

A study of Performance of construction companies in India

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ABSTRACT

Construction industry is having significance in the country due to its contribution to Gross Domestic Product (GDP) at 8% level. It is having good potential for expansion and provides scope for employment opportunities at various levels. Ten construction companies, chosen based on growth and expertise in construction, are considered for study based on select key financials for a five year period, i.e. 2015-16 to 2019-20. Total Assets, Total Revenue and Net Profit after Tax are analyzed with period to period change in per-cent terms during the five year period under study. Total Assets increased well but corresponding increase in Total Revenue is not observed. The companies could not generate profits in proportion to the business undertaken in most of the cases which is an area of concern.

KEYWORDS

Construction Companies, Total Assets, Total Revenue.

INTRODUCTION

Construction contributes to Gross Domestic Product (GDP) of the country to the extent of 8% and may be considered as the largest industry sector in India. According to one estimate, the construction industry is valued at USD 126 Billion approximately. The construction sector has vast potential for expansion in the years to come and thus provides ample scope for bright career opportunities for civil engineers.

In this context, a brief study of 10 construction companies in India is undertaken. The companies are selected based on the growth, financial performance, expertise in construction and managerial capabilities. The value the companies gained in the industry is taken into consideration, based on the articles available from Google search, for selection of the 10 companies.

RESEARCH METHODOLOGY

The period of study is five financial years, i.e. 2015-16 to 2019-20. The key financials of the companies are collected from www.moneycontrol.com which provides the published financial statements, viz. Balance Sheet and Profit & Loss account for many companies in the country.

Total Assets which represent the size of the company, Total Revenue which represents the turnover of the company and Net Profit after Tax which represents positive financial performance of the company are selected for study as key financials. The data is analyzed for period to period change in per-cent terms during the five year period taken up for study.

The results are tabulated and shown graphically also company wise.

Study of the Performance of the Companies:

The ten companies chosen for study are listed hereunder in Table 1 in the order of Total Assets of the company as on 31st March 2020.

Table 1: Total Assets of the selected companies as on 31st March 2020

Sl.No.	Name of the Company	Total Assets as on 31 st March 2020
1	Larsen & Toubro	141556.59
2	Jaiprakash Associates	38531.56
3	GMR Infrastructure	24281.52
4	Lanco Infratech	18067.96
5	NCC Limited	12770.38

6	Hindusthan Construction Company	10896.44
7	Simplex Infrastructures	9151.49
8	Ashoka Buildcon	5311.93
9	JMC Projects (India)	4237.72
10	Gammon Infrastructure Projects	2583.06

Source: compiled from data

1. Larsen & Toubro: The company was established in 1938. The company is known for its projects, Gujarat Refinery for Indian Oil Corporation Limited, Fertilizer Plant for Nagarjuna Fertilizers and Chemicals Ltd. at Kakinada, Andhra Pradesh State.

The key financials of the company for the five year period 2015-16 to 2019-20 are furnished in Table 2 and graphical representation of the same is shown in Fig.1 hereunder:

Table 2: Key Financials of Larsen & Toubro from 2015-16 to 2019-20

Parameter	Mar-20	%	Mar-19	%	Mar-18	%
Total Assets	141556.59	13.55	124659.73	7.83	115610.02	13.08
Total Revenue	85191.52	0.23	84998.61	11.33	76347.37	12.88
Profit/Loss	6679.21	-10.84	7491.39	39.06	5387.30	-1.22

Parameter	Mar-17	%	Mar-16
Total Assets	102238.44	5.32	97069.71
Total Revenue	67638.82	8.77	62185.58
Profit/Loss	5453.74	2.68	5311.46

(Source: www.moneycontrol.com)

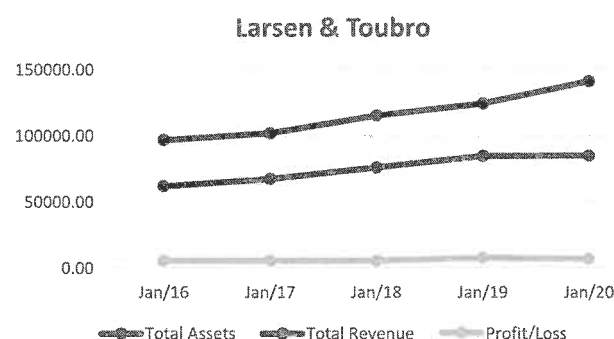


Fig. 1: Key Financials of Larsen & Toubro from 2015-16 to 2019-20

Larsen & Toubro reported net profit after tax of Rs. 6679.21 crore for the financial year 2019-20. Increasing Trend is noticed in both Total Assets and Total Revenue during the five year period under study, i.e. 2015-16 to 2019-20. But net profit showed declining trend during the years ended March 2018 and March 2020.

2. Jaiprakash Associates: The company was established in 1979. The company is known for its projects, 1000 MW Karcham Dam on River Satluj, Himachal Pradesh and Yamuna Expressway.

The key financials of the company for the five year period 2015 -16 to 2019- 20 are furnished in Table 3 and graphical representation of the same is shown in Fig.2 hereunder:

Table 3: Key Financials of Jaiprakash Associates from 2015-16 to 2019-20

Parameter	Mar-20	%	Mar-19	%
Total Assets	38531.56	1.88	37820.76	3.91
Total Revenue	4687.22	-32.89	6984.38	12.76
Profit/Loss	-892.83	15.40	-773.68	-319.98

Parameter	Mar-18	%	Mar-17	%	Mar-16
Total Assets	36396.06	-21.65	46455.15	-6.37	49614.24
Total Revenue	6194.06	-2.61	6360.16	-27.66	8792.03
Profit/Loss	351.71	-108.06	-4361.57	54.63	-2820.61

(Source: www.moneycontrol.com)

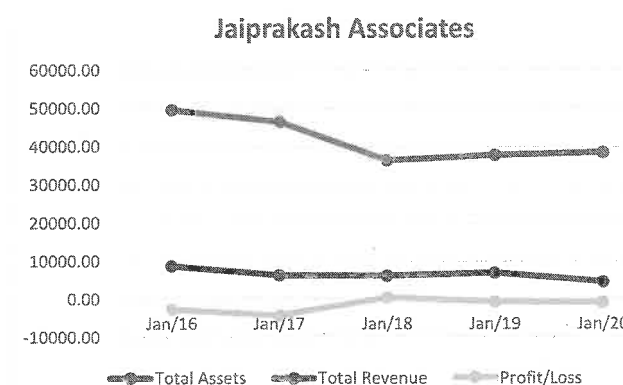


Fig. 2: Key Financials of Jaiprakash Associates from 2015-16 to 2019-20

Jaiprakash Associates reported net loss of Rs. 892.83 crore for the financial year 2019-20. Mixed trends of both increase and decrease are noticed in Total Assets and Total Revenue during the five year period under study, i.e. 2015-16 to 2019-20. The company posted net profit for March 2018 only and in all other four years it reported losses only.

3. GMR Infrastructure: The Company was established in 1978. The company is known for its projects, Indira Gandhi International Airport, New Delhi and Ambala-Chandigarh Highway.

The key financials of the company for the five year period 2015-16 to 2019-20 are furnished in Table 4 and graphical representation of the same is shown in Fig.3 hereunder:

Table 4: Key Financials of GMR Infrastructure from 2015-16 to 2019-20

Parameter	Mar-20	%	Mar-19	%	Mar-18	%
Total Assets	24281.52	8.45	22389.94	15.52	26504.12	97.19
Total Revenue	1163.00	1.23	1148.90	-0.82	1158.36	-2.03
Profit/Loss	-1479.12	43.01	-1034.31	76.01	-587.63	-84.05

Table 4: Key Financials of GMR Infrastructure from 2015-16 to 2019-20

Parameter	Mar-17	%	Mar-16
Total Assets	13440.96	-14.98	15809.74
Total Revenue	1182.42	45.23	814.17
Profit/Loss	-3684.11	142.55	-1518.90

(Source: www.moneycontrol.com)

GMR Infrastructure reported net loss of Rs. 1479.12 crore for the financial year 2019-20. Mixed trends of both increase and decrease are noticed in Total Assets and Total Revenue during the five year period under study, i.e. 2015-16 to 2019-20. In fact, the company reported losses for the five years under study.

GMR Infrastructure

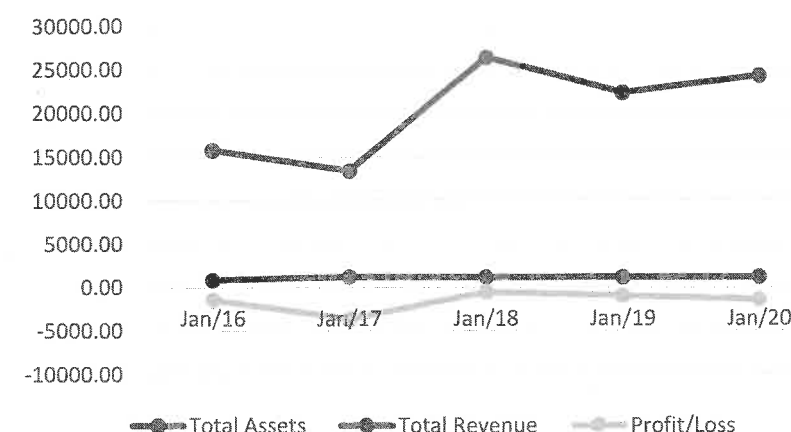


Fig. 3: Key Financials of GMR Infrastructure from 2015-16 to 2019-20

4. Lanco Infratech: The company was established in 1986. The company is known for its projects, Devihalli highways and Udupi Power Corporation Ltd (UPCL) at Yellur in Udupi District, Karnataka State.

The key financials of the company for the five year period 2015-16 to 2019-20 are furnished in Table 5 and graphical representation of the same is shown in Fig.4 hereunder:

Table 5: Key Financials of Lanco Infratech from 2015-16 to 2019-20

Parameter	Mar-20	%	Mar-19	%	Mar-18	%
Total Assets	18067.96	-5.14	19046.50	-7.05	20490.52	6.82
Total Revenue	1757.53	-35.97	2744.94	79.32	1530.71	-34.57
Profit/Loss	-889.52	99.89	-445.00	-33.80	-672.23	-29.98

(Source: www.moneycontrol.com)

Table 5: Key Financials of Lanco Infratech from 2015-16 to 2019-20

Parameter	Mar-17	%	Mar-16
Total Assets	19181.57	-3.25	19826.42
Total Revenue	2339.37	-51.49	4822.75
Profit/Loss	-959.99	7296.33	13.34

(Source: www.moneycontrol.com)

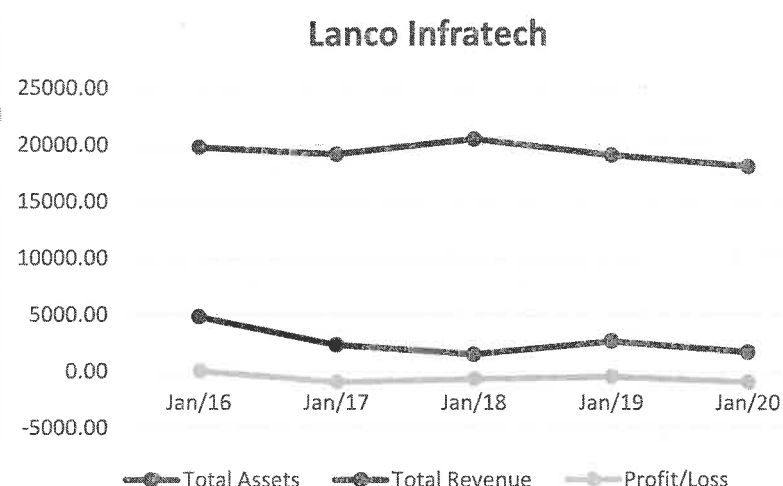


Fig. 4: Key Financials of Lanco Infratech from 2015-16 to 2019-20

Lanco Infratech reported net loss of Rs. 889.52 crore for the financial year 2019-20. Mixed trends of both increase and decrease are noticed in Total Assets and Total Revenue during the five year period under study, i.e. 2015-16 to 2019-20. The company reported loss at the end of all the financial years under study except for March 2016.

5. Nagarjuna Construction Company:

The company was established in 1978. The company is known for its projects, Construction of Oberoi Resort in Kuwait and Kalina-Vakola Fly over in Mumbai, Maharashtra.

The key financials of the company for the five year period 2015-16 to 2019-20 are furnished in Table 6 and graphical representation of the same is shown in Fig.5 hereunder:

Table 6: Key Financials of Nagarjuna Construction Company from 2015-16 to 2019-20

Parameter	Mar-20	%	Mar-19	%	Mar-18	%
Total Assets	12770.38	-2.95	13158.60	21.83	10800.56	20.76
Total Revenue	8370.07	-31.38	12198.01	58.93	7675.16	-4.44
Profit/Loss	382.04	-32.25	563.91	96.62	286.80	27.18

(Source: www.moneycontrol.com)

Parameter	Mar-17	%	Mar-16
Total Assets	8944.03	-3.37	9255.69
Total Revenue	8032.15	-6.05	8549.14
Profit/Loss	225.50	-6.11	240.17

(Source: www.moneycontrol.com)

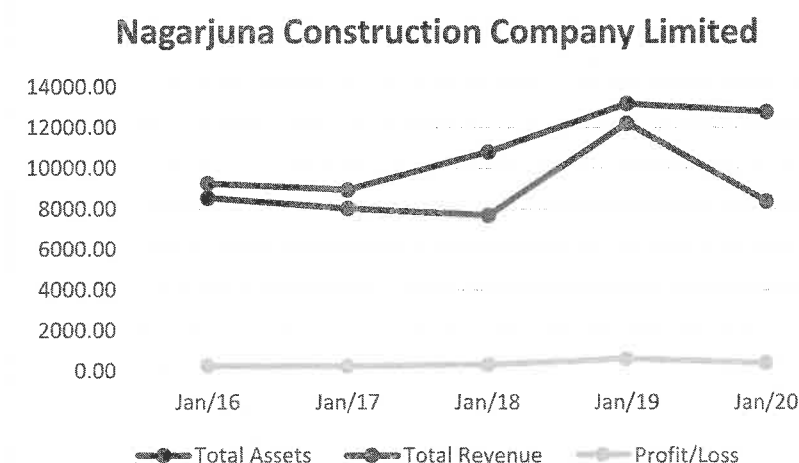


Fig. 5: Key Financials of Nagarjuna Construction Company from 2015-16 to 2019-20

Nagarjuna Construction Company posted net profit of Rs. 382.04 crore for the financial year 2019-20. Mixed trends of both increase and decrease are noticed in Total Assets and Total Revenue during the five year period under study, i.e. 2015-16 to 2019-20. The company posted net profit for all the five years under study though declining figures are observed for March 2017 and March 2020.

6. Hindusthan Construction Company: The Company was established in 1926. The company is known for its projects, Bandra Worli Sea link and Mumbai – Pune Expressway.

The key financials of the company for the five year period 2015-16 to 2019-20 are furnished in Table 7 and graphical representation of the same is shown in Fig.6 hereunder:

Table 7: Key Financials of Hindusthan Construction Company from 2015-16 to 2019-20

Parameter	Mar-20	%	Mar-19	%
Total Assets	10896.44	3.01	10578.40	-5.77
Total Revenue	3676.14	-22.14	4721.62	-2.16
Profit/Loss	-168.72	-91.24	-1925.58	-2583.66

(Source: www.moneycontrol.com)

Parameter	Mar-18	%	Mar-17	%	Mar-16
Total Assets	11226.23	0.20	11203.98	11.89	10013.74
Total Revenue	4826.08	8.25	4458.14	1.20	4405.13
Profit/Loss	77.53	30.50	59.41	37.30	94.76

(Source: www.moneycontrol.com)

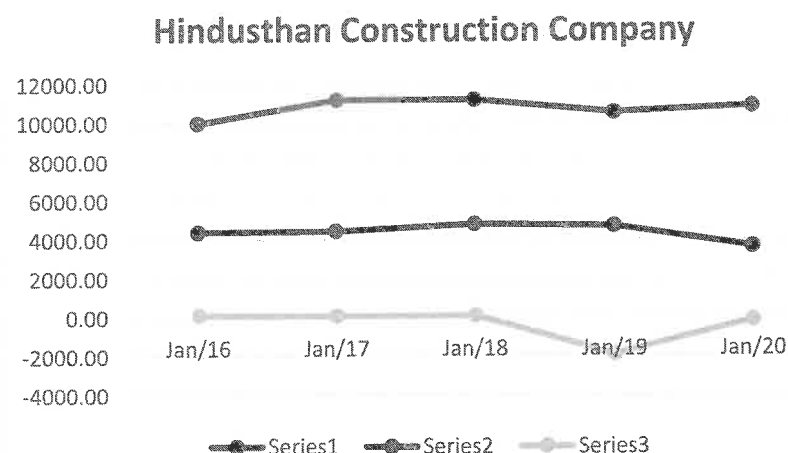


Fig. 6: Key Financials of Hindusthan Construction Company from 2015-16 to 2019-20

Hindusthan Construction Company reported net loss of Rs. 168.72 crore for the financial year 2019-20. Mixed trends of both increase and decrease are noticed in Total Assets and Total Revenue during the five year period under study, i.e. 2015-16 to 2019-20. The company posted profit for three years successively from March 2016 but could not maintain the same during the

years ended March 2019 and March 2020 and reported net losses only.

7. **Simplex Infrastructures:** The company was established in 1924. The company is known for its projects, IGI Airport, Delhi and Goa Shipyard. The key financials of the company for the five year period 2015-16 to 2019-20 are furnished in Table 8 and graphical representation of the same is shown in Fig.7 hereunder:

Table 8: Key Financials of Simplex Infrastructures from 2015-16 to 2019-20

Parameter	Mar-20	%	Mar-19	%
Total Assets	9151.49	-3.93	9525.73	3.38
Total Revenue	3966.98	-35.53	6153.37	4.25
Profit/Loss	-317.47	-359.03	122.56	4.80

Parameter	Mar-18	%	Mar-17	%	Mar-16
Total Assets	9214.33	9.46	8417.62	6.34	7915.63
Total Revenue	5902.52	2.31	5769.05	-3.89	6002.77
Profit/Loss	116.95	-2.76	120.27	13.34	106.11

(Source: www.moneycontrol.com)

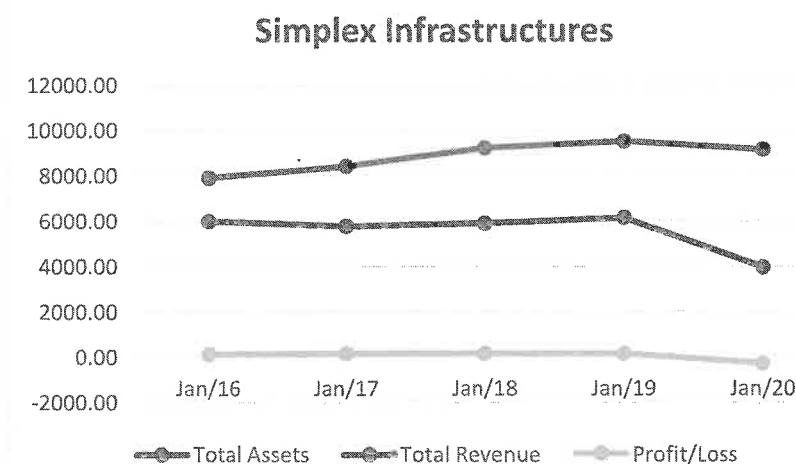


Fig. 7: Key Financials of Simplex Infrastructures from 2015-16 to 2019-20

Simplex Infrastructures reported net loss of Rs. 317.47 crore for the financial year 2019-20. Mixed trends of both increase and decrease are noticed in Total Assets and Total Revenue during the five year period under study, i.e. 2015-16 to 2019-20. The company posted profits for four years successively from March 2016 but could report net loss only for March 2020.

8. Ashoka Buildcon: The company was established in 1976. The company is known for its projects, Bundelkhand Expressway Project and construction of four lane access controlled Chittorgarh bye-pass road at Chittorgarh, Rajasthan.

The key financials of the company for the five year period 2015-16 to 2019-20 are furnished in Table 9 and graphical representation of the same is shown in Fig.8 hereunder:

Table 9: Key Financials of Ashoka Buildcon from 2015-16 to 2019-20

Parameter	Mar-20	%	Mar-19	%
Total Assets	5311.93	0.06	5308.57	35.19
Total Revenue	4082.36	3.71	3936.34	54.73
Profit/Loss	387.14	35.29	286.16	20.74

(Source: www.moneycontrol.com)

Parameter	Mar-18	%	Mar-17	%	Mar-16
Total Assets	3926.88	13.82	3450.07	13.20	3047.64
Total Revenue	2544.07	22.41	2078.40	2.66	2024.58
Profit/Loss	237.01	34.60	176.09	10.46	159.41

(Source: www.moneycontrol.com)

Ashoka Buildcon posted net profit of Rs.387.14 crore for the financial year 2019-20. Increasing Trend is noticed in both Total Assets and Total Revenue during the five year period under study, i.e. 2015-16 to 2019-20. The company posted profit for the all the five years under study and increasing trend in the profit figure is also observed.

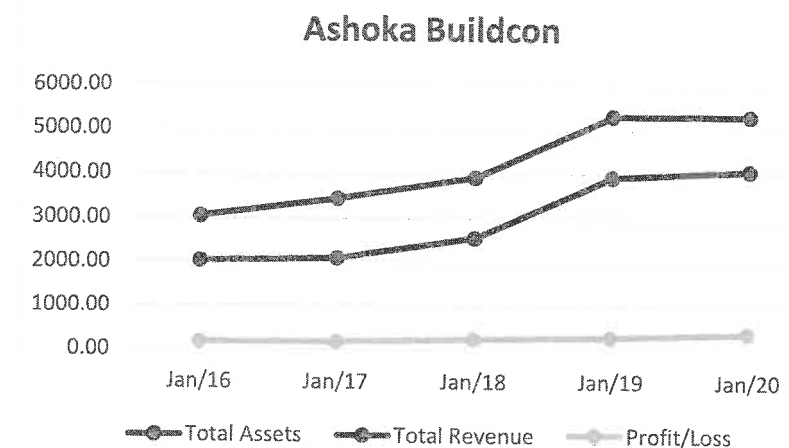


Fig. 8: Key Financials of Ashoka Buildcon from 2015-16 to 2019-20

9. JMC Projects (India): The company was established in 1982. The company is known for its projects, construction of multipurpose Air Conditioned Indoor stadium at New Delhi and construction of three elevated stations for DMRC at New Delhi.

The key financials of the company for the five year period 2015-16 to 2019-20 are furnished in Table 10 and graphical representation of the same is shown in Fig.9 hereunder:

Table 10: Key Financials of JMC Projects (India) from 2015-16 to 2019-20

Parameter	Mar-20	%	Mar-19	%
Total Assets	4237.72	7.47	3943.22	15.44
Total Revenue	3740.47	14.12	3277.64	18.19
Profit/Loss	78.96	-44.45	142.13	33.92

(Source: www.moneycontrol.com)

Parameter	Mar-18	%	Mar-17	%	Mar-16
Total Assets	3415.74	20.55	2833.53	14.59	2472.65
Total Revenue	2773.26	18.38	2342.71	-5.92	2490.10
Profit/Loss	106.13	82.17	58.26	42.03	41.02

(Source: www.moneycontrol.com)

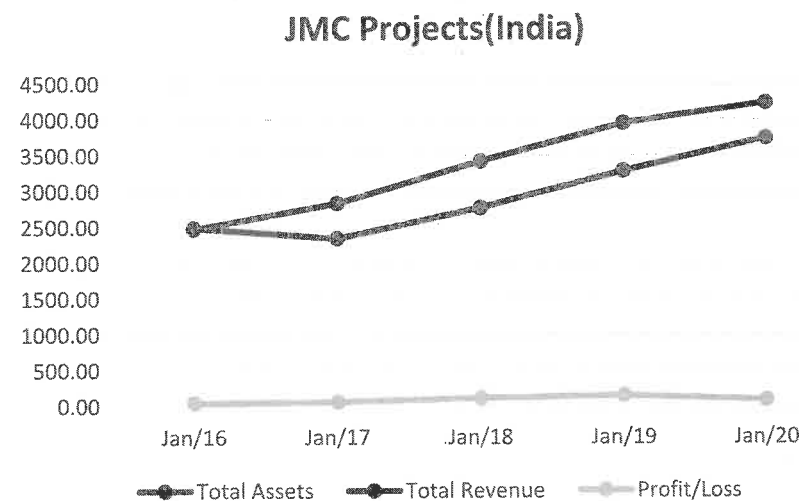


Fig. 9: Key Financials of JMC Projects (India) from 2015-16 to 2019-20
JMC Projects (India) posted net profit of Rs. 78.96 crore for the year ended March 2020. Increasing trends are noticed for both Total Assets and Total Revenue during the five year period under study, i.e. 2015-16 to 2019-20, except for Total Revenue for March 2017 which showed declining trend. The company posted profit for all the five years under study with increasing trend except for March 2020, for which year fall in profit is observed.

10. Gammon Infrastructure Projects: The company was established in 2001. The company is known for its projects, Terminal building for Sharjah International Airport and the longest river bridge across the Ganges at Patna, Bihar.

The key financials of the company for the five year period 2015-16 to 2019-20 are furnished in Table 11 and graphical representation of the same is shown in Fig.10 hereunder:

Table 11: Key Financials of Gammon Infrastructure Projects from 2015-16 to 2019-20

Parameter	Mar-20	%	Mar-19	%
Total Assets	2583.06	16.27	2221.66	45.65
Total Revenue	31.99	-45.67	58.88	-66.68
Profit/Loss	-11.47	-84.38	-73.41	-741.70

(Source: www.moneycontrol.com)

Parameter	Mar-18	%	Mar-17	%	Mar-16
Total Assets	1525.36	-7.32	1645.81	6.18	1550.05
Total Revenue	176.69	-18.49	216.78	-46.93	408.48
Profit/Loss	11.44	-38.99	18.75	-67.76	58.15

(Source: www.moneycontrol.com)

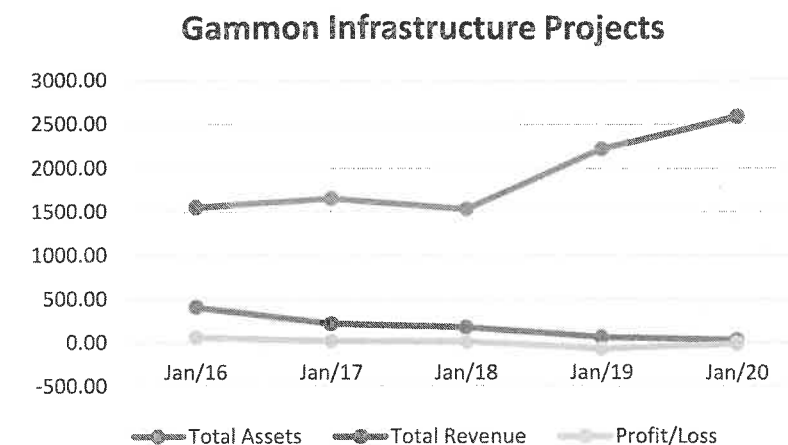


Fig. 10: Key Financials of Gammon Infrastructure Projects from 2015-16 to 2019-20

Gammon Infrastructure Projects reported net loss of Rs. 11.47 crore for the financial year 2019-20. Mixed trends of both increase and decrease are noticed in Total Assets and Total Revenue during the five year period under study, i.e. 2015-16 to 2019-20. The company posted profits for three years successively from March 2016 but reported losses for both March 2019 and March 2020.

FINDINGS

The construction companies taken up for study are growing at a moderate level during the five year period under study. Total Assets increased well except in case of Jaiprakash Associates and Lanco Infratech which showed decrease by March 2020 as against the position as on March 2016.

Total Revenues however increased only in case of Larsen & Toubro, GMR Infrastructure, Ashoka Buildcon and JMC Projects (India) and negative trend is noticed in case of all other 6 companies under study.

Profit position is not encouraging as 6 out of 10 companies reported losses at the end of the study period, i.e. March 2020.

CONCLUSION

From the above, it is understood that construction companies are under stress in their financial management during the past 5 years and may need support from the Government having regard to the contribution to building of infrastructure of the Nation.

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