

# NCC LIMITED

## INVESTOR PRESENTATION

12<sup>th</sup> November 2013



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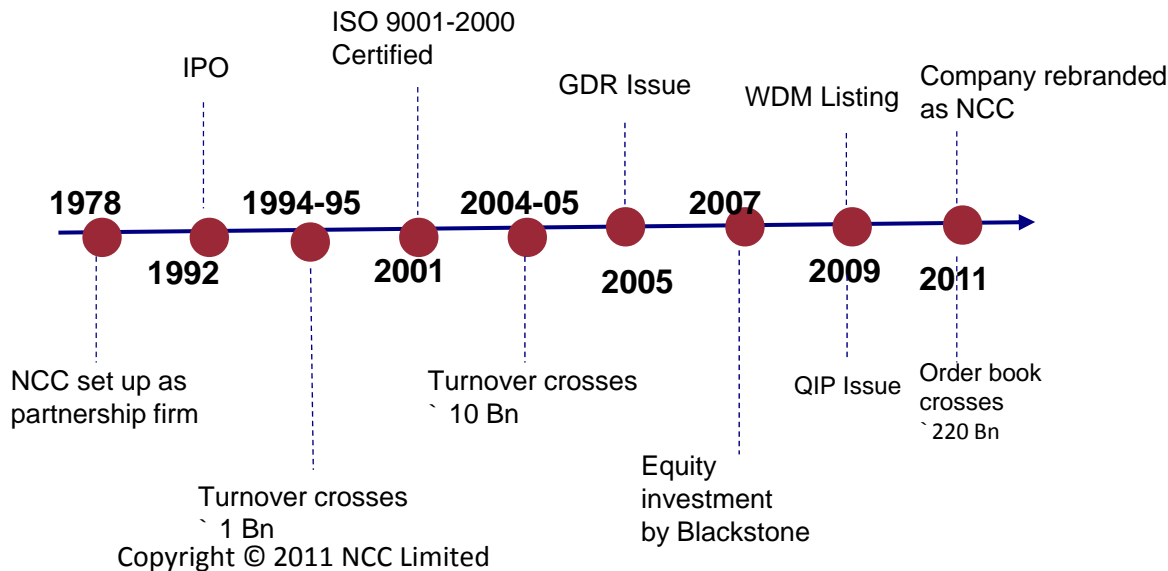
# **COMPANY OVERVIEW**

# Company Snapshot

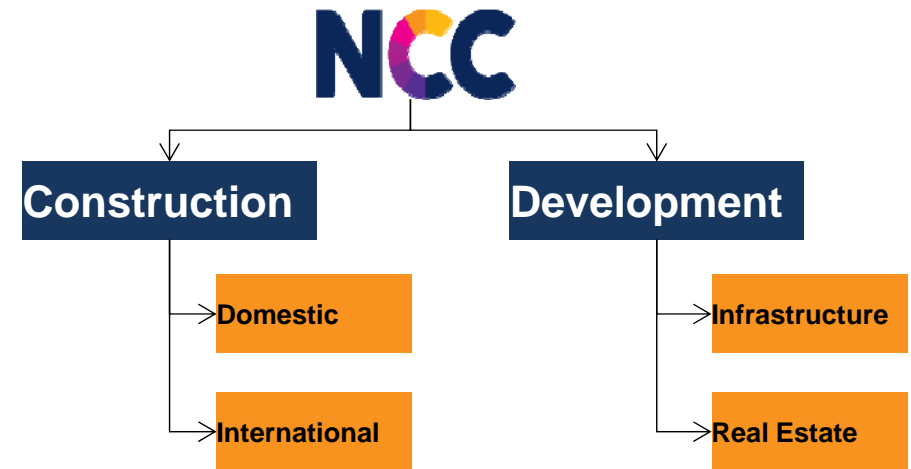


- One of the largest Indian construction companies in terms of revenues
- Presence across buildings & housing, transportation, water & environment, irrigation and electrical segments
- Entry into new segments such as oil & gas, metals, mining, power and railways
- Market capitalization: US\$ 73.30 Mn as of Sept 30, 2013 (Source: NSE)

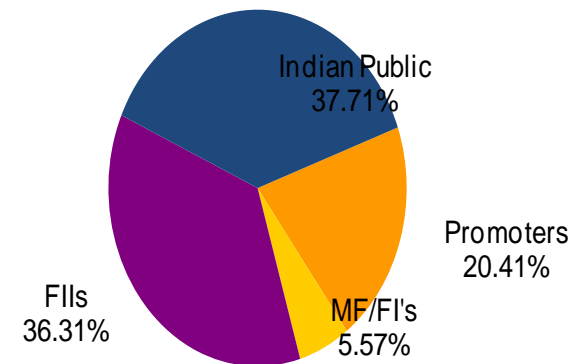
## Key Milestones



## Business Structure



## Shareholding Pattern (as on 30.09.2013)



(Based on shareholding data as disclosed to Stock Exchanges)

# Experienced and Professional Management



## Experienced Management and Skilled workforce

- 4,576 employees including 3,000 engineers as on Sept 30, 2013
- ESOP scheme introduced in 2004 to help attract, motivate and retain employees,. Substituted with ESOP compensatory incentive scheme in 2007
- Focus on skills improvement through training

## Institutional Investor

- Blackstone acquired approximately 9.7% in Oct 2007

## Client Recognition

- Focus on timely execution has been rewarded by clients in the form of early completion bonuses
  - Kalina-Vakola flyover, Mumbai
  - National Academy of Construction, Hyderabad
  - Times of India Print City, Navi Mumbai

## Corporate Governance

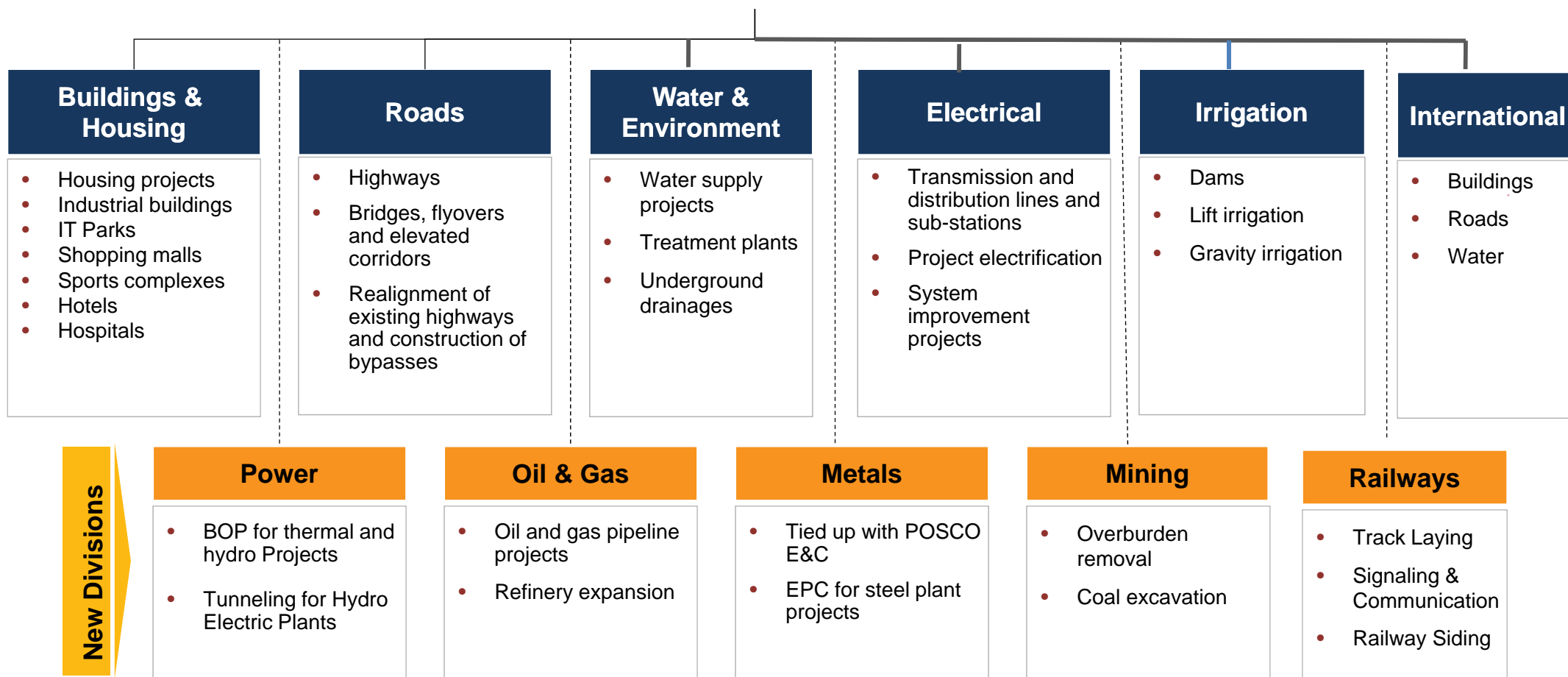
- Board comprises of 16 directors, including 5 independent directors and 2 nominee directors
- HR & Remuneration Committee/Audit Committee/The Shareholder's Grievance Committee headed by independent directors

## Select Awards and Accolades

						
<ul style="list-style-type: none"> <li>■ 2006: "Fastest Growing Construction Company in India"</li> <li>■ 2007: "2nd largest construction company in India"</li> </ul>	<ul style="list-style-type: none"> <li>■ Forbes Asia, 2005: The only Indian construction company to be One of the 200 "Best Under a Billion" listed companies in Asia Pacific</li> </ul>	<ul style="list-style-type: none"> <li>■ 2004: "Excellent Aesthetics Matching with Environment" for transportation project at Latur, Maharashtra</li> </ul>	<ul style="list-style-type: none"> <li>■ Outstanding Concrete Structure of Year for Main Athletic Stadium, Gachibowli, Hyderabad (2003) and for Shilpakalavedika, Hyderabad (2002)</li> </ul>	<ul style="list-style-type: none"> <li>■ 1999: Safety Certificate for maintaining highest standards of safety while constructing factory at Damanjodi, Orissa</li> </ul>	<ul style="list-style-type: none"> <li>■ 2010: Company's Annual Report and Accounts for the year 2008-09 has been awarded Certificate of Merit the " Best Presented Accounts and Corporate Governance Disclosures Awards 2009" by the South Asian Federation of Accountants(SAFA)</li> </ul>	<ul style="list-style-type: none"> <li>■ 2010: Company's Annual Report and Accounts for the year ended 31st March, 2009 have been "<b>adjudged as the 2nd best</b>" under the category Infrastructure &amp; Construction Sector by <b>ICAI Awards</b> for Excellence in <b>Financial Reporting</b>"</li> </ul>

# **CONSTRUCTION BUSINESS**

# Operating Divisions



**Diversified operating base across 11 divisions helps mitigate risk against a slowdown in any one division**

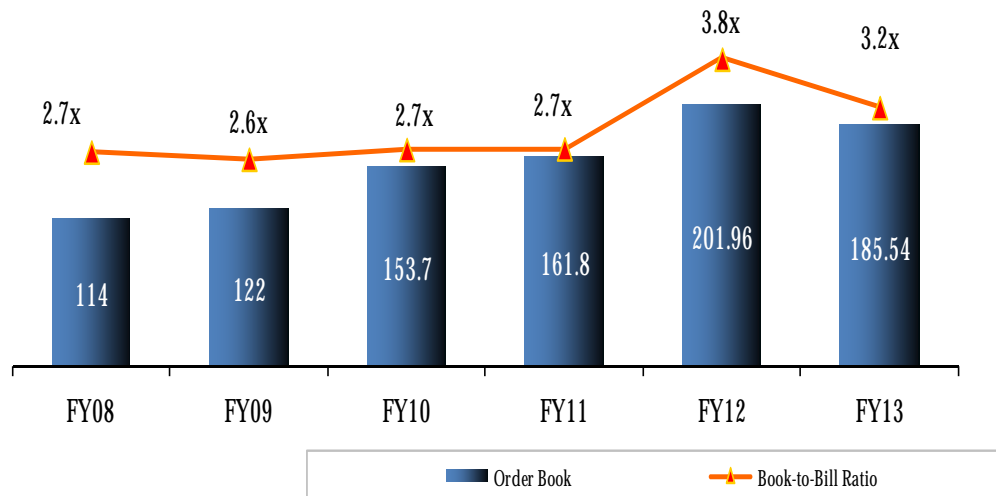


# Size & Scale

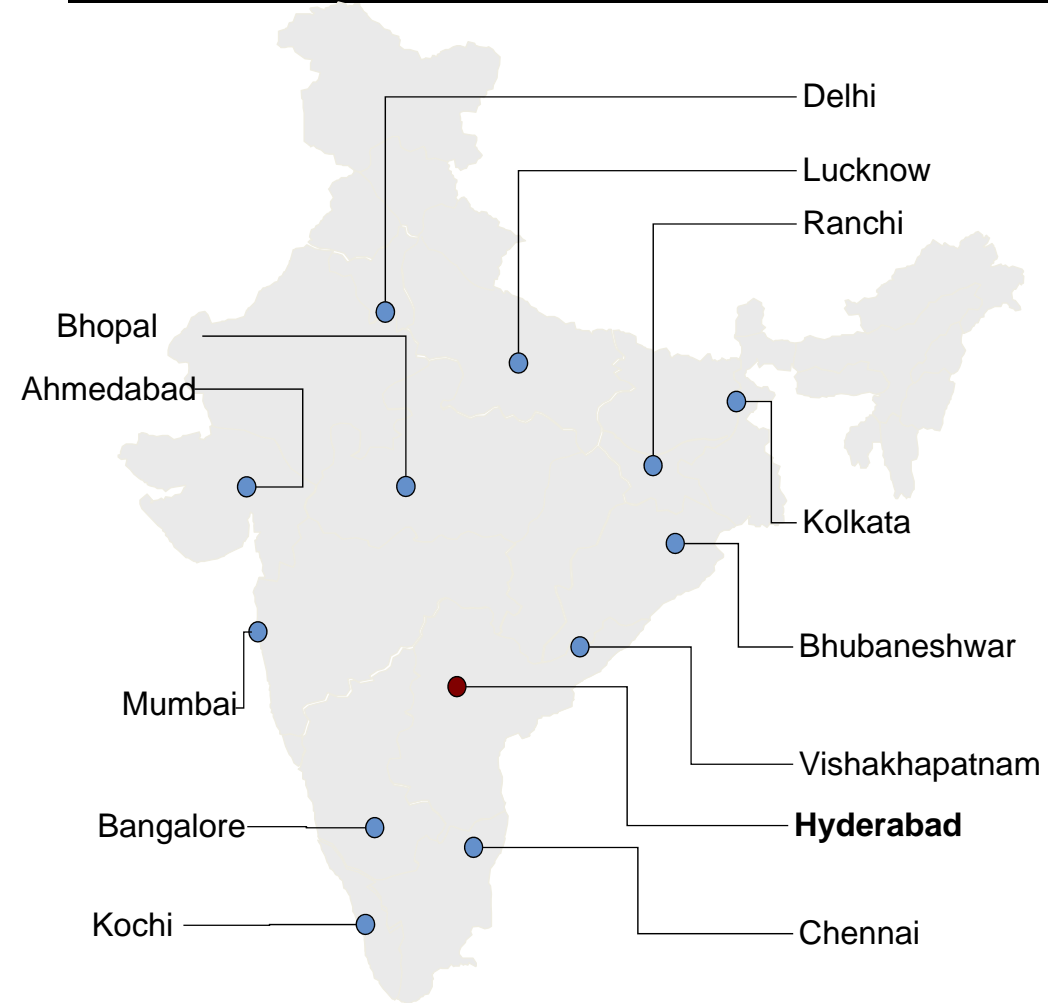


- Among the top 5 construction companies in India in terms of revenues
- Our size and scale helps us pre-qualify for larger projects
- Backed by strong execution teams, currently executing around 205 projects at various locations
- Demonstrated ability to bid for and win large projects
  - NCC Power Projects Limited : ` 51,510 Mn
  - SAIL-IISCO expansion project at Burnpur, West Bengal: ` 10,904 Mn
  - Al Batinah Coastal Road ,Sultanate of Oman: ` 18,065 Mn

## Order Book Remains Robust



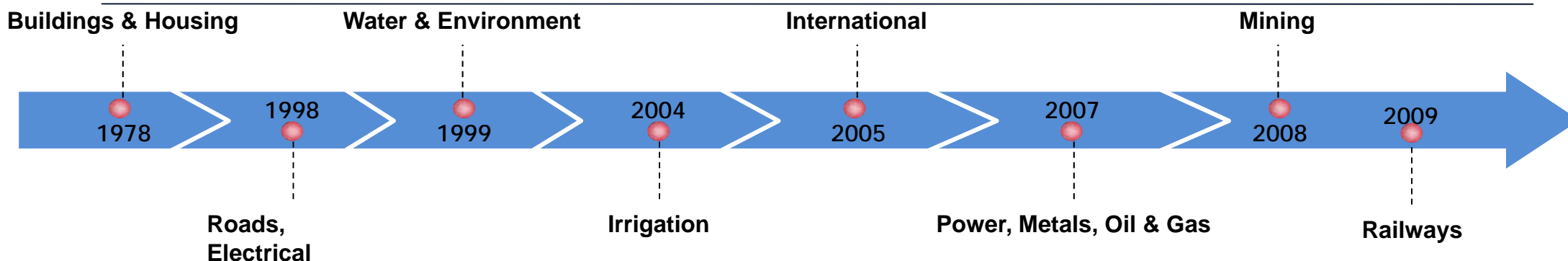
## Executing Projects Across India



### Overseas Offices

Dubai Muscat

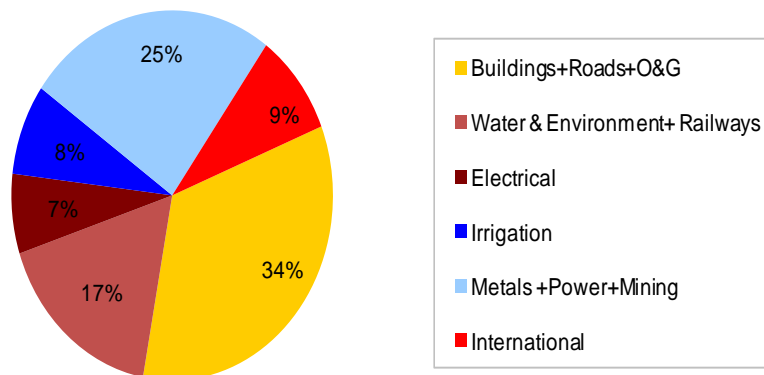
# Diversified Order Book



- Stability & flexibility in the business model
  - Leverage to deploy machinery and personnel across divisions based on business requirements
  - As on Sept 30, 2013 approximately 30% of contracts are fixed price contracts and balance have some price variation clauses

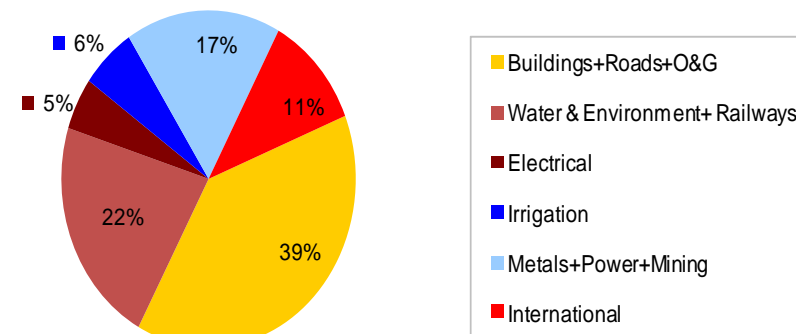
## Total Order Book: Rs. 202,470 Mn

(As on Sept 30, 2013)



## Total Turnover: Rs. 30,500 Mn

(As on Sept 30, 2013)



# Segment Wise Execution & Order book



Segment-Wise Order Book as on 30.09.2013									
									Rs. in Billion
Particulars	Buildings+Roads +Oil & Gas	Water & Environment+ Railways	Electrical	Irrigation	Metals	Power	Mining	International	TOTAL
Orders on Hand as on 01.04.2013	57.03	29.45	9.16	17.18	2.37	47.98	3.97	18.41	185.54
	31%	16%	5%	9%	1%	26%	2%	10%	100%
Add: New Orders Received	24.54	12.13	5.58	0	1.20	0.18	0.98	2.82	47.43
	52%	26%	12%	0%	3%	0%	2%	6%	100%
Less: Value of Works Executed	11.79	6.77	1.55	1.70	0.61	4.39	0.21	3.48	30.50
	39%	22%	5%	6%	2%	14%	1%	11%	100%
Balance as on 30.09.2013	69.78	34.81	13.19	15.48	2.96	43.77	4.74	17.75	202.47
	34%	17%	7%	8%	1%	22%	2%	9%	100%

# Moving Up the Value Chain



- New higher margin/more profitable divisions to drive growth over the next 3-5 years, should result in increase in gross and EBITDA margins
- Metals, Power & Mining contributed 17% of revenues and 25% of the outstanding order book as on Sept. 30, 2013. These divisions are likely to contribute approx. 35% of revenues and 40% of order book in the next 3 years
- Partnerships with leading global players such as POSCO of South Korea in metals enable participation in higher value bids for complicated works with better margins

S. No.	Division	Key Projects Won / Completed
1.	Power	■ EPC order from NCC Power Project Limited(2 x 660 MW): Rs. 51,510 Mn
2.	Metals	■ SAIL-IISCO expansion project at Burnpur, West Bengal: Rs.15,722 Mn
3.	Mining	■ Blast hole drilling, controlled blasting, excavation, loading, transport and dumping of overburden for Singareni Collieries: Rs.3,600 Mn
4.	Railways	■ Rail Vikas Nigam, Bhubaneshwar : Rs. 2150 Mn

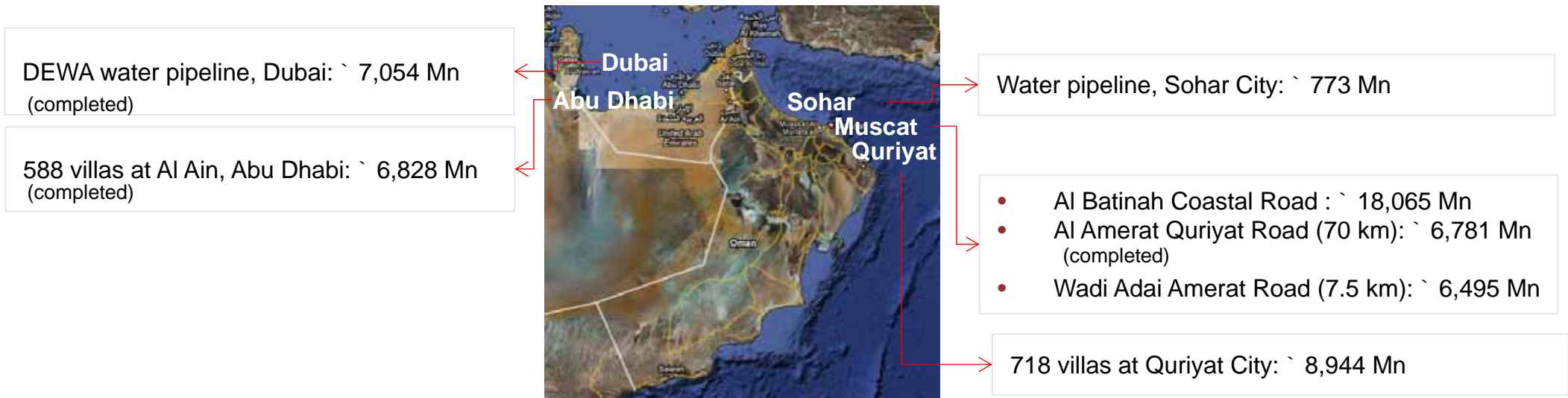
# International Presence



- NCC has an presence in Oman and UAE through subsidiaries
  - NCCL International LLC in Muscat
  - Nagarjuna Contracting Co. LLC in Dubai
- Key focus areas internationally are also built around expertise gained in the domestic market
  - Transportation( Roads & Bridges)
  - Water & Sanitation
  - Buildings
- NCC is opportunistically trying to build its international presence in Saudi Arabia, GCC and some other North African Nations
- International projects are typically higher ROCE projects

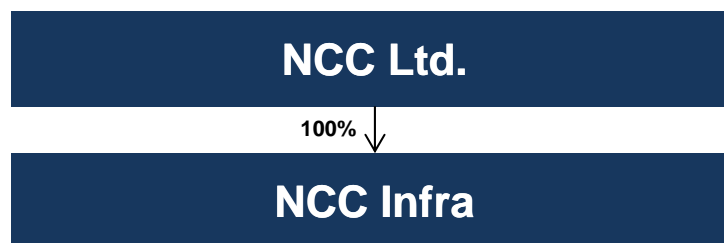
## Highlights of Our International Business

Contracts won so far	₹ 77,535 Mn
H1FY14 Revenues	₹ 3,480Mn 11 % of total revenues
4-year CAGR revenue growth	2%
Outstanding order book (As on Sept 30,2013)	₹ 17,750 Mn 9% of total order book

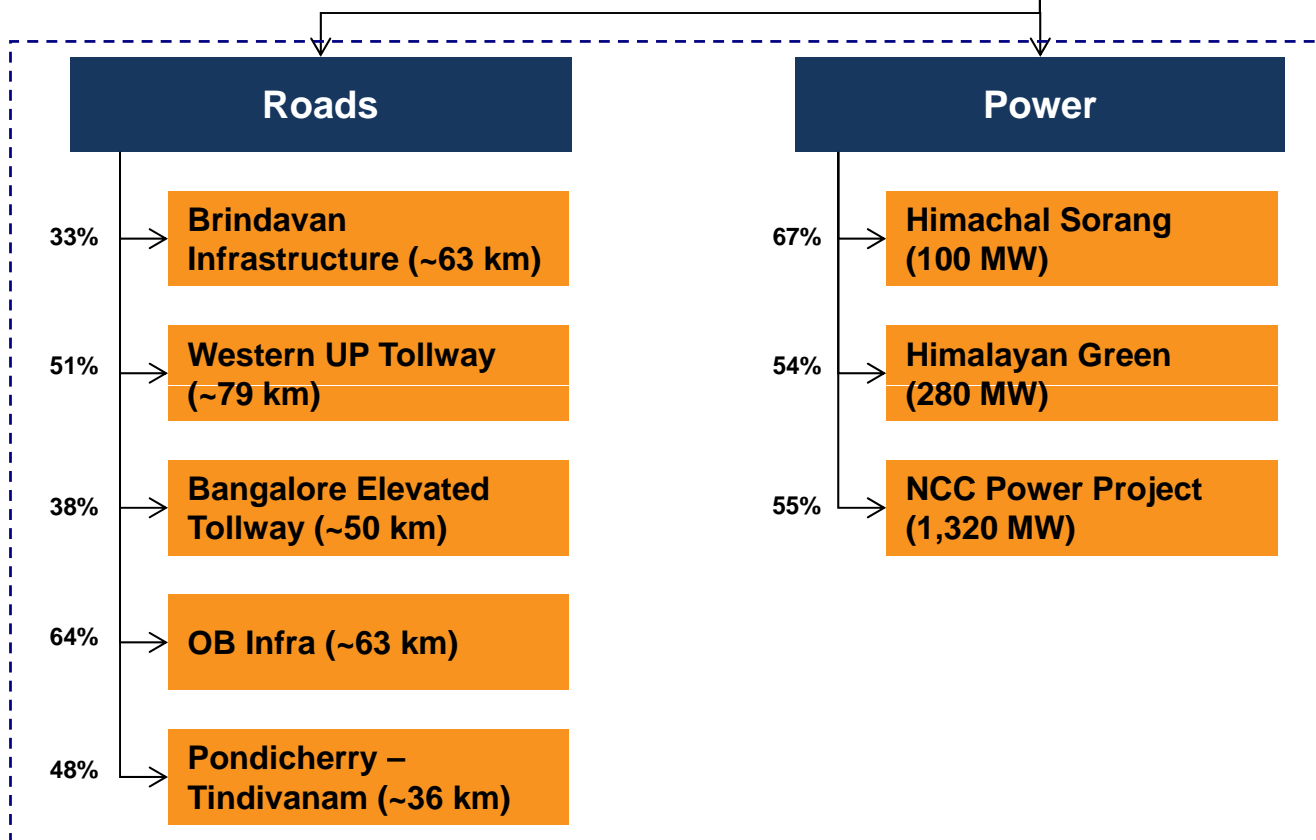


# **DEVELOPMENT BUSINESS**

# Current BOT Portfolio



- Focus on
  - Long term infra projects
  - Stable revenue streams



**Roads and Power are NCC's focus areas for development through BOT / BOOT**  
 We are also opportunistically starting to bid on power transmission and housing projects

# Execution on Track



Projects	Revenue Model	Partners	Project Cost (₹ Mn)	Equity – NCC Share (₹ Mn)	Equity Invested <sup>(2)</sup> (₹ Mn)	Target COD	Current Status
<b>Roads</b>							
Brindavan Infrastructure	Annuity	IL&FS E&C, KMC	2,475	150	59	Jun 2006	All annuities are being received on due dates
Bangalore Elev. Tollway	Toll	IL&FS E&C, Soma	9,903	1,597	1,597	April 2010	Toll collection has improved to Rs. 24 lacs per day
OB Infra	Annuity	KMC	5,848	940	940	June 2009	COD achieved w.e.f 30.06.2009 Annuities being received regularly
Western UP Tollway	Toll	IL&FS E&C , Gayatri	7,566	1,715	1,111	April 2011	Revenue generation started from April 2011. Toll collection of Rs. 25 lacs per day
Pondicherry – Tindivanam	Toll	IL&FS E&C , Terra	3,619	556	675	Dec 2011	Post COD, toll revenue is only Rs. 3 .40 lacs per day against estimate of Rs. 8 lacs per day. Toll collection expected to improve in the next 2 years
<b>TOTAL ( Roads)</b>			<b>29,411</b>	<b>4,958</b>	<b>4,382</b>		
<b>Power</b>							
Himachal Sorang	Merchant	IL&FS E&C	8,900	1,470	1,277	Dec 2013	92% complete
NCC Power Project	PPA / Merchant	Gayatri	70,470	9,690	3,970	March 2015	Financial closure achieved, notice to proceed given to EPC contractor. Work at Project Site progressing as per schedule
Himalayan Green <sup>(1)</sup>	PPA / Merchant	SMEC International	19,600	3,626	91	-	Project cancelled by Sikkim Govt along with other Power Projects on river Teesta. We have made a representation to Govt. of Sikkim to revive the project
<b>TOTAL (Power)</b>			<b>98,970</b>	<b>14,786</b>	<b>5,338</b>		
<b>GRAND TOTAL</b>			<b>128,381</b>	<b>19,744</b>	<b>9,720</b>		

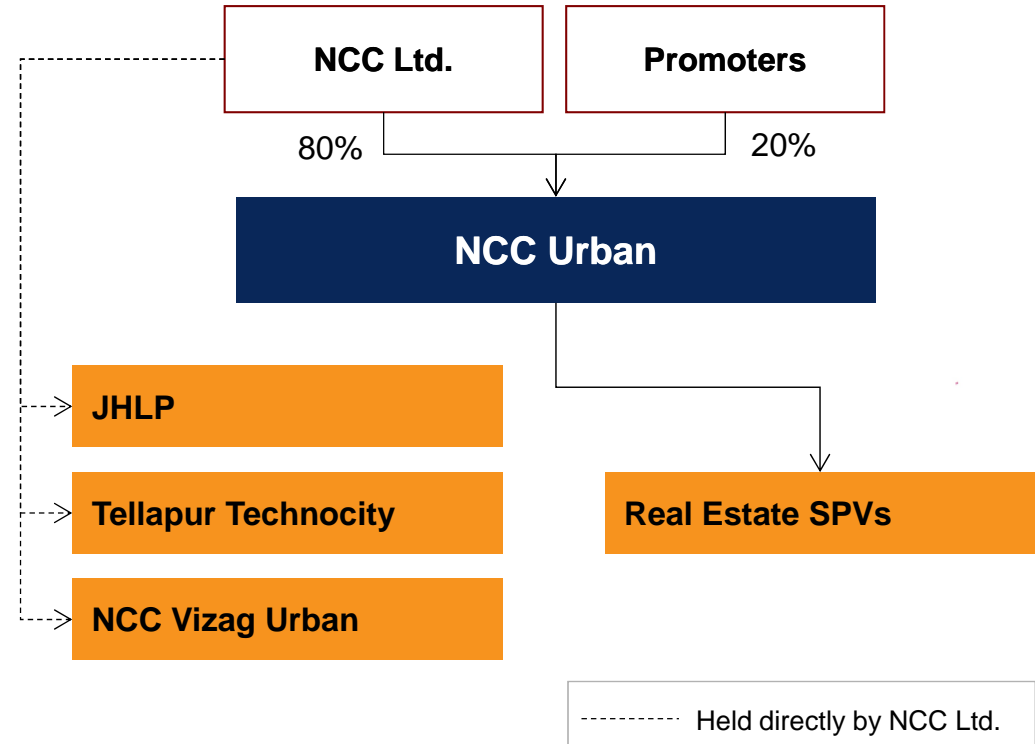
(1) Indicative (2) As on Sept. 30, 2013 (3) Environmental Clearance



# Real Estate Projects



- Real estate development spearheaded by NCC Urban Infrastructure Ltd
- 16 projects planned in the Group
  - 10 projects are ongoing currently
- Presence across 6 cities in India and Dubai
- Acreage ~ 410 acres
- No fresh investments from parent company in real estate
- NCC Harmony, Dubai
  - Construction of twin towers for 1.5 Mn sft of mixed development at Dubai Biotech & Research Park
  - Estimated project cost ~ AED 1,063Mn
- NCC Urban
  - Turnover for H1FY14 - Rs. 1147.1 Mn
  - Net Profit for H1FY14 -Rs. 35.2 Mn

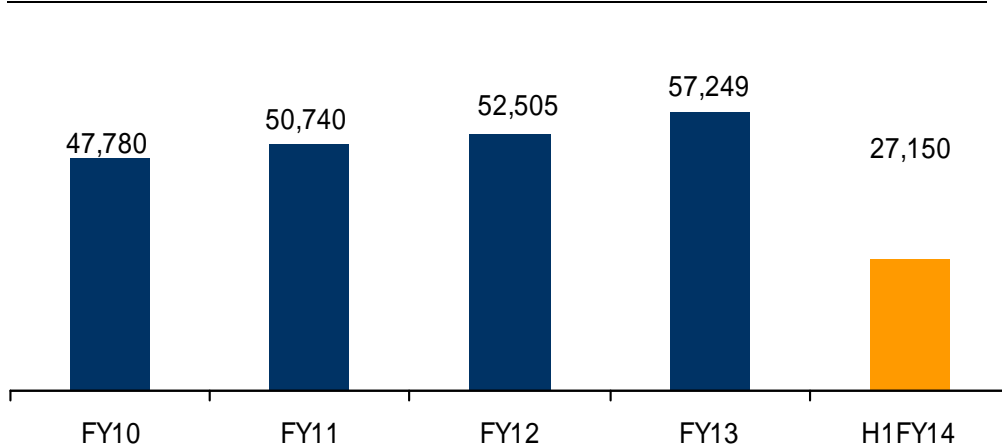


# FINANCIALS

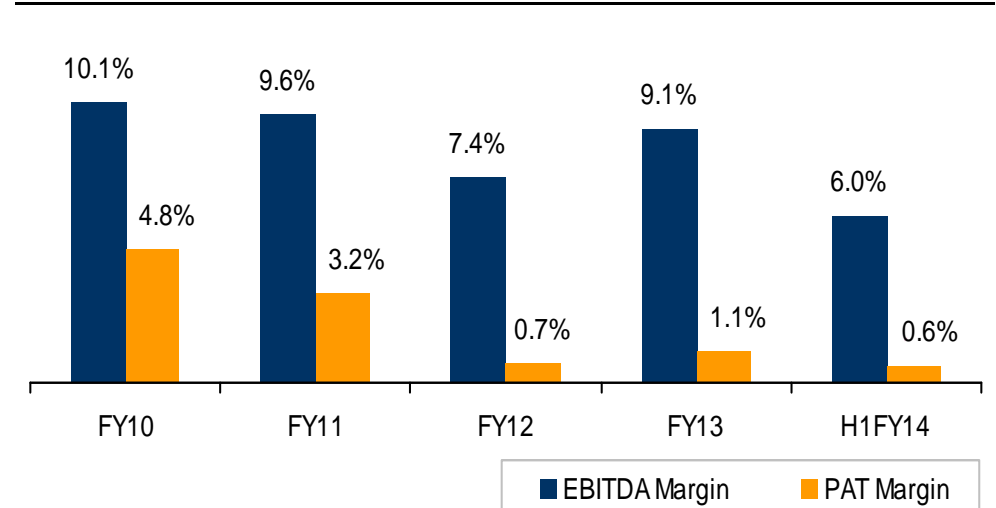
# Stand alone Financials



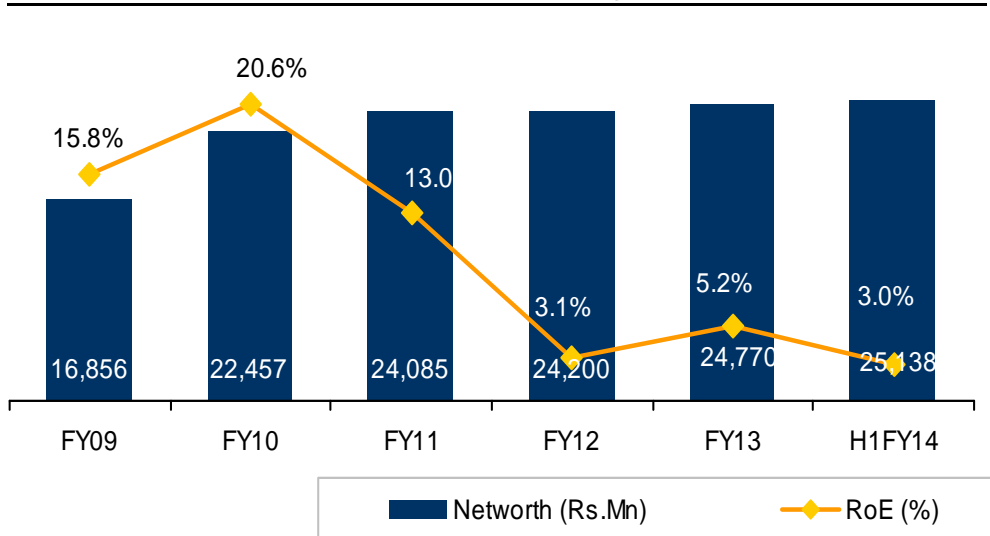
### Revenues (Rs. Mn)



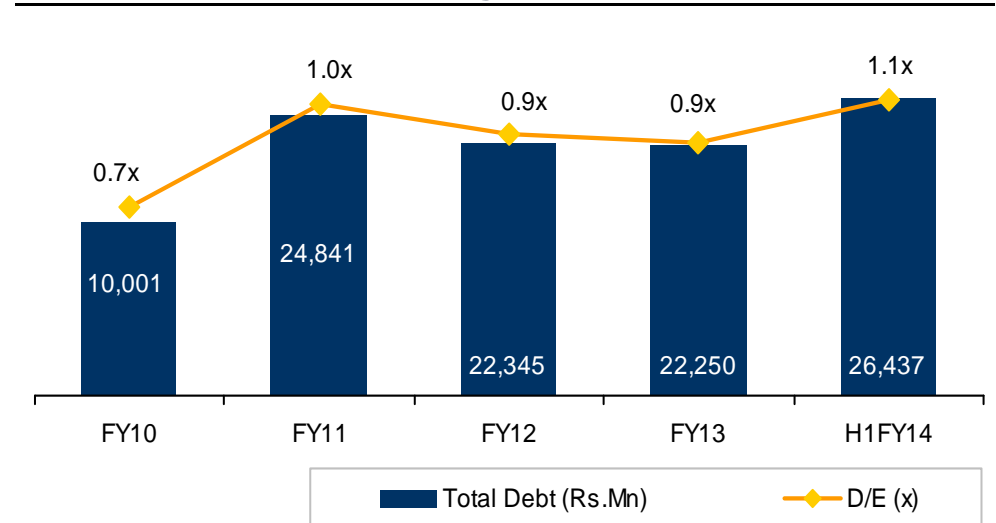
### Margins



### Return on Equity <sup>(1)</sup>



### Leverage Position

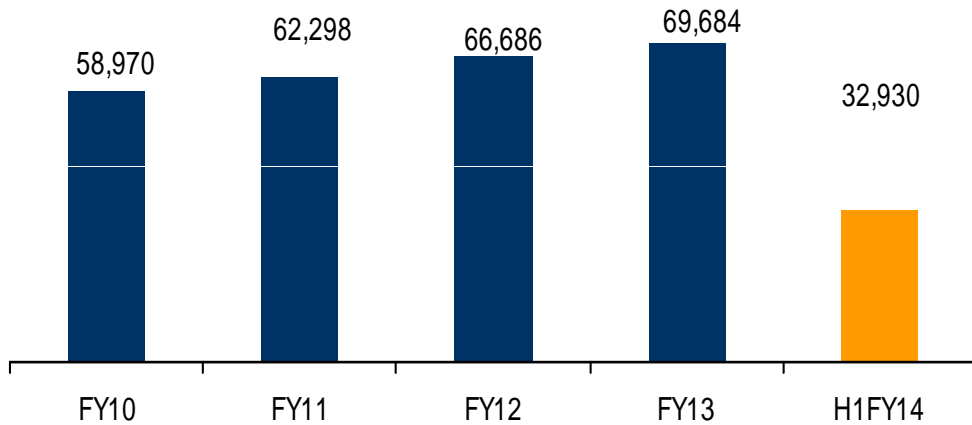


(1) ROE = PAT / Average Equity (Net worth less investments)

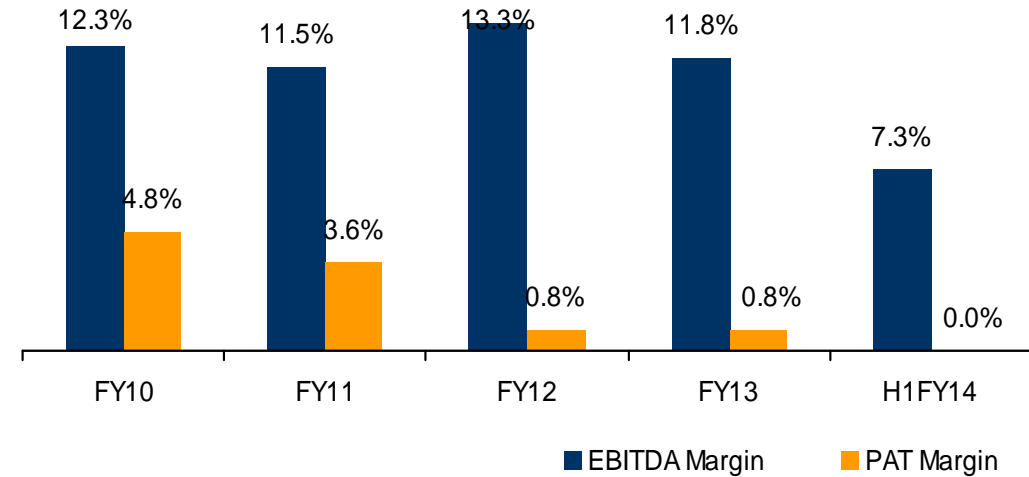
# Consolidated Financials



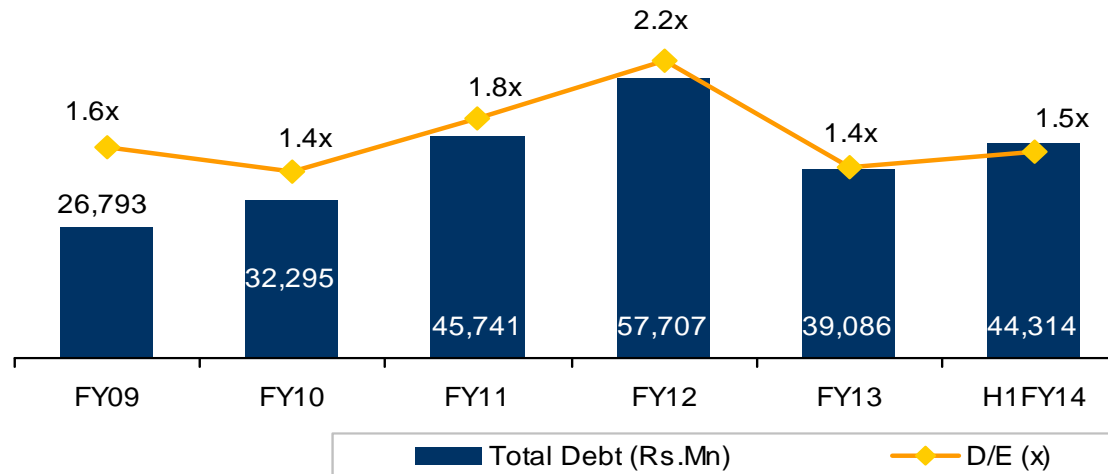
### Consolidated Revenues (Rs. Mn)



### Margins



### Leverage Position



# **INDUSTRY OVERVIEW**

# Indian Economy



## INDIA SNAPSHOT

- 3<sup>rd</sup> highest GDP based on PPP
- 9<sup>th</sup> highest nominal GDP
- 5.7% share of world GDP(PPP)
- 1.2 bn population. Favorable demographics

Source: IMF 2011 data

Indicators (FY13)	INDIA
GDP Growth Rate(%)	5.0
Foreign Currency Reserves (USD Bn)	293
Net Annual FDI Inflow(USD Bn,FY13)	19.8
Export Value(USD Bn)	300
Import Value(USD Bn)	492

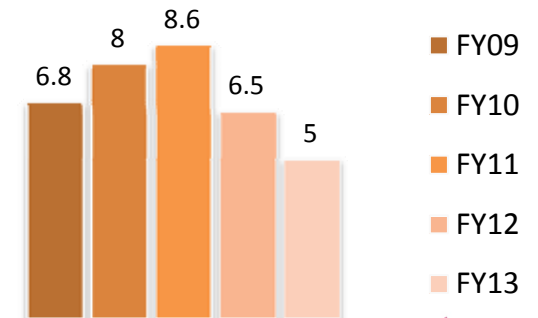
Source: Planning Commission, RBI

1

### Strong Economic Growth to Continue

- Strong growth aided by agricultural rebound
- Growth momentum to be sustained by predicted normal monsoon, demand conditions and positive lead indicators for services

India GDP Growth (%)

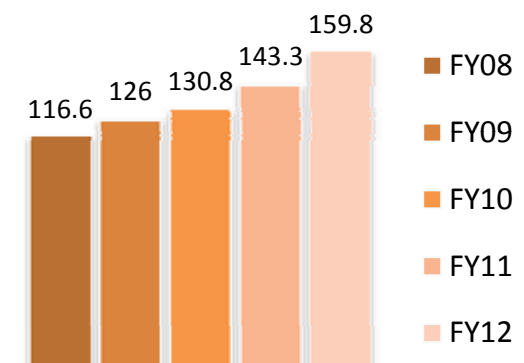


2

### But Inflation Continues to be a Concern

- Inflation may remain elevated despite current anti-inflationary monetary stance
- High crude oil and commodity prices are key risks

WPI YoY Growth(%)



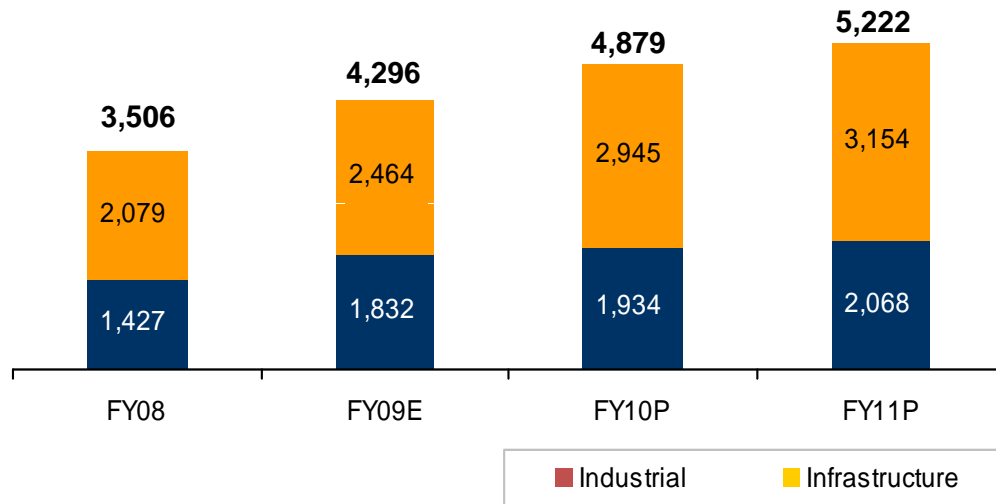
➤ Whilst equity markets have been largely flat, Foreign Institutional Investments and Foreign Direct Investment capital flows have been substantial

➤ Strong credit off-take supporting economic growth

# Growth Potential of Construction Industry



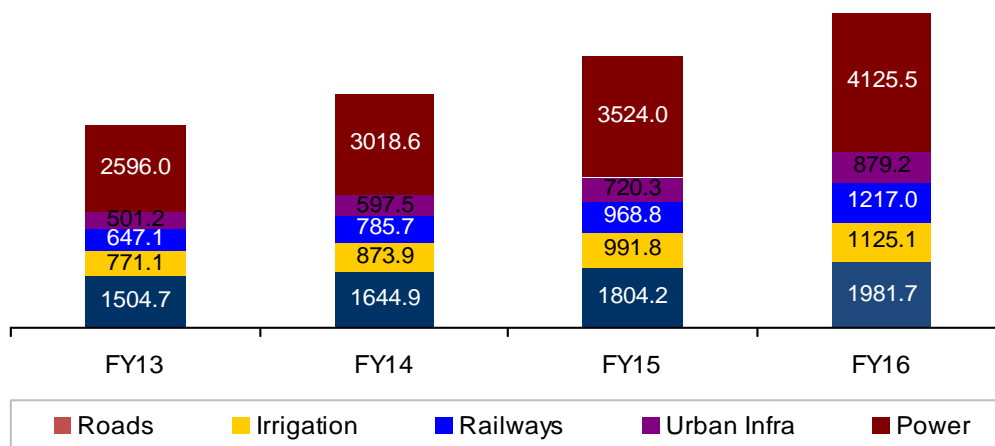
## Total Construction Spend (₹ Bn)



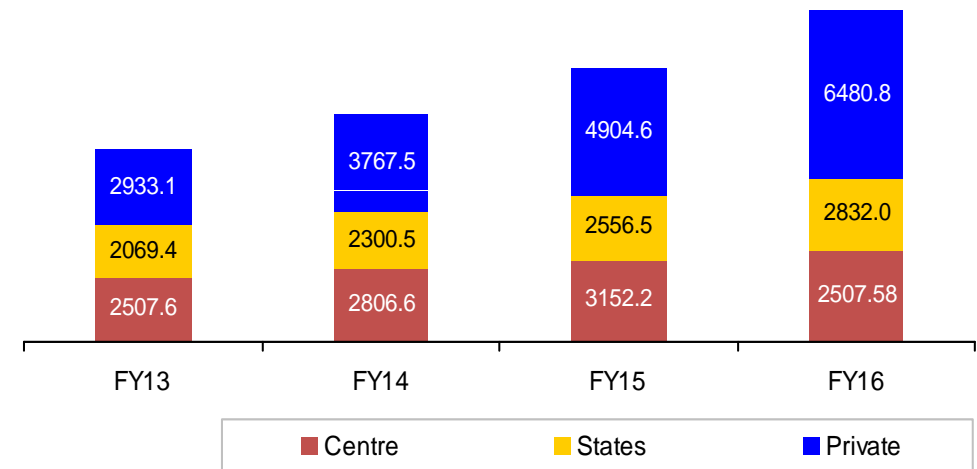
## Infrastructure Investments

- Roads: Investments to pick- up momentum through award of new BOT projects
- Irrigation: Driven by state governments
- Power: Private sector capacity addition to bolster growth
- Water & urban infrastructure: JNNURM investments through Urban Local Bodies (ULBs)
- Others: Railways, ports, airports, oil & gas, mining are primarily government driven

## Planned Spend in Infrastructure (₹ Bn)



## Break up of Public and Private Investment (₹ Bn)



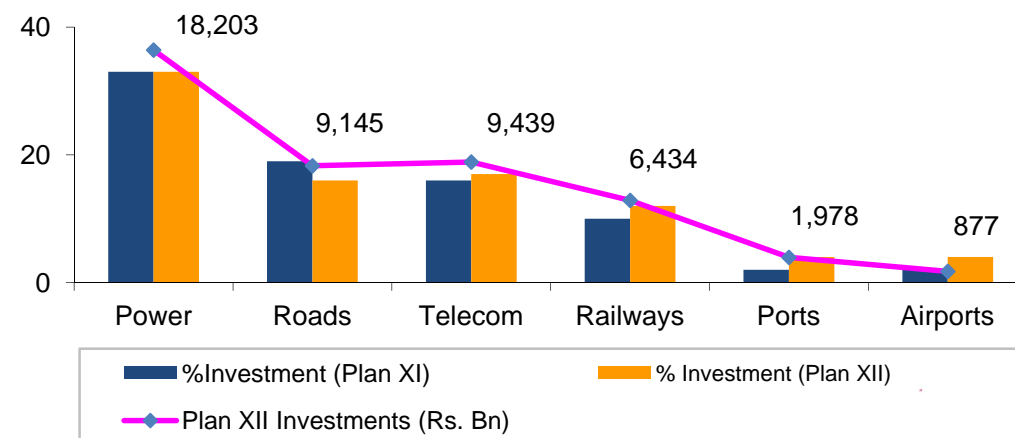
Source: Planning Commission

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# Next Wave of Growth in Infrastructure BOT



- PPP model to continue to increase for infra projects
- Award of projects to pick up pace with the stability in new government and policy actions
  - Model concession agreements
  - Viability gap funding, 100% FDI under automatic route, increase in ECB limit to US\$ 500 Mn
  - 100% IT exemption for 10 years



	Target	Government Action	Outlook
Roads	<ul style="list-style-type: none"> <li>■ 1,000 km of expressways</li> <li>■ 6-laning of 6,500 km and 4-laning of 10,000 km</li> </ul>	<ul style="list-style-type: none"> <li>■ NHAI's 7-phased NHDP</li> <li>■ Competitive bidding for BOT</li> </ul>	<ul style="list-style-type: none"> <li>■ Growth @ 12-15% p.a for passenger traffic and 15-18% p.a for cargo</li> <li>■ US\$ 50-60 Bn investment required over the next 5 years</li> </ul>
Power	<ul style="list-style-type: none"> <li>■ Capacity addition of 78 GW in generation and 60,000 ckm in T&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>■ Electricity Act, 2003</li> <li>■ Captive coal block allocation</li> <li>■ IPTC in T&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>■ Capacity additions ~ 100 GW generation and 60,000 ckm transmission lines with investments of US\$ 200 Bn</li> <li>■ Peak deficit ~ 12%, AT&amp;C losses ~ 30%</li> </ul>
Ports	<ul style="list-style-type: none"> <li>■ By the end of 2017 port traffic will amount to 943.06 million tons and 815.20 million tons for India's major and minor ports</li> </ul>	<ul style="list-style-type: none"> <li>■ Competitive bids for BOT terminals on revenue share</li> <li>■ NMDP for Major Ports</li> </ul>	<ul style="list-style-type: none"> <li>■ Cargo to grow @ 7.7% p.a, container cargo @ 15.5% p.a till 2012</li> <li>■ 2x growth in India's share of global exports</li> <li>■ Investments of US\$ 19 Bn in Major &amp; Minor Ports</li> <li>■ Port connectivity projects</li> </ul>
Airports	<ul style="list-style-type: none"> <li>■ 500 operational airports in 12 years (~5x growth)</li> </ul>	<ul style="list-style-type: none"> <li>■ Privatization precedents set</li> </ul>	<ul style="list-style-type: none"> <li>■ Growth in passenger traffic @ 15% p.a, cargo @ 20% p.a</li> <li>■ Development of 35 non-metro airports @ US\$ 9 Bn</li> </ul>

Source: Ministry of Finance, GoI



# KEY HIGHLIGHTS

# NCC : Major Player in an Attractive Industry



- 1 **Size and scale of operations; diversified order book of Rs. 200 Bn**
- 2 **Track record of timely, effective and quality project execution**
- 3 **Entry into high margin and specialized construction segments / projects**
- 4 **Seeking to strengthen foothold in international business**
- 5 **Experienced and Professional team**
- 6 **BOT portfolio with project pipeline**
- 7 **Strong financials**

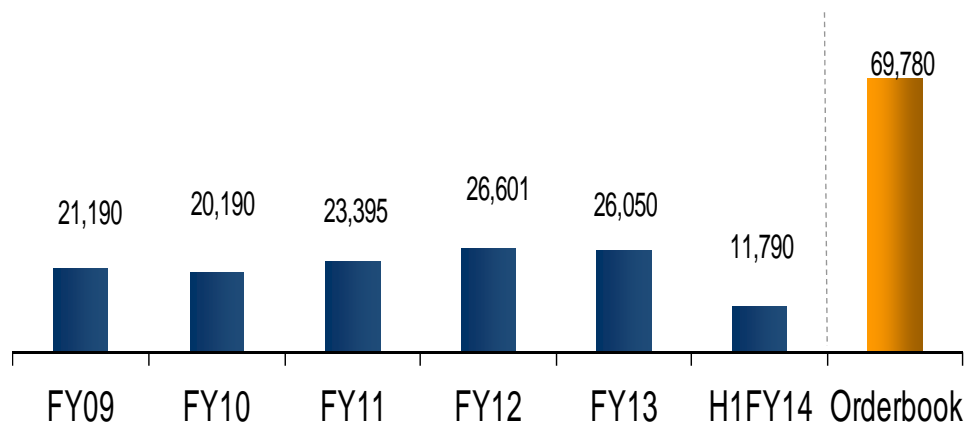
**ANNEXURE**

# Divisional Performance (1)



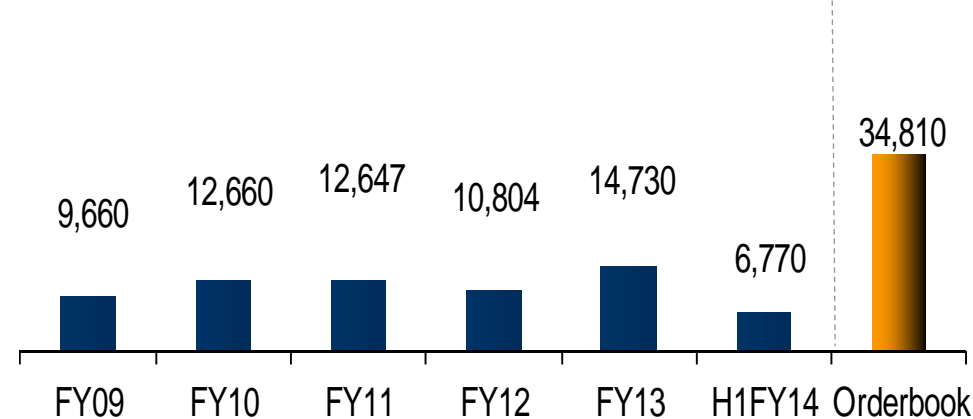
## Buildings & Housing + Roads + Oil & Gas (₹ Mn)

← 5 Yr.-Revenue CAGR 4.2% →



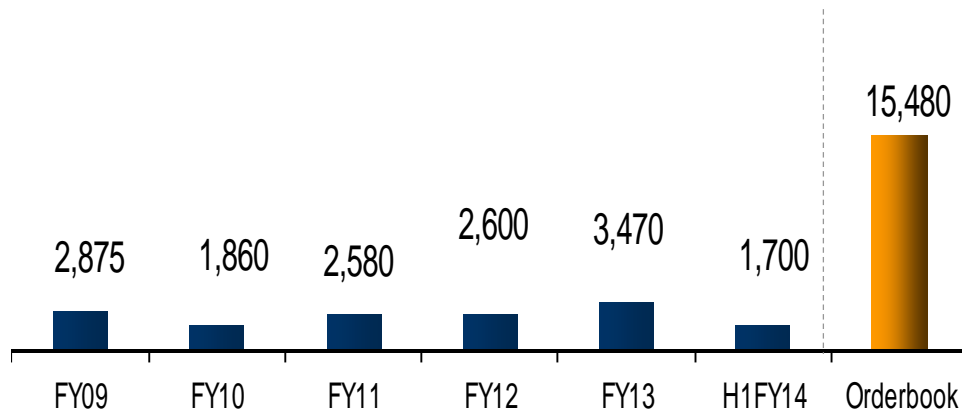
## Water & Environment + Railways (₹ Mn)

← 5 Yr- Revenue CAGR 8.8% →



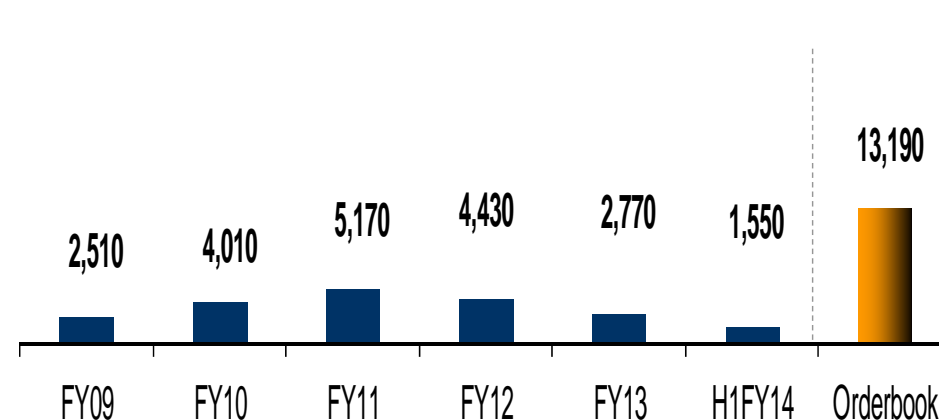
## Irrigation (₹ Mn)

← 5 Yr-Revenue CAGR 0% →



## Electrical (₹ Mn)

← 5 Yr-Revenue CAGR 2% →



(1) Order book as on Sept 30, 2013

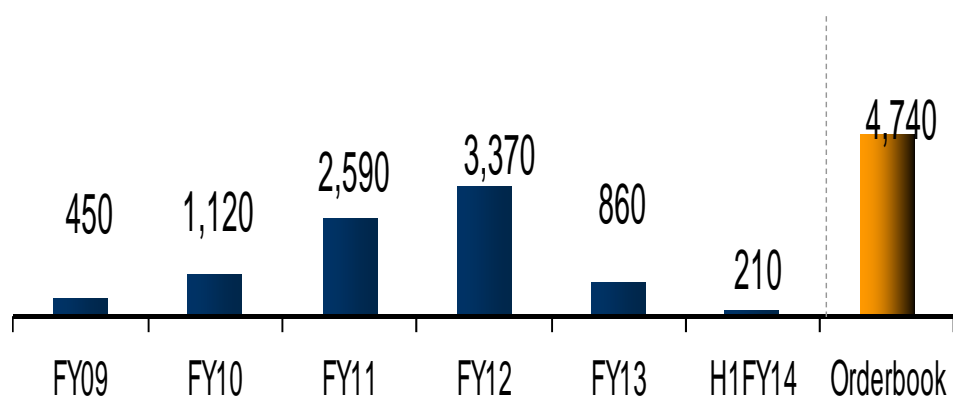
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# Divisional Performance (1)



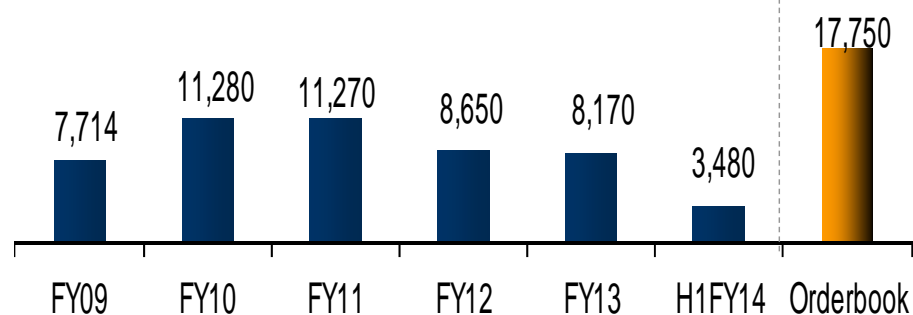
## Mining ( ` Mn)

← 5 Yr-Revenue CAGR 14% →



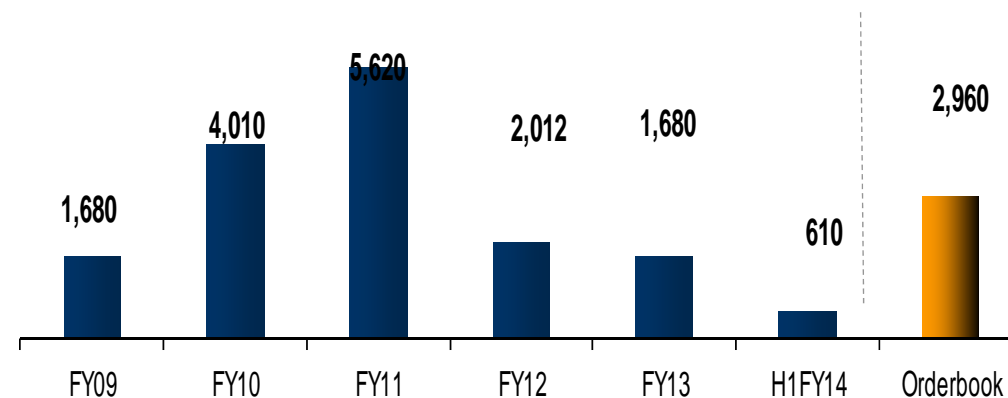
## International ( ` Mn)

← Revenue CAGR 1.2% →



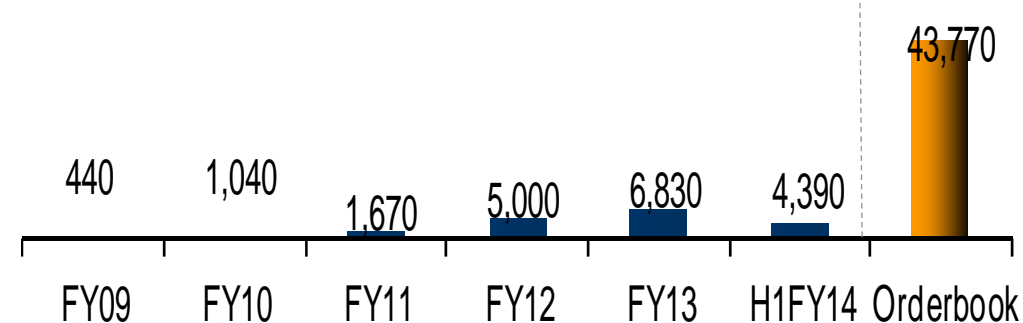
## Metals ( ` Mn)

← Revenue CAGR 8% →



## Power ( ` Mn)

← Revenue CAGR 73% →



(1) Order book as on Sept. 30, 2013  
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# Real Estate Portfolio



Projects	City	Percentage holding	Type of Development	Acreage	Built up Area (Mn Sqft.)	Current Status
<b>NCC Urban</b>						
Residency, Gachibowli	Hyderabad	70%	Residential	9.24	1.16	Ongoing
NGHC	Ranchi	88%	Residential	56.44	1.75	Ongoing
Meadows	Bangalore	60%	Residential	8.00	0.65	Ongoing
Meadows II	Bangalore	-	Residential	-	0.79	Ongoing
Serene	Bangalore	62%	Residential	1.75	0.10	Ongoing
Aster Park	Bangalore	80%	Residential	3.20	0.31	Ongoing
Maple Heights II	Bangalore	100%	Residential	2.13	0.17	Ongoing
Green Valley	Cochin	100%	Residential	0.89	0.18	Ongoing
Laurel	Cochin	100%	Residential	1.24	0.16	Ongoing
Royal Crest	Bangalore	55%	Residential	3.13	0.48	Yet to commence
Villa Project	Bangalore	75%	Residential	21.23	0.41	Yet to commence
Pallavaram Project	Chennai	100%	Residential	4.00	0.43	Yet to commence
Vaderapura Villa Project	Bangalore	50%	Residential	12.00	-	Yet to commence
Vaderapura Apt. Project	Bangalore	60%	Residential	6.00	0.48	Yet to commence
Residential Apt.	Raipur	75%	Residential	2.12	0.18	Yet to commence
Park Square	Guntur	64%	Residential	2.50	0.23	Ongoing
Jakkur	Bangalore	50%	Commercial	-	0.13	Yet to commence
MunneKollal	Bangalore	50%	Commercial	-	0.22	Yet to commence
NCC Harmony	Dubai		Residential & Commercial	4.15	1.45	Ongoing

# Real Estate Portfolio



Projects	City	Percentage holding	Type of Development	Acreage	Builtup Area (Mn Sqft.)	Current Status
<b>NCC Ltd.</b>						
JHLP	Hyderabad	25%	Residential & Commercial	6.00	0.90	Yet to commence
Tellapur Technocity	Hyderabad	26%	Residential & Commercial	100.00	7.5	Yet to commence
Gajularamaram	Hyderabad	75%	Residential	-	4.38	Yet to commence
NCC Vizag Urban	Visakhapatnam	100%	Residential & Commercial	98.00	4.9	Yet to commence

Thank you

