

Gayatri Projects

Corporate Presentation



January 2018

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Agenda



1. Introduction to Gayatri Projects

2. Investment highlights

3. Financial highlights

4. Segment overview

5. Appendix

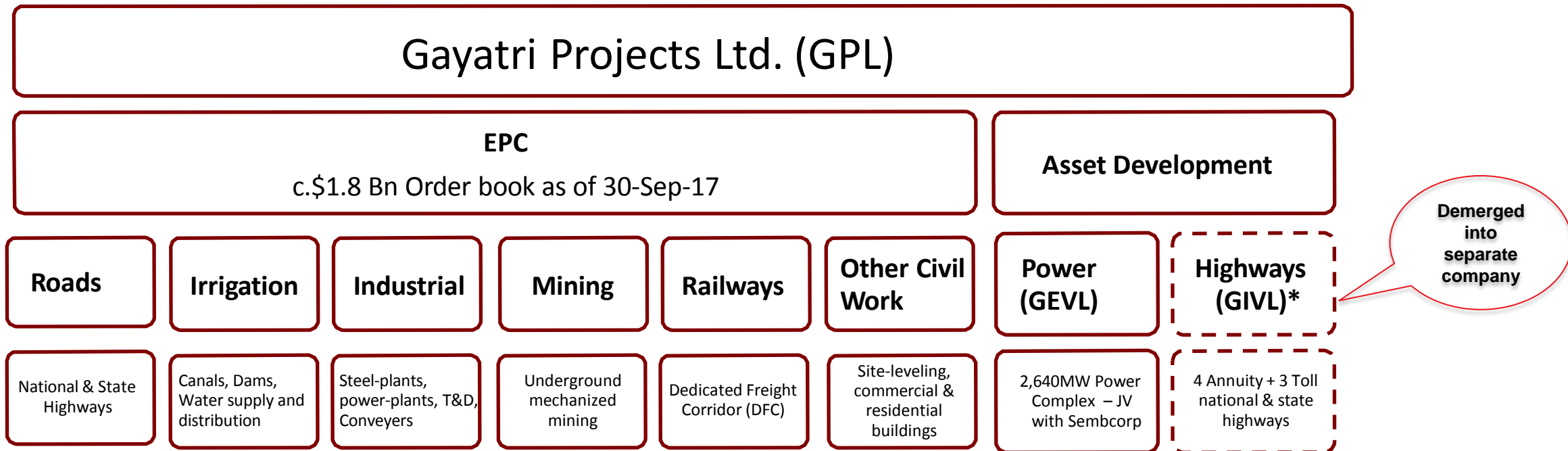
1. Introduction to Gayatri Projects



Overview



- One of India's **leading construction** and infrastructure companies with dedicated focus on EPC
- 5 decades** of experience in execution of major civil works diversified across infrastructure segments
- Pan India operations spread across **15 states**
- Superior in-house execution capabilities and track record of completing complex projects



EPC – Strategic Asset Light Focus Segment



- 🔥 Pioneer in executing large scale EPC projects with a presence across India (15 states): Pure EPC with no BOT/ HAM
- 🔥 Diversification across varied segments: roads, irrigation, industrial construction projects etc, allowing to capitalize on wide gambit of opportunities
- 🔥 Robust, well-diversified order book of c.US\$ 1.8 Billion as of 30-Sep-17 providing revenue growth visibility
- 🔥 Focused strategy to target strategic EPC contracts awarded by NHAI (National Highway Authority of India)
- 🔥 Dedicated in-house designing & engineering capabilities
- 🔥 Marquee client list includes several leading names
- 🔥 Owns extensive fleet of construction equipment which we believe:
 - 🔥 Lowers dependence on external sub-contractors
 - 🔥 Improves profitability & returns



Asset Development – Fully funded and operational



Power Assets (GEVL)

- 🔥 Current Portfolio: 660MWx4 in partnership with Sembcorp Utilities, Singapore
- 🔥 Super-critical technology units: More efficient plants with lower emissions
- 🔥 Strategically located near sea-ports enabling logistics efficiency
- 🔥 Stable and competitive coal supply



Road Assets (GIVL)

- 🔥 Current Portfolio: 7 road projects
- 🔥 Balanced portfolio comprising of four annuity and three toll based projects
- 🔥 Road BOT assets demerged into separate company



De-merger of BOT assets creates a pure asset light EPC company with robust returns and comfortable leverage

Our Strategy – Focusing on ‘Asset Light’ EPC segment



Asset light EPC model

- 🔥 Pure EPC company with no BOT/ HAM
- 🔥 Exposure to diversified sectors
- 🔥 Deleverage balance sheet to improve returns - monetizing legacy BOT assets
- 🔥 Focus on cash flow generation

Explore new opportunities in EPC

- 🔥 Further enhance engineering capabilities in order to pursue new EPC contracts
- 🔥 Enter specialized sectors with low competition and high margins
- 🔥 Opportunity includes underground mining, water supply, lift-irrigation, high speed railways, urban infrastructure, pre-fab buildings etc



Grow presence in core EPC segments


- 🔥 Actively bid for quality projects in core areas of expertise: roads, irrigation, industrials
- 🔥 Maintain a healthy book to bill ratio
- 🔥 Adhere to geographical cluster approach while bidding for projects to optimize management & equipment utilization and maximize profitability

Focus on driving operational performance and execution efficiency

- 🔥 Integrate best practices from different sectors to improve performance and project execution
- 🔥 Utilize advanced technologies, designs, engineering and project management tools in order to increase productivity
- 🔥 Strengthen IT systems and other internal processes to reduce manual intervention

Our competitive strengths



-  1 Established track record in executing different types of construction and EPC projects
-  2 Diversified and robust growing order book
-  3 Strong in-house designing and engineering capabilities complemented by state of art fleet of construction equipment
-  4 Partnerships and collaborations with reputed domestic and international entities
-  5 Experienced management team with proven execution capabilities

2. Investment highlights

Key Investment Highlights



Strong presence in high growth construction sector

Healthy and diversified order inflows providing revenue growth visibility

Highly efficient operations with strong execution capabilities

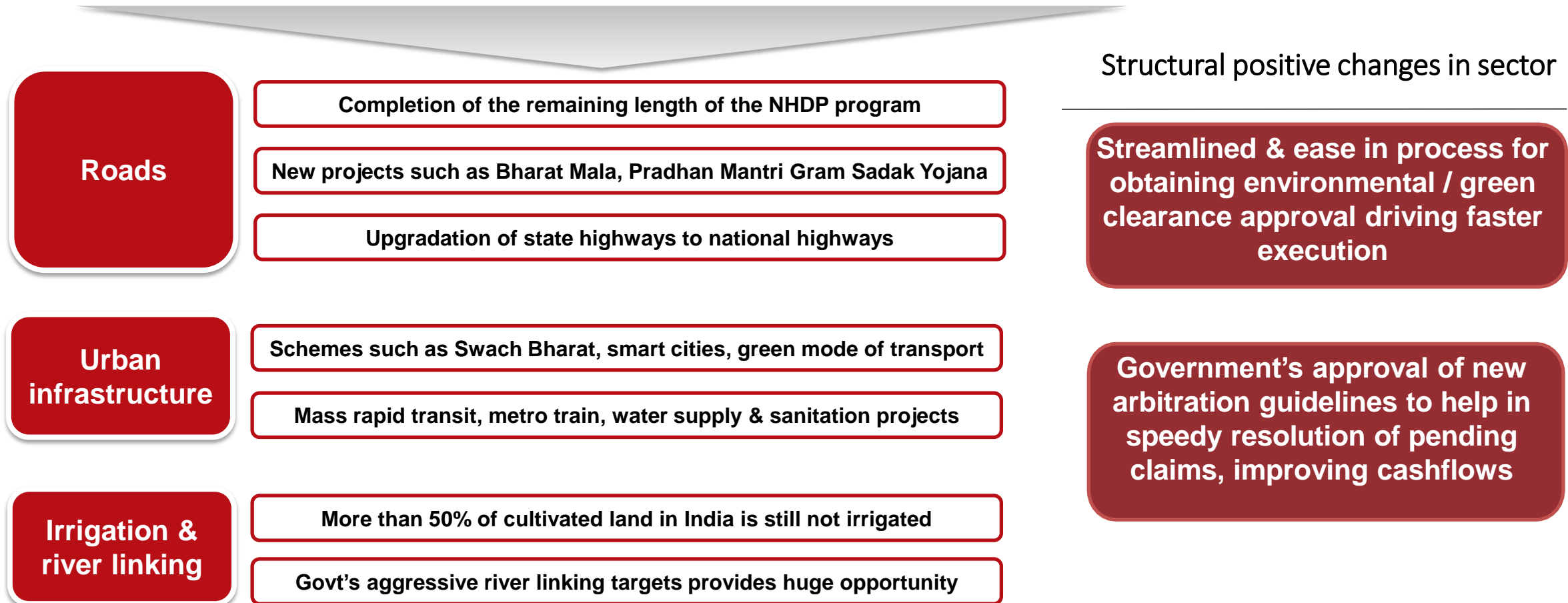
Asset light business model – Pure play EPC company with robust return profile

Significant value unlocking through business restructuring



Construction industry in India: Compelling growth drivers

- 🔥 Growing economy and increasing urbanization along with favorable policy bodes well for construction sector in the country
- 🔥 Big boost in infrastructure spending expected over next few years





Significant Uptick from BharatMala Priyojana

INR 4 Trillion of new Road Projects

Potential annual opportunity of **3x** of NHAI FY17 run rate

Bharat Mala Project Highlights

- Corridor-based approach
- Rs3.8 tn of new projects out of Rs6.9 tn of overall spends
- 20% share or Rs1 tn ordering opportunity for PPP projects
- DPR or detailed project report for 19,500 kms is underway currently
- NHAI and MORTH would now have the final say on most PPP projects (excluding BOT Toll requiring VGF) up to Rs20 bn and EPC projects (limit of Rs10 bn for non-NHA projects)

Gayatri – A Key Beneficiary

Significant uptick in Road EPC projects

GPL – A leading Road EPC company

Vests more power in NHAI

Focused strategy to target EPC contracts awarded by NHAI

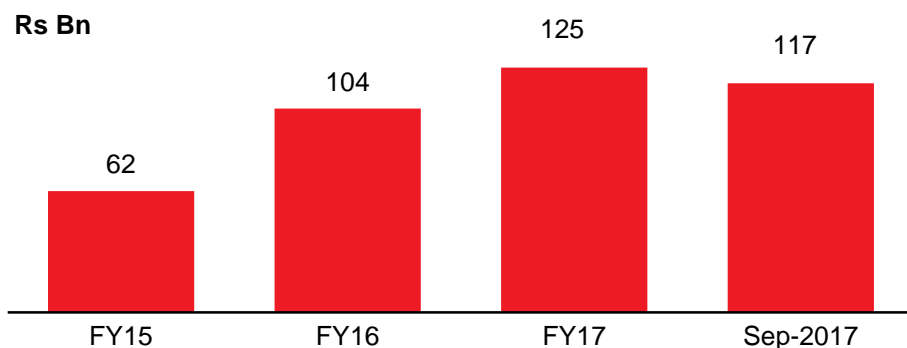
Requires significant CAPEX on EPC players to scale up

We believe that significant investments have already been made in last two years; low incremental requirements

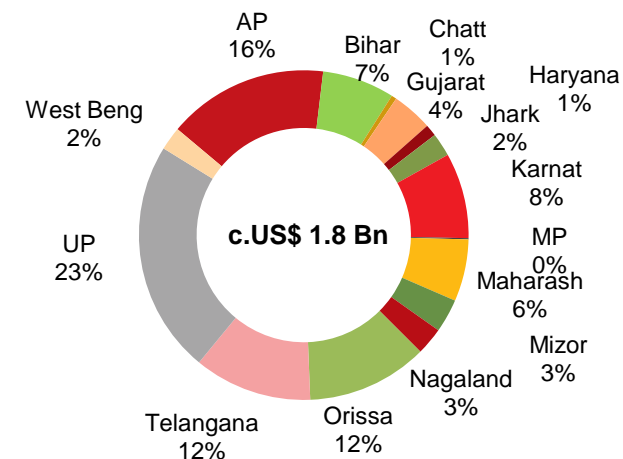
Well diversified and growing EPC order book



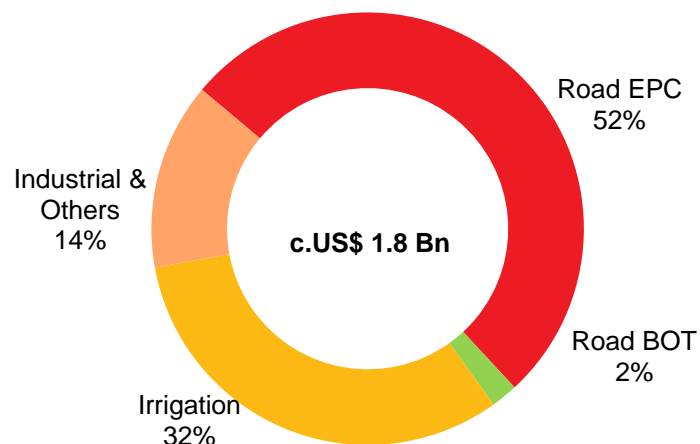
Growth in EPC order book



Diversified across regions⁽¹⁾



Diversified across segments⁽¹⁾



New orders of c. US\$300mn announced in last two months

Project Name	Rehabilitation and Upgradation of Cuttack Angul Section of NH-42
Type	Road EPC (NHAI)
Contract Value	INR 5,830 million
Project Name	Jammu City Ring Road/Bypass
Type	Road EPC (NHAI)
Contract Value	INR 13,390 million

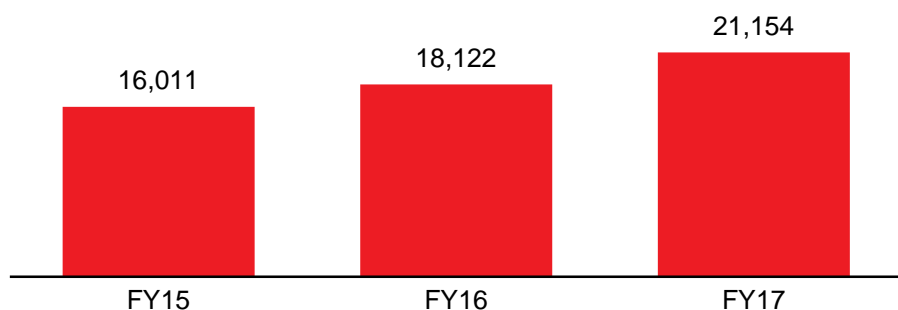
3. Financial highlights

Summary standalone financials



Operating revenue

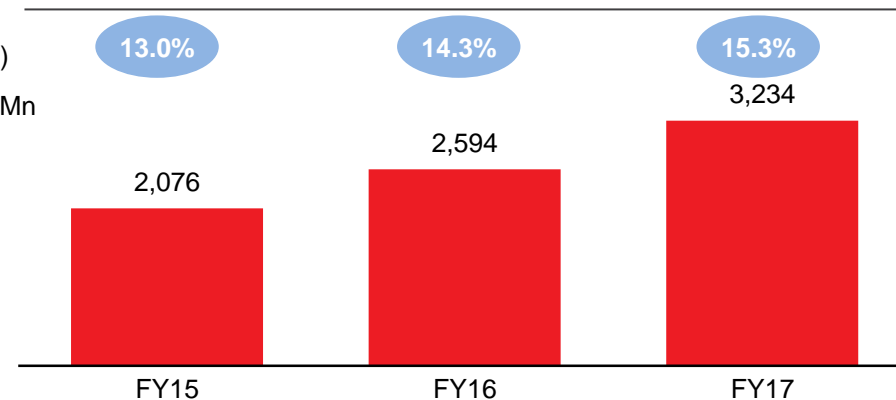
Rs Mn



EBITDA and EBITDA margins

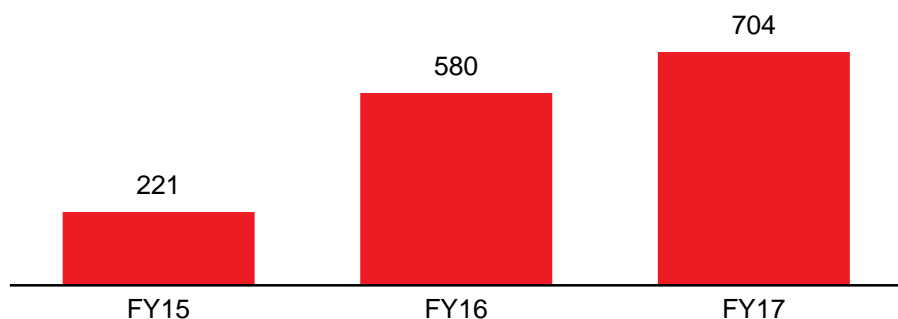
EBITDA
margins (%)

Rs Mn

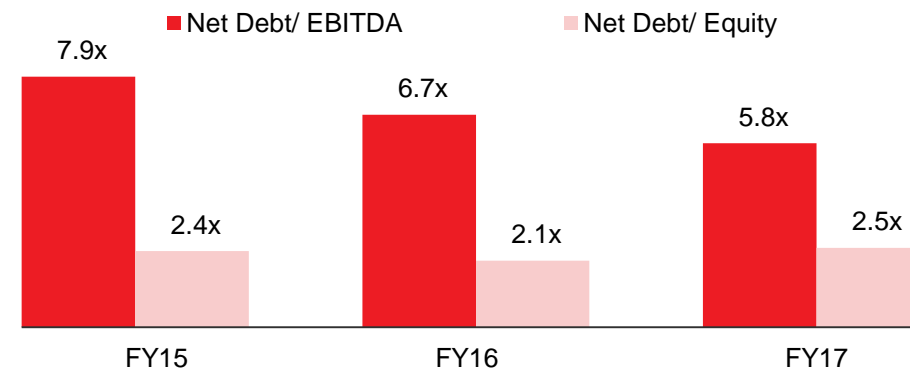


Profit after tax

Rs Mn



Leverage Ratios



Summary consolidated financials



INR mn (March ending)	FY15	FY16	FY17
Operating Revenue	15,008	17,262	21,154
Operating EBITDA	3,417	2,068	3,230
% Margin	23%	12%	15%
PBT	-355	-348	233
PAT	-317	-272	-3
Networth	7,316	5,499	5,115
Net Debt	40,129	36,584	21,332
Net Debt / EBITDA	11.7x	17.4x	6.2x
Net Debt / Equity	5.5x	6.7x	4.2x

**Post demerger of Road BOT assets,
consolidated leverage profile has
significantly improved**

Focus on driving operational profitability...



🔥 Maintain minimum EBITDA threshold

- 🔥 Able to win orders over last few years with margins in 15% range

🔥 Strong Focus on Cluster Approach

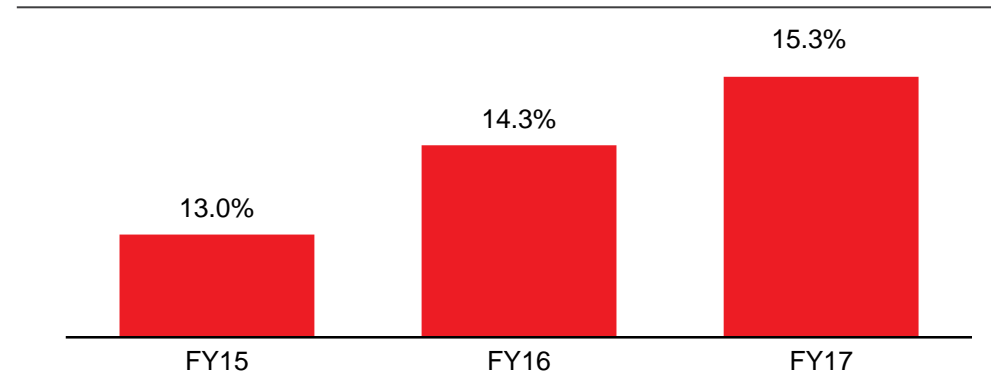
- 🔥 Lower mobilisation costs
- 🔥 Efficient utilisation of resources
- 🔥 Empowered site managers for multiple sites in one location

🔥 Extensive fleet of state construction equipments

- 🔥 Lowers dependence on external sub contractors and rented equipment
- 🔥 Equipment tracking and management for efficiency

🔥 Cost effective procurement

Stable and robust EBITDA margins ⁽¹⁾



Favorable employee cost/sales compared to peers

Among the lowest operating cost/sales

Enjoys among the industry leading EBITDA margins

...with efficient Working Capital Cycle



INR mn	FY17 ⁽¹⁾
Operating Revenue	21,154
<u>Current Assets</u>	
Inventories	3,601
Trade Receivables	8,504
Advances to Suppliers / Sub-Contractors	6,867
<u>Current Liabilities</u>	
Trade Payables	6,608
Advance from Contractor	8,563
Net Working Capital	3,801
Working Capital Cycle (days of revenues)	66

4. Segment overview



Current Projects

- 🔥 Eastern Peripheral Expressway
 - 🔥 Six Lane Expressway
- 🔥 4 National Highways around Varanasi
 - 🔥 270km total length
- 🔥 Angul-Sambalpur Highway
- 🔥 Many others projects across states such as Uttar Pradesh, Odisha, Bihar, Mizoram, Chhattisgarh, Andhra Pradesh etc.



Among Top Highway Builders in India

Completed Projects

- 🔥 Expertise in both Asphalt and Concrete pavements
- 🔥 Notable projects:
 - 🔥 Hyderabad Outer Ring-road
 - 🔥 Eight Lane Expressway
 - 🔥 Clover-leaf interchanges
- 🔥 Calicut Airport Runway



Current Projects

- 🔥 Velugonda Project
 - 🔥 63m Concrete Dam
- 🔥 Kempwad Lift Irrigation, Karnataka
- 🔥 Kaleshwaram Project – 50 TMC reservoir
- 🔥 Chintalapudi Lift Irrigation Project
- 🔥 Many other dams, canals, lift irrigation and dredging projects



Completed Projects

- 🔥 Indira Sagar Main Canal
- 🔥 Khudri Barrage



Pioneer in advanced underground mining in India

Current Clients



- Both projects being executed under the **MDO (Mine-Developer-Operator)** model
- No risks related to off-take and coal prices

Technology

- Entered into a partnership with China Coal Overseas Development Company, a Beijing-based subsidiary of China Coal, to offer Longwall technology for mining to maximize coal extraction and minimize human risk





Notable Projects

- Land Development of Navi Mumbai International Airport
- Iqbalgarh Vadodara Section of Western Dedicated Freight Corridor (DFC)
- Water Distribution Network at Aizwal
- Kakinada Port – Approach berths



5. Appendix

Board of directors



T. Indira Subbarami Reddy

Promoter and Non-Executive Chairperson, over 25 years of experience in the construction industry

T. V. Sandeep Kumar Reddy

Promoter and Managing Director, 20+ years of construction experience

J Brij Mohan Reddy

Executive Vice Chairman

Dr. V L Moorthy

Non-Executive and Independent Director

G. Siva Kumar Reddy

Non-Executive and Independent Director, Over 28 years of relevant experience

Mr.K.Venkateswarlu

Non-Executive and Nominee Director (Bank of Baroda)

Mr. J.N.Karamchetti,

Non-Executive and Independent Director, rich experience in the field of engineering and steel

Mr. Ch. Hari Vittal Rao

Non-Executive and Independent Director



Key management personnel

Mr. T. V. Sandeep Kumar Reddy Managing Director

Presently leads the Gayatri Group. He has done his Masters in Construction Engineering and Management from the University of Michigan, USA and also holds a Bachelor's Degree in Civil Engineering from Purdue University, USA.

Mr. P Sreedhar Babu, Chief Finance Officer

Mr Babu is a Fellow Member of Institute of Chartered Accountants of India. He started his career as a Practicing Chartered Accountant in 1987 and after 18 years of practice joined GPL in 2005 as a Vice-President (Finance).

Mr. J. Brij Mohan Reddy Vice Chairman

Has been with the Group since 1989. He was responsible for the construction of the entire Fisheries Harbour at Chennai and a major portion of the Mechanised ORE-handling Project for the Chennai Port Trust.

Mrs. I V Lakshmi Group Company Secretary & Chief Compliance Officer

Ms. Lakshmi is a Company Secretary & Compliance Officer is a Graduate from Andhra University, LLB from Osmania University, CAIIB from Indian Institute of Bankers and Associate Member of Institute of Company Secretaries of India. She has an experience of 15 plus years in the field of Secretarial and Legal.



Thank you