

LETTER FROM THE CHAIRMAN

Dear Shareholders,

It has been our practice to say things as they are — be these good or bad, without exaggeration or sugar coating. As your chief fiduciary, I have no intention to depart from this practice. The hard fact is that FY 2018-19 has been a bad year for your Company.

Last year I had written to you that our two large projects got cancelled. The financial performance of the Company during the year under review is affected on account of this. Moreover, due to negative approach of the Public Sector Banks for infrastructure sector and EPC Companies, the industry is facing severe financial crunch.

Due to non-support of banks in issuing bank guarantees, the Company is not able to bid for any new work during the year under review. At present the Company is doing maintenance work of road projects awarded to its SPVs. Even in such difficult time, your Company is able to survive since the Company is not overleveraged due to conservative approach adopted while borrowing. The Company is confident to resolve the issues with its bankers in the coming financial year.

On Real Estate sector side also there is sluggish demand in the Mumbai Metropolitan Region. The Company will decide to start its real estate projects, once there is improvement in the market.

Performance Review: -The highlights of financial and operational performance during the year are: -

- Total Income of ₹ 61.44 Crores
- Net Loss after tax of ₹ 2.99 Crores
- Earnings per share of ₹ (0.37)
- Cash Earnings per share of ₹ (0.06)
- Net worth of ₹ 476.15 Crores.

Outlook on Road Sector

India has the one of largest road network across the world, spanning over a total of 5.5 million kms. This road network transports 64.5 per cent of all goods in the country and 90 per cent of India's total passenger traffic uses road network to commute.

The construction of highways reached 9,829 kms during FY18 which was constructed at an average of 26.93 kms per day. The Government of India has set a target for construction of 10,000 kms National Highway in FY19.

India has a requirement of investment worth ₹50 trillion (US\$ 777.73 billion) in infrastructure by 2022 to have sustainable development in the country. India is witnessing significant interest from international investors in the infrastructure space.

The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport. The total National Highways length increased to 122,434 kms in FY18 from 92,851 kms in FY14.

The Government of India is taking every possible initiative to boost the infrastructure sector.

India's National Highway network is expected to cover 50,000 kms by 2019. National Highway construction in India has increased by 20 per cent year-on-year in 2017-18.

The Government of India has decided to invest ₹7 trillion for construction of new roads and highways over the next five years.

Your Company is confident of getting new EPC road contracts in the coming fiscal and it will help in improving top line and profitability of your Company. Moreover, your Company is expecting realisation of further claims in the coming year and the same will be used to reduce outstanding debt of the Company.

We believe in proactively preparing ourselves for achieving sustainable rapid growth by ensuring timely availability of necessary resources – be it human resources, finance, technology, equipment, infrastructure, systems, etc.

In the area of Corporate Governance, your Company is committed to the highest standards of probity, transparency, sustainability and corporate social responsibility.

I thank all the stakeholders for reposing confidence in our abilities and endeavours and expect to receive full support in taking the Company to newer heights.

Yours Sincerely,

Rajhoo Bbarot
Chairman