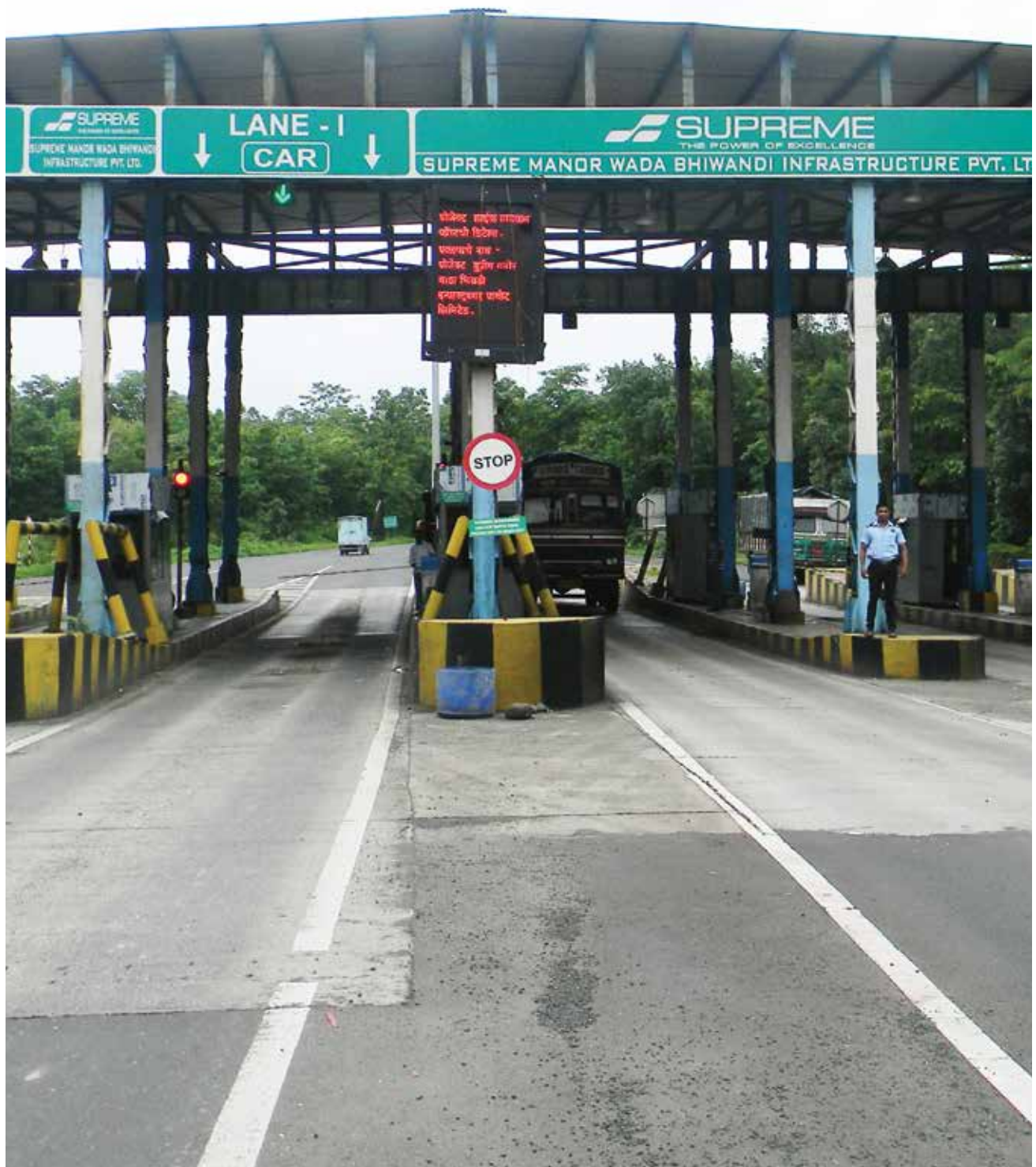
REGISTERED AND TRANSFER AGENTS

Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri (E), Mumbai – 400 076.
Tel: +91 22 4043 0200
Fax: +91 22 2847 5207

PAN INDIA PRESENCE



MANAGEMENT DISCUSSION & ANALYSIS



ECONOMIC OVERVIEW

The Indian economy remained resilient and grew by 7.6% in FY2015-16, making it the world's fastest growing economy among the large economies. This was higher than 7.2% economic growth recorded in FY2015, buoyed by improved agricultural performance and growth in consumption. The economy outgrew most major economies on the back of strong domestic demand, coupled with a drop in crude and commodity prices. The Central Statistics Office (CSO) had estimated the Indian economy to record a five-year high growth rate of 7.6% on the back of improved performance in manufacturing and farm sectors.

The International Monetary Fund (IMF) retained its growth forecast for India in FY2016-17 at 7.5%, largely driven by private consumption even as weak exports and sluggish credit growth continue to weigh on the economy. India's growth momentum is expected to be underpinned by private consumption, which has benefited from lower energy prices and higher real incomes. Robust reforms, push for Make in India and a better external environment indicate a double-digit growth trajectory. India climbed 12 notches on the World Bank's Ease of Doing Business indicator and is a "haven of stability amid a turbulent global economy". The Government has taken

several steps to improve the country's economic environment – including simplifying approval procedures, repealing obsolete laws, putting in place a non-adversarial tax regime and addressing the issue of subsidy leakage.

INDUSTRY OVERVIEW

Infrastructure is a vital component in encouraging a country's economic growth. Developing infrastructure enhances a country's productivity, thereby making firms more competitive and boosting a region's economy. A country's capacity to absorb and benefit from new technology and industries depends on the availability, quality and efficiency of more basic forms of infrastructure – energy, water and land transportation. Infrastructure development has always been on the top agenda for India, considering the current global economic dynamics as well as domestic growth imperatives.

However, infrastructure has emerged as one of the single-largest imperative which could seriously compromise the country's economic growth trajectory. The allocation for construction of roads and highways in Union Budget 2016-17 was Rs 55,000 crore, with the addition of Rs 15,000 crore to be raised by the National Highways Authority of India (NHAI) through bonds and an investment bonanza of Rs 27,000 crore

under the Pradhan Mantri Gram Sadak Yojana. The total allocation for roads sums up to Rs 97,000 crore. The Government plans to approve approximately 10,000 kms of national highways in 2016-17, upgradation of ~50,000 kms of existing state highways and revival of 85% of stuck projects worth ₹1 lakh crore.

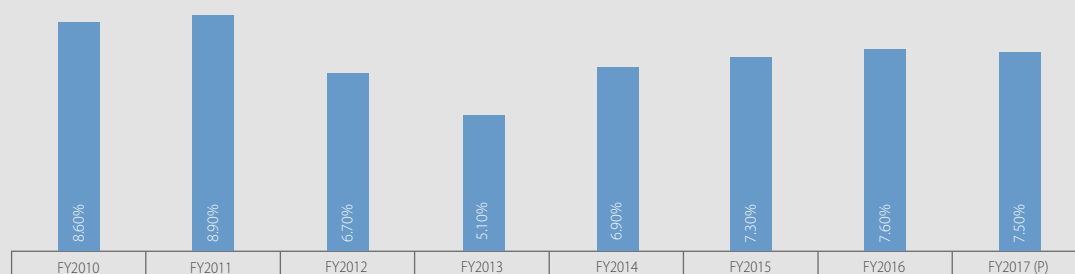
1. Roads

India has the second largest road network across the world at 4.7 million km. This road network transports more than 60 per cent of all goods in the country and 85 per cent of India's total passenger traffic. The country's roads and bridges infrastructure, which was valued at US\$ 6.9 billion in 2009, is expected to touch US\$ 19.2 billion by 2017 and grow at a CAGR of 17.4% from FY 2012-17. The 12th five-year plan 2012-17 estimates a requirement of US\$ 1 trillion worth of investment for the Indian infrastructure sector. Of this, investment required for the road sector is estimated to be US\$ 95 billion – and about half of this is expected to come from the private sector and overseas investors.

2. Power

India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable

INDIA'S YOY GDP GROWTH – ACTUAL AND PROJECTED



Source: Central Statistics Organisation and International Monetary Fund

MANAGEMENT DISCUSSION & ANALYSIS

non-conventional sources such as wind, solar, and agricultural and domestic waste. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.

3. Real Estate

The real estate sector is one of the most globally recognized sectors. In India, real estate is the second largest employer after agriculture and is slated to grow at 30% over the next decade. The Indian real estate market is expected to touch US\$ 180 billion by 2020. In the period FY18-20, the market size of this sector is expected to increase at a Compound Annual Growth Rate (CAGR) of 11.2%. Rapid urbanization and rising household income are likely to remain the key drivers for growth in all spheres of real estate, including residential, commercial and retail.

4. Water Infrastructure

India has more than 16% of the world's population, but only 4% of the world's renewable water resources and 2.4 % of the world's land area. Meeting the water demands under conditions of limited resources is increasingly a big challenge. Business opportunities revolve around four key themes: water demand management, water supply management, water infrastructure up gradation, and water utilities management. Under these four themes are the key business potentials.

BUSINESS OVERVIEW

Supreme Infrastructure India Limited (SIIL) is a well-diversified and multi-faceted company with a strong base in infrastructure related activities. The Company provides construction services as an EPC contractor, principal contractor and sub-contractor across various states in India and also undertakes road projects on a BOT basis. It has a strong presence across several states in India, with multi-state execution capabilities in six EPC segments: Roads, Bridges, Buildings, Railways, Power and Water Infrastructure.

Financial Overview

- For FY2016 – Total Revenues from Operations decreased by 20.3 % to ₹ 12,097 mn on a YoY basis as compared to ₹ 15,169.5 mn in FY2015.
- For FY2016 - EBITDA has decreased by 22.02% to ₹ 1,949.0 mn on a YoY basis as compared to ₹ 2,499.5 mn in FY 2015. (Excluding Other Income and Exceptional Items).
- FY2016 – EBITDA Margins declined marginally to 16.1% as compared to 16.5% in FY2015. The company has been able to maintain its EBITDA margins on a sustainable basis.
- FY2016 – PAT has declined by 336.6% to ₹ -408.0 mn from ₹ 172.4 mn in FY2015 mainly due to higher Finance / Interest Cost.

Opportunities

We are present in 13 states of India and the infrastructure sector enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. This gives us an immense opportunity to build and expand on our base in these states. Moreover there are opportunities emerging in Hybrid annuity projects where we will try to leverage on our potential and resources.

The Company has built a varied portfolio in key infrastructure projects by fully integrating its operations. It is well-integrated in terms of raw material availability through ownership of quarries, crusher plants, and ready mix concrete (RMC) and wet mix plants. The Company currently has more than 35 EPC projects under execution. It has a current portfolio of 11 BOT projects, of which 4 are already operational. The EPC component of its BOT projects are executed by the parent company (SIIL), thereby reducing the execution risk.

