

# Q1 FY16 Results Presentation

August , 2015



# Disclaimer

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*Some of the statements in this presentation that are not historical facts are forward looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate.*

*These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.*

*Further, this presentation may make references to reports and publications available in the public domain. Gayatri Projects Ltd. makes no representation as to their accuracy or that the company subscribes to those views / findings.*

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# Q1 FY16 Financial Performance – At a Glance



**REVENUE**

**₹405<sub>cr</sub>**

**EBITDA**

**₹58<sub>cr</sub>**

**PAT**

**₹11<sub>cr</sub>**

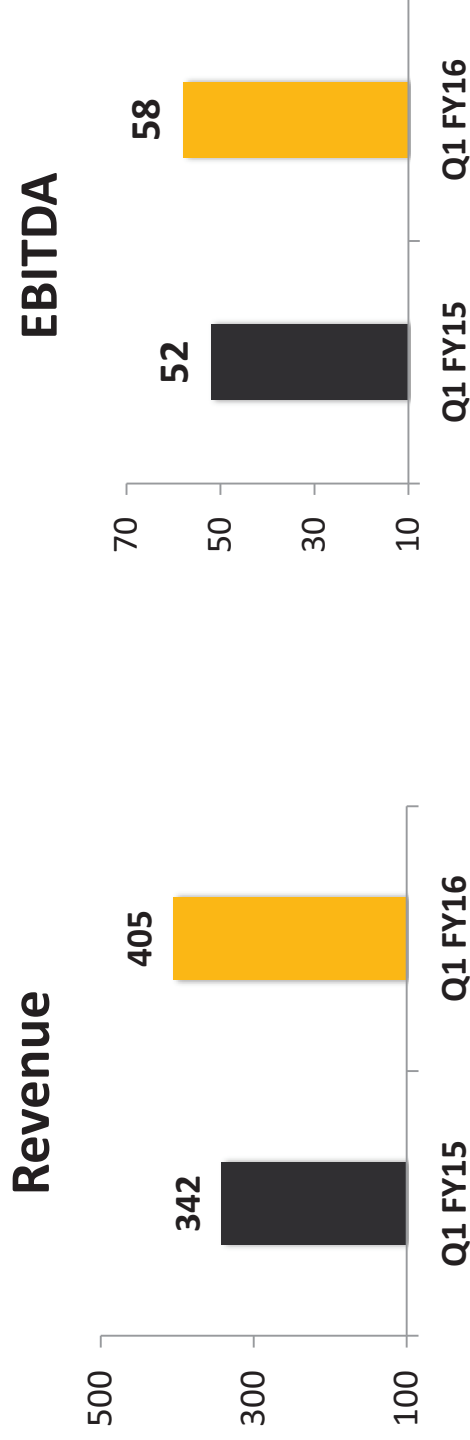
**ORDER BOOK\* ~ ₹6,910<sub>cr</sub>**

\* As of August' 14, 2015

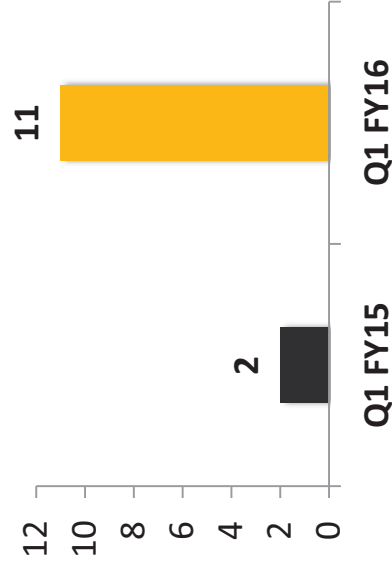
# Q1 FY16 Highlights



Figs. In crore



## PAT



Faster and better execution of projects resulting in revenue expansion



Marginal decline in operating margins due to local on-site factors

# M.D.'s Comments



**Commenting on the results, Mr. Sandeep Kumar Reddy, Managing Director, Gayatri Projects Limited said** *"We have started the year with steady growth in execution on our existing portfolio of contracts. We are seeing significant improvement in operating environment for Roads and Irrigation sector over last few months under new governments, both at the centre and in our home states of Andhra Pradesh & Telangana. That has helped us secure a large new Road order and we have been able to establish L1 positions in several other projects which could substantially add to our order book over next few months. Irrigation projects in our portfolio are also seeing accelerated traction.*

*Our owned power project portfolio is seeing solid execution with operating asset running at high PLFs and under-construction assets rapidly moving towards completion, in line with targets. Coastal location and global coal price deflation provides us exceptional fuel security. Current focus is on quickly locking-in long term PPAs at reasonable prices, for a large proportion of capacity, to make our business model very robust.*

*The Road asset portfolio is facing challenging environment. Potential lowering of interest rates and up-tick in traffic volumes as economy recovers will help the portfolio break-even. In any case, we are not looking to make any further equity investment in this portfolio.*

*Going forward, our diversified and strongly growing construction order book as we convert the existing L1 positions, ramp-up in power generation business as project moves towards progressive completion, coupled with government's attempts towards clearing inordinate delays should help us deliver consistent returns over the coming years."*



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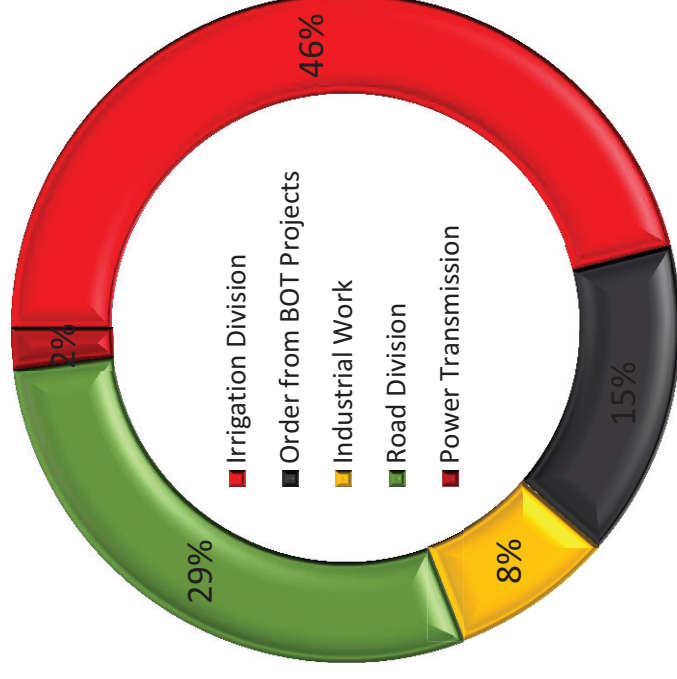
# Order Book Update



## Order Book - Details

- In addition to L1 position in several contracts the company's strong and diversified order book as of 14 August, 2015 stood at (approx.) ₹6,910 crore
- Earnings visibility remains strong on the back of robust order book
- Gradual pick-up in slow moving orders, specially irrigation projects in AP & Telangana
- Focused on bidding for margin accretive projects

## Order Book – Break Up





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# Recent Business Developments



New EPC Road contract awarded

TPCIL phase-I strong performance and phase-II grid synchronization

Capital raising

# Recent Business Developments



## Construction Business

- Awarded a Rs.675 crore EPC contract by NHAI for development of six lane Eastern Peripheral Expressway (NH#NE-II) in the state of Haryana & UP, Package VI from KM114 to KM136

## Power Generation Business

- TPCIL phase-I started commercial production in 1Q2016. Since stabilizing in May, the unit has been operating around 90-100% PLF levels
- TPCIL phase-II was synchronized with the grid and is expected to announce commercial production in next a few weeks

## Capital Raising Business

- GPL raised approximately Rs.74cr. of equity capital through a preferential allotment of shares (in line with SEBI's ICDR Regulations, 2009) to 2 funds managed by GMO & Co.'s Emerging Markets Investment team
- This capital raising will help us move aggressively in the EPC space where government tendering activity has picked up strongly



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# TPCIL – Nearing Completion



## Project Description

1,320 MW Thermal Power Plant



### Unit 1 (660 MW)

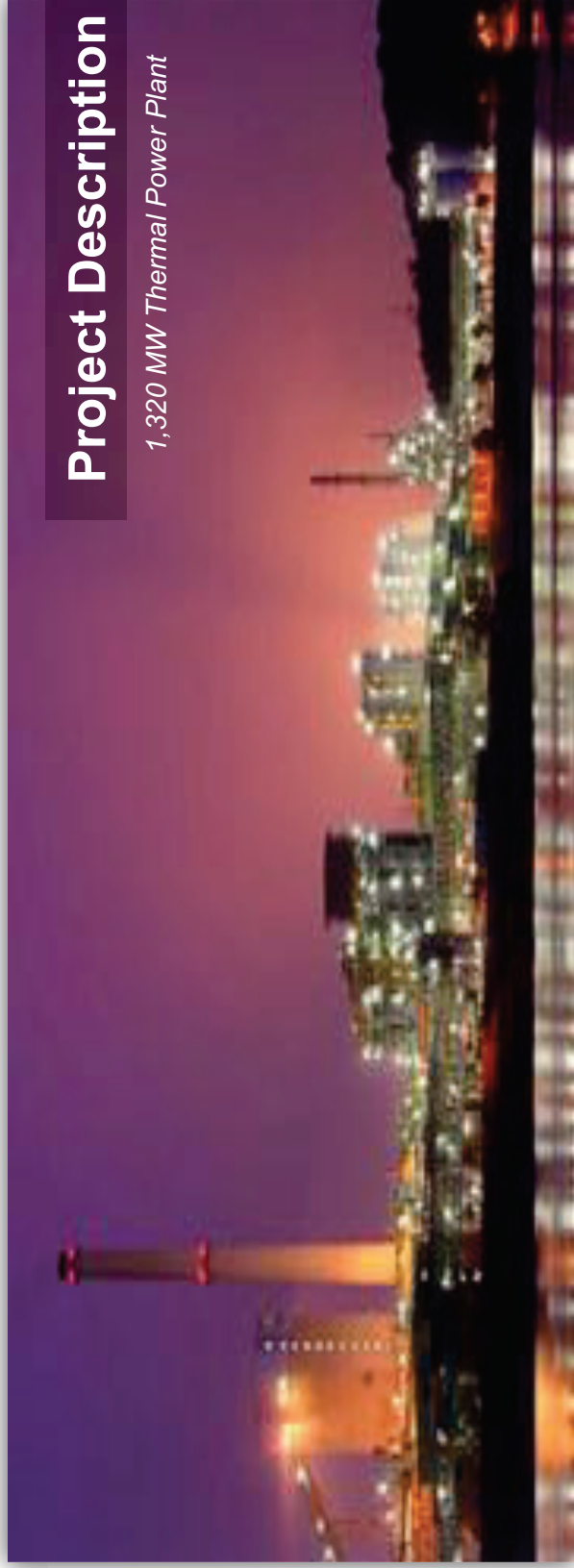
- Unit 1 is in commercial operation
- Operated at an average PLF of 96% in June, 2015 after the stabilization in May and has been consistently operating in 90-100% PLF range since then
- Generated in excess of 800mn units during the quarter



### Unit 2 (660 MW)

- Completes grid synchronization
- Steam blowing completed
- GT-2 Back charging completed
- Coal mill motors trial run completed
- Condenser flood test completed
- Piping normalization after steam blowing completed
- Expect to start commissioning by Sep' 15

# NCCPPL – On Track



## Project Description

1,320 MW Thermal Power Plant

- Work progressing on schedule
- 1,320 MW Thermal based project being developed using super critical technology
- Hopeful of commissioning the project in the next 12 months



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# Development of Road Assets



- Gayatri Infra Ventures Ltd, a subsidiary of Gayatri Projects Ltd dedicated towards development of road assets
- Incorporated in 2008; wherein Gayatri Projects Ltd owns 70%; while AMP Capital owns the balance 30%
- Balanced portfolio comprising of four annuity and four toll based projects
- Balanced portfolio between annuity and toll based offers safety of steady cash flow with the opportunity for upside as traffic volumes improves
- Timely receipt of annuity helps maintaining quality of its projects
- Revenue generated from toll based projects continue to meet expectations


## Portfolio Summary

Annuity Based Projects	Status	GIVL Stake	COD	Concession Period (Years)	Length (kms)	Q1 FY16 (₹ in crore)
Gayatri Jhansi Roadways Limited (GJRL)	PCC Obtained	51%	Jun 2010	20	50.0	14.8
Gayatri Lalitpur Roadways Limited (GLRL)	PCC Obtained	51%	Jul 2010	20	50.0	11.9
Hyderabad Expressways Limited (HEL)	PCC Obtained	50%	Aug 2011	15	13.0	16.2
Cyberabad Expressways Limited (CEL)	PCC Obtained	50%	Mar 2012	15	11.7	19.7
Toll based Projects	Status	GIVL Stake	COD	Concession Period (Years)	Length (kms)	Q1 FY16 (₹ in crore)
Western UP Tollways Ltd (WUPTL)	PCC Obtained	49%	Oct 2011	20	78.5	30.8
Hyderabad Karimnagar-Ramgundam (HKRRRL)	PCC Obtained	50%	May 2014	25	207.0	29.0
Indore Dewas Tollways Limited (IDTL)	Under Construction	100%	May 2015	25	45.1	3.5*
Sai Maatarini Tollways Limited (SMTL) 100% Subsidiary of GPL	Under Construction	100%		24	166.2	-

\* For the period between 30 May to 30 June 2015; Achieved COD in May, 2015

# Development of Power Assets



 Incorporated in 2008, Gayatri Energy Ventures Ltd is a wholly owned subsidiary of Gayatri Projects Ltd, dedicated towards developing Power Assets

 Current Portfolio:

- TPCIL (31% GEVPL; 69% SembCorp Utilities)
- NCC Power Projects (GEVL holding through investment in NCCIHL)

 Strong Power Plant Economics:

- **Exceptional fuel security:** True port-based location ensures among the best logistics for both imported and domestic coal
- **Global coal price deflation** is making imported coal cheaper than domestic coal on a per GCal, landed at plant basis.
- **Home market - South India - continues to stay power deficit:** shortage of generation capacity and constrained transmission networks
- **Targeting high proportion of sales through long-term PPAs at remunerative rates:** 500MW already in place, L2 for 500MW in a large AP tender, single bidder situation for 500MW+ in another southern state.

## Portfolio Summary

	TPCIL	NCCPPL
Capacity	1,320 Mw (2x660 Mw)	1,320 Mw (2x660 Mw)
Location	Near Krishnapatnam port, Andhra Pradesh	Near Krishnapatnam port, Andhra Pradesh
TPC *	9,044 crore	9,900 crore
CFE	Obtained	Obtained
EC	Obtained	Obtained
CL	Signed PPA	LOA Obtained
WL	Obtained	Obtained
PPA	Acquired	In Progress
LA	Acquired	Acquired
FC	Completed	Completed
Current Progress	Phase I (660 Mw) started commencing operations	Expected to commence operations from FY16

\* Revised

TPC - Total Project Cost: CFE - Consent for Establishment: EC - Environmental Clearance: CL - Coal Linkage: WL - Water Linkage PPA - Power Purchase Agreement: LA - Land Acquisition: FC - Financial Closure: LOA - Letter of Assurance



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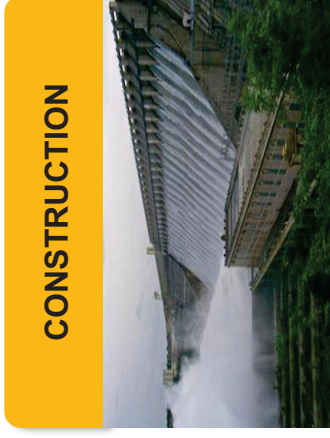
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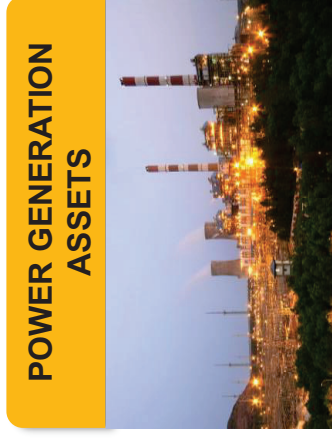
# Outlook



- Significant improvement in operating environment for Roads & Irrigation sector over last a few months as new governments at both Centre and in our home states are pushing ahead
- We are seeing better execution in our existing order book. A string of L1 positions in Road EPC contracts should ensure very strong growth in construction order book during FY16 and that should help us sustain a 20-30% topline growth over next 3-4 years.
- Power Assets: TPCIL phase-I is already running at high PLFs and phase -II should be commissioned in next a few weeks. NCCPPL – at least one unit should be operational before the end of FY16. We see no issue in sourcing fuel at competitive rates. We expect to sign long-term PPAs for a high proportion of our capacity by the end of the year.
- We hope to commission the last non-operating road in our portfolio during FY17. We do not plan to add to the Road asset portfolio in foreseeable future, no further equity injection is needed and are looking at all options to monetize the portfolio.



**CONSTRUCTION**



**POWER GENERATION ASSETS**



**ROAD ASSETS**



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# About Us



- 
 Gayatri Projects Limited (Parent Company) core construction Company
- 
 Dedicated subsidiaries to focus on Road and Power segment

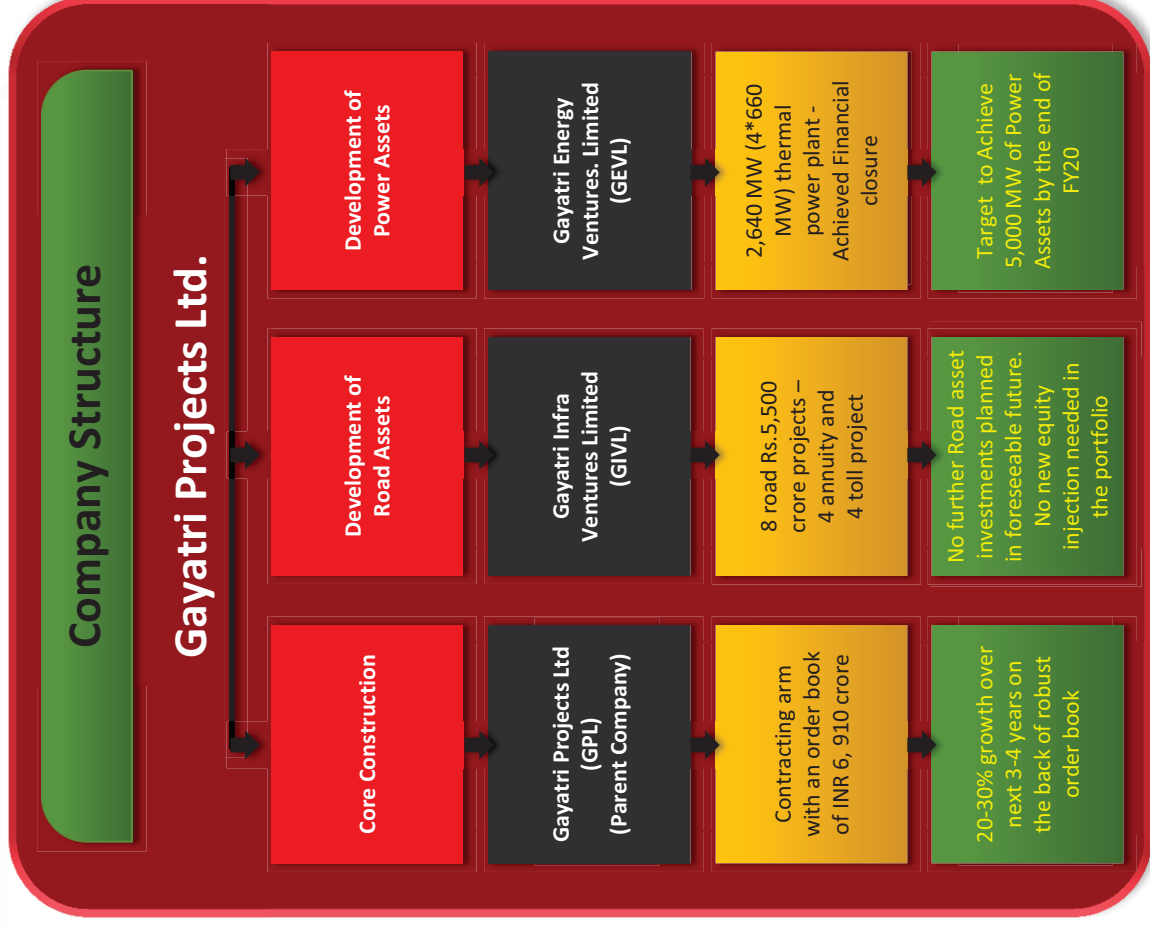
## Development of Road Assets:

- GIVL, dedicated towards development of road assets
- GPL's owns 70%; AMP Capital: 30%
- Current Portfolio: 8 road projects
- Annuity based: 4
- Toll Based: 3 + SMTL (100% owned by GPL)

## Development of Power Assets:

- GEVPL, dedicated towards development of power assets
- 100% owned Subsidiary of GPL
- Current Portfolio:
  - TPCIL: 1,320 MW project
    - GEVPL: 31%
  - \*NCCPPL: 1,320 MW Project

*\*Ownership through investment in NCCIHL*



# Gayatri Projects – Construction arm



- Core Construction Company with a Pan India Presence
- Rich DNA of almost 50 years' experience in Project execution
- Strong order book of ₹6,910 cr (approx.) as on 14<sup>th</sup> Aug '15 comprising a healthy mix of both captive and external projects
- Client list includes several leading names including NHAI, AAI, Nalco, Tata Steel, Reliance Petroleum etc.
- ISO 9001 – 2000 certified Company
- Owns Extensive fleet of state of the art Construction equipment
  - Heavy Earth Moving Machine: Hydraulic excavators, loaders
  - Concreting Plants: batching plants, transit mixers
  - Road Equipment: vibratory tandem rollers, integrated stone crushing plants
  - Quarry Equipment: Wagon Drills, Jack Hammers
  - Transportation Equipment: Tractors, Water tankers
- Two fold benefits of owning several assets:
  - Lower dependence on external sub contractors
  - Maximizing profits & returns

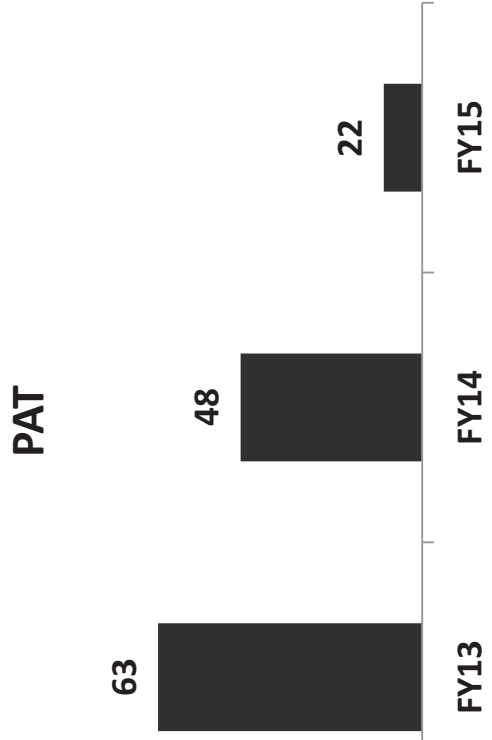
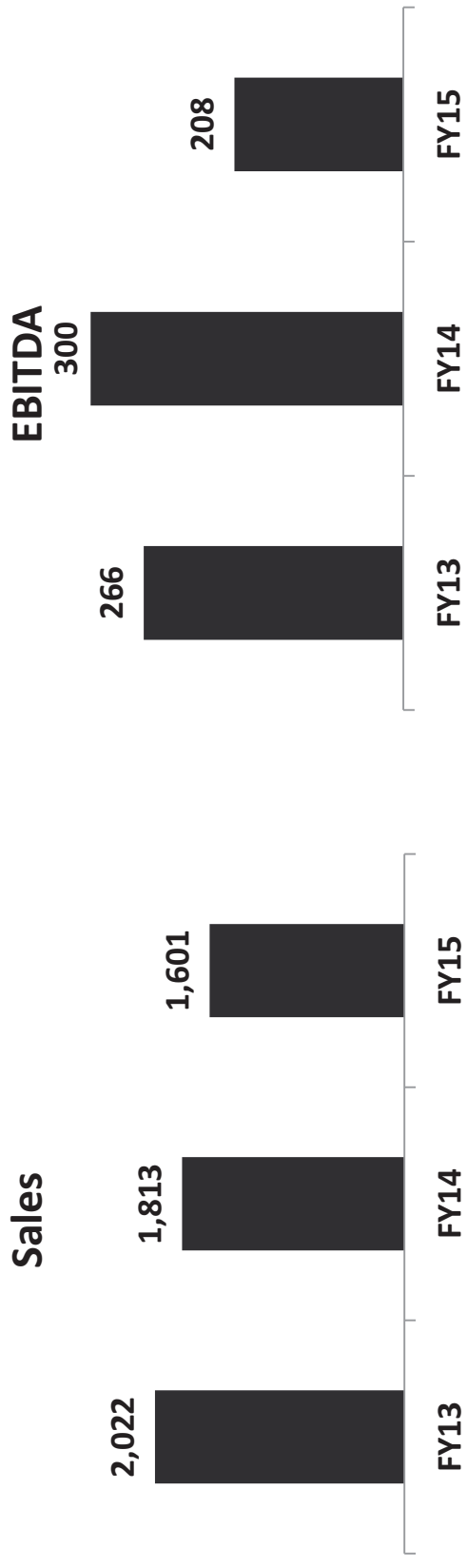


NHAI: National Highways Authority of India; AAI: Airports Authority of India

# Financial Performance at a Glance...



Figs. In crore







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*Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. Gayatri Projects Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances*

**Share Price** ₹419

**Market Cap** ₹1,416 cr



## Overview

Gayatri Projects Limited is a well-established EPC contractor with more than 50 years of experience in construction of Roads, Irrigation, Industrial & Power Transmission projects across India. It separately owns Power Generation Assets and BOT Road Assets through 2 step-down subsidiaries GEVL & GIVL. Gayatri's total current capital employed is split approximately evenly between construction and asset holding businesses.

## Divisional Information



### Construction

- Rich history of executing construction projects across India
- Gold Medal for Nagarjuna Sagar Project (World's largest Earth Dam)
- Built more than 644kms of roads
- Civil construction at some of the most marquee industrial projects: Tata Steel, Reliance Petroleum, etc.
- Current un-executed order book in excess of Rs.6,900cr and L1 position in several contracts



### Power Generation

- Developing a 2,640MW truly coastal, coal-fired power plant at Krishnapatnam in partnership with SembCorp Industries
- 1st 660MW unit already operating since May 2015, at high PLFs
  - 2nd 660MW unit recently synchronized with the grid
  - Other two 660MW units expected to be operational in next 12 months



### Road Asset Holding

- Current portfolio of 7 operating and 1 under-construction Road BoT assets with varying levels of ownership
- Split into 4 annuity-based and 4 toll roads
- Gross Capital Employed of more than Rs.5,000cr & Rs. 570cr cash invested from GPL balance-sheet across the 8 road assets as of end-FY2015
- Fully-funded business plan - No fresh capital investment by GPL needed in the business
- Company looking for opportunities to monetize the portfolio

## Financial Summary (Qtr ended Jun. 30' 2015)

	Q1FY15	Q1FY16	Y-o-Y (%)
Sales (₹cr)	342	405	18
EBITDA (₹cr)	52	58	12
Net Profit (₹cr)	2	11	450

## Major Shareholders (as of Jun. 2015)

Total number of shares outstanding 3.38crore shares (after the recent preferential issue). Some of the key shareholders, other than promoters, are **GMO Funds, Bajaj Allianz Life insurance Company, JP Morgan Asset Management, Mirae Asset Management, etc.**

## Project Update –Power Generation

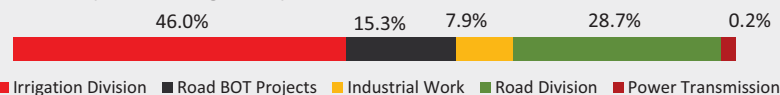
- **TPCIL:**
  - **Phase I** – Commercially Operational
  - **Phase II** – Achieves grid synchronization; expect to commence commercial operations shortly
- **NCCPPL** – Work progressing on schedule; hopeful of commissioning in next 12 months

## Recent Developments

- **Construction Business** - Bagged Rs.675 crore EPC contract from NHA for development of six lane Eastern Peripheral Expressway (NH#NE-II) in the state of Haryana & UP, Package VI from KM114 to KM136
- **Power Generation Business** - TPCIL phase-I started commercial production in 1Q2016. Since stabilizing in May, the unit has been operating around 90-100% PLF levels. TPCIL phase-II was synchronized with the grid and is expected to announce commercial production in next few weeks
- **Capital raising** - GPL raised approximately Rs.74cr. of equity capital through a preferential allotment of shares (in line with SEBI's ICDR Regulations, 2009) to 2 funds managed by GMO & Co's Emerging Markets Investment team

## Order Book

**Order Book (as of 14 Aug. 2015) : ~₹6,910 crore**



## Business Details

Exchanges	NSE, SX- 40 / BSE
Sector	Construction & Engineering
Ticker / Code	GAYAPROJ / 532767
Market Cap	Rs. 1,416 cr
Website	<a href="http://www.gayatri.co.in">www.gayatri.co.in</a>
Tel:	+91 40 23310330, 233314284
Fax:	+91 40 23398435
Email:	<a href="mailto:gplhyd@gayatri.co.in">gplhyd@gayatri.co.in</a>
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