



**Shriram**  **epc**  
Engineering the future

**Q2 & H1 FY2012**

**Investor Presentation**

## Disclaimer

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. Shriram EPC Ltd. makes no representation as to their accuracy or that the company subscribes to those views / findings.

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# Section 1: About SEPC

Extensive experience in process and metallurgy, construction of power plants, water sanitation and waste water treatment, and mineral processing/material handling

Through its subsidiaries and JVs, SEPC offers high value solutions in niche segments including cooling towers, pipe rehabilitation, and wind turbine manufacturing

## Extensive Knowledge

## Diversified Business Model

## Opportunity and Outlook

Management is well respected and has extensive knowledge in each of the business's core competencies. SEPC has a well established track record. Blackstone Group also serves as an in-house R&D team, which provides high profile engineering solutions

## What distinguishes SEPC?

Growing industry requirements increasing the need for EPC work, particularly in process plants and metallurgy. Demand for power increasing, particularly from RE. Urbanization creating an urgent need for water sanitation which will grow the municipal services vertical.

The Company is enjoying its highest ever order book position, buoyed by healthy growth in the process and metallurgy space, renewable energy segment, and municipal services business.

## High Visibility

## Strategic Partnerships

Shriram EPC has formed strategic partnerships with engineering majors all over the world in each of its core areas

Shriram Group's businesses strive to serve the largest number of common people. The Group enjoys a track record of value creation going back 35 years and a presence in Financial Services, IT Services, Insurance, Engineering & Property Development .

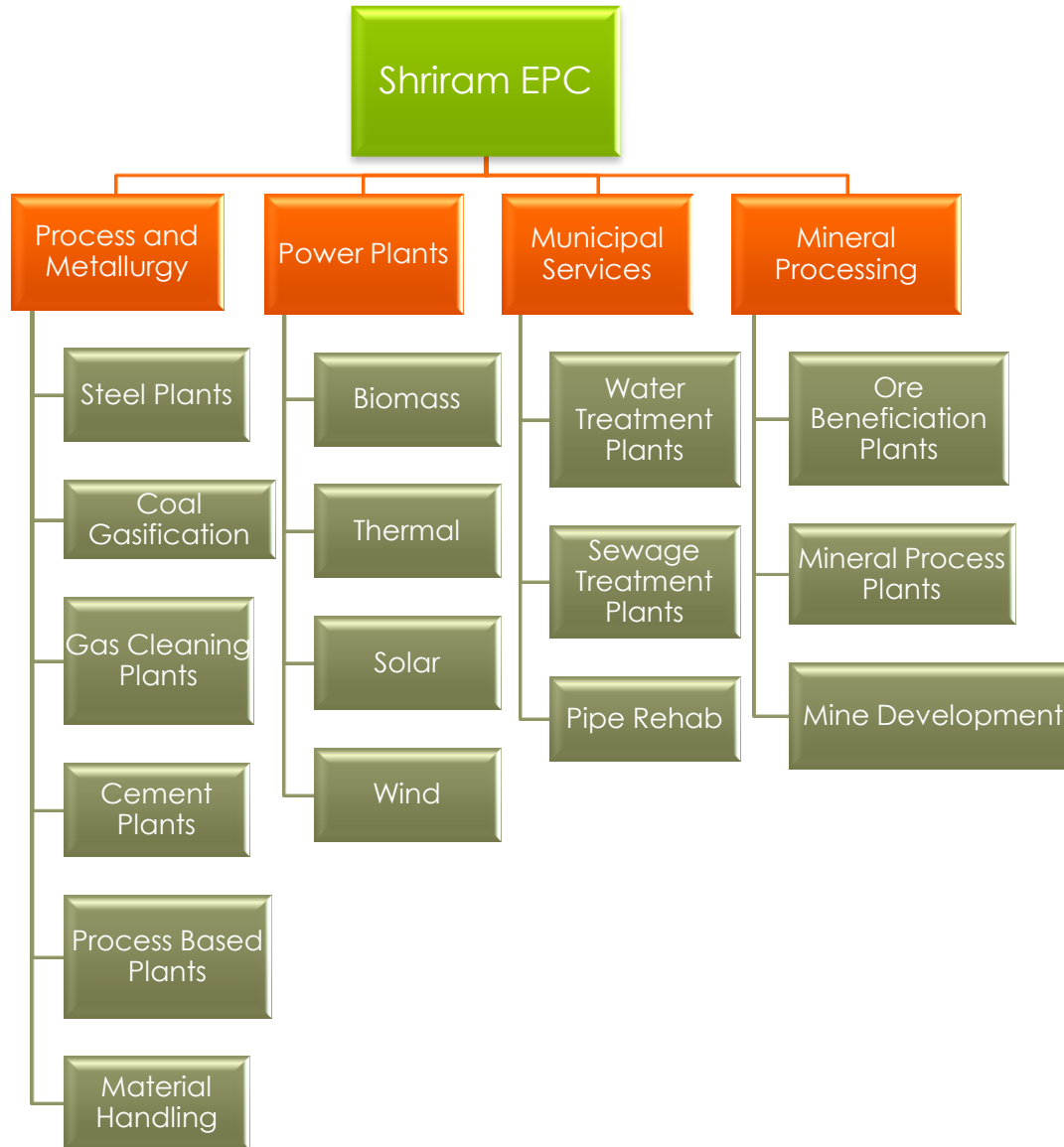


## Financial Services

- Commercial vehicle finance
- Life Insurance
- General Insurance
- Consumer & Enterprise Finance
- Financial Product Distribution
- Retail Stock Broking
- Chit Funds
- Wealth Advisors

## Non-Financial Services

- Information Technology
- EPC
- Auto-machine components
- Pharmaceuticals/Diagnostics
- PET & Flexible Packaging
- Real Estate Development
- Business Process Management
- Infrastructure and Power



- Leading provider of integrated EPC solutions for renewable energy, process and metallurgy plants, and municipal services
- Significant project experience, established track record, pan-India presence, international forays into Zambia, France, and Australia
- Strong order book, consistently growing year on year since FY2006
- Diverse business model – strategic focus in multiple core areas distinguishes the Company from the rest of the pack

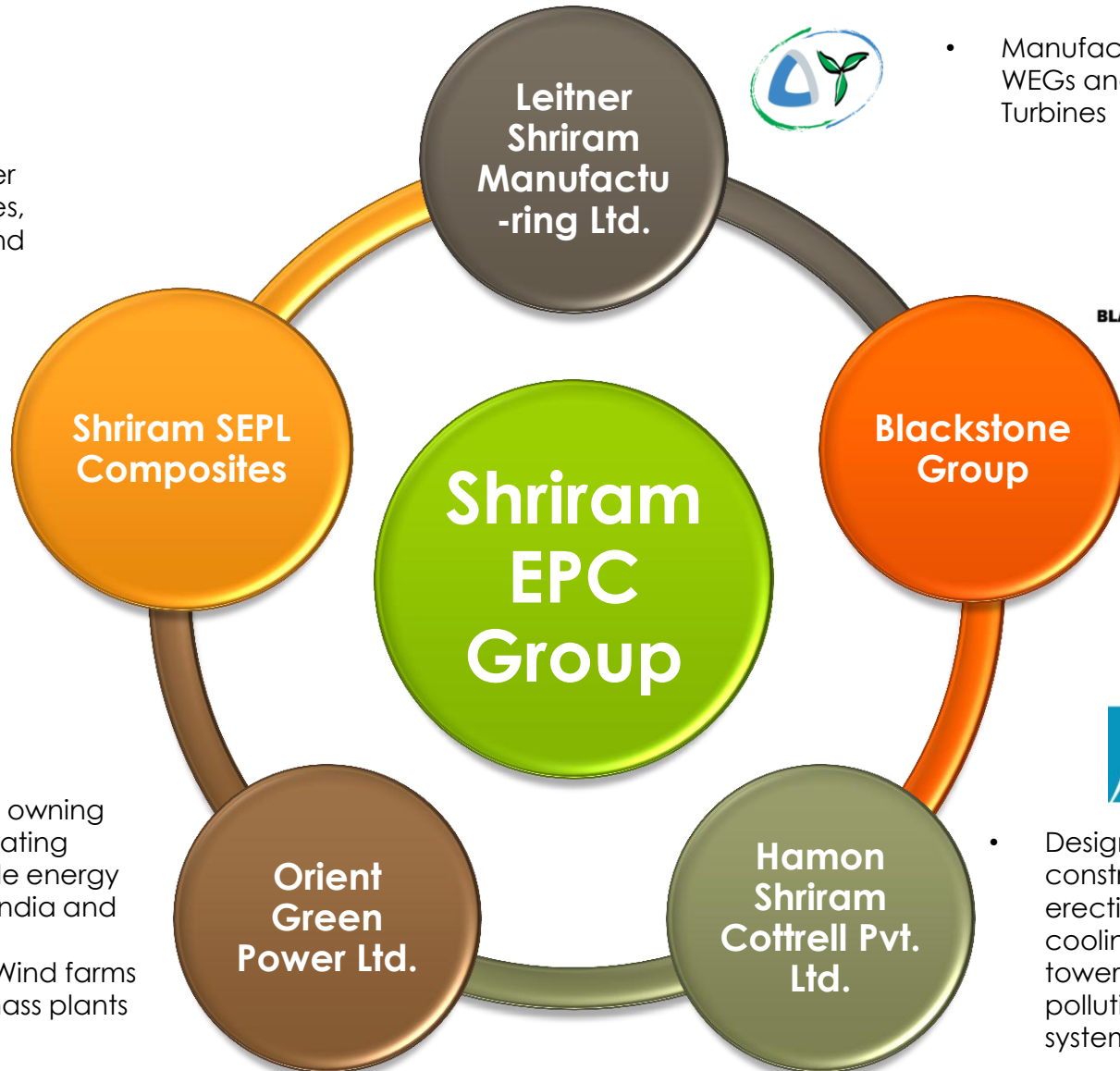
# Group Companies



- Manufacturer of GRP pipes, fittings and tanks



- Creating, owning and operating renewable energy assets in India and overseas
- Primarily Wind farms and Biomass plants



Leitner Shriram Manufacturing Ltd.

- Manufactures WEGs and Wind Turbines



Blackstone Group

- Main design arm of SEPC
- High value design and engineering services



Hamon Shriram Cottrell Pvt. Ltd.

- Design, construction and erection of new cooling towers and Air pollution control systems

Orient Green Power Ltd.

Shriram SEPL Composites



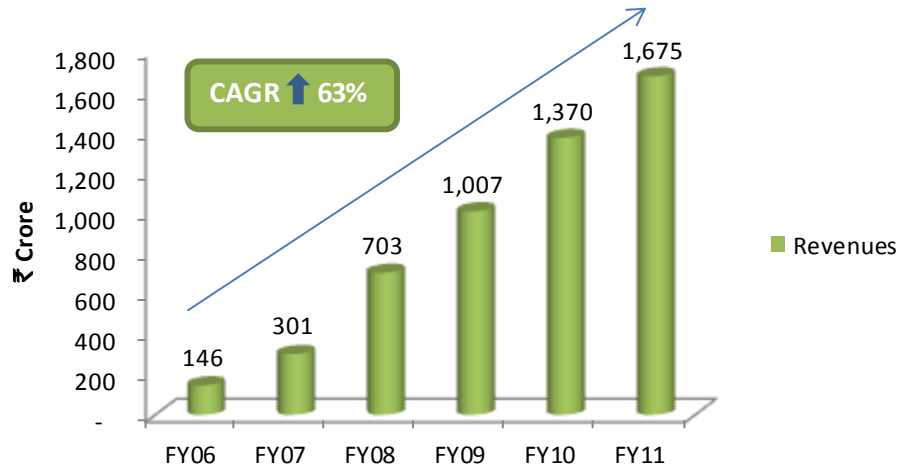


## Our Technology Partners

<b>Leitwind</b>	To manufacture and market the WTGs incorporating Leitwind tech. for sale in India
<b>Hamon Group</b>	EPC solutions for cooling towers and air pollution control systems in India
<b>Envirotherm GmbH</b>	Coal gassification
<b>Perco</b>	Exclusive use of their trademark pipebursting technology

Technical partnerships help SEPC provide the best in-class solutions for demands in the EPC space.

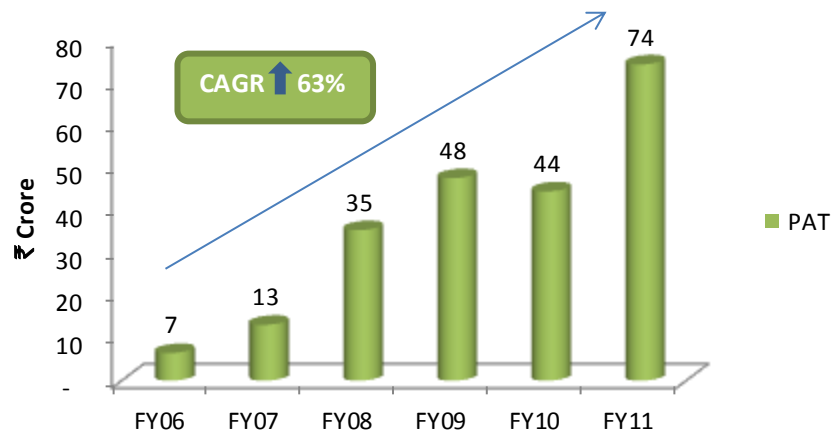
### Revenues



Consolidated Revenues of ₹16.7 billion in FY 2011

CAGR of 63% for the period FY2006 – FY2011

### PAT



Consolidated PAT of ₹742 million in FY 2011

CAGR of 63% for the period FY2006 – FY2011

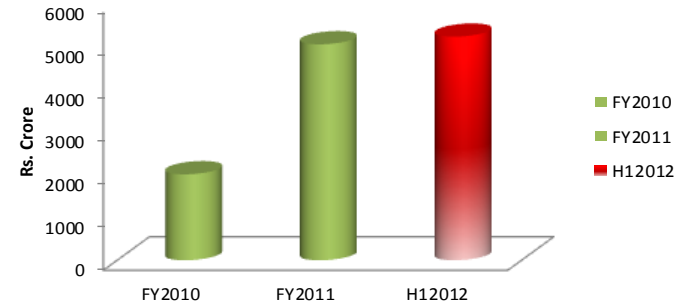
## Immense opportunity for players in the EPC spaces

The EPC market opportunity is still largely interdependent on the fortunes of the infrastructure sector. Huge investments have been planned in ports, railways, roads and bridges, irrigation, power, and water supply and sanitation. Assuming the share of construction investment at approximately 50 %, **this indicates an opportunity for EPC players of ~ Rs 16 trillion.**

### Process and Metallurgy

- Strong long term demand from the steel industry to drive the iron ore industry through current headwinds
- Key drivers
  - Fast growing power sector
  - Increasing consumption rates
  - Urbanisation and infrastructure requirements
  - Rapid growth of the construction sector
- **Metallurgical industries and mining attracted USD 5.4 billion and USD 919.8 million in cumulative inflows from Apr 2000 – Aug 2011** and both sectors accounted for ~4% of total FDI inflow. This is set to increase on the back of growing interest in the Indian EPC market.
- Source for table and graph: DIPP

FDI Inflows into Metallurgical Industries



### Cumulative FDI inflows into Metallurgy and Mining

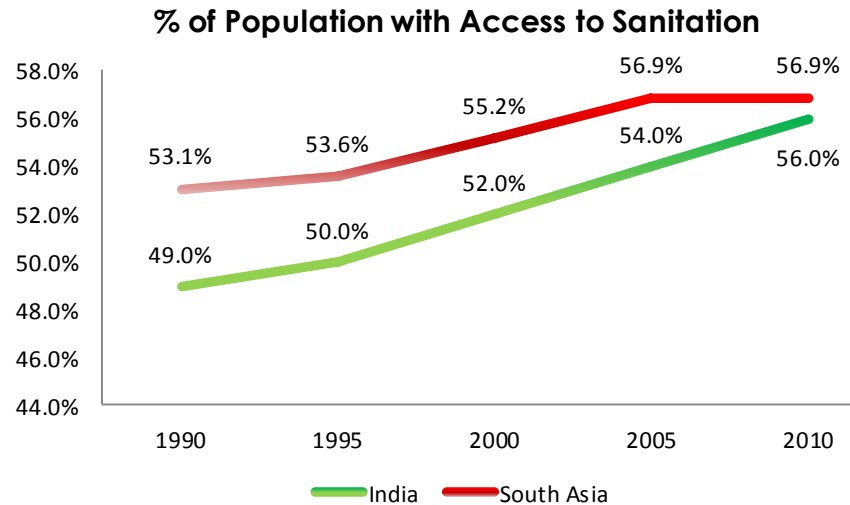
Period: April 2000 - August 2011 (USD million)

Metallurgy	5,404.71
Mining	919.83
Diamonds and Gold	317.5
<b>Total</b>	<b>6,642.04</b>

## Municipal Services

The percentage of urban population in India has been increasing at a tremendous pace. And over a period of 20 years, that percentage of population with access to sanitation has only risen by 7 percentage points. **Government investment in the sector is expected to rise up to USD 26 billion by 2012.**

Source: World Bank (Graph), Eleventh Five Year Plan



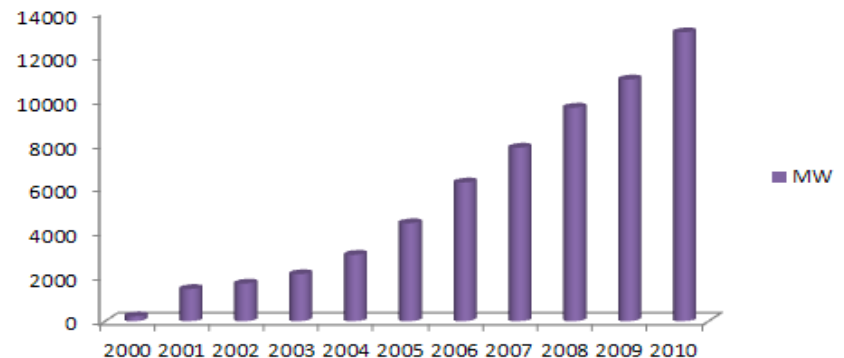
## Renewable Energy

As power demand continues to increase, RE is expected to create lucrative market opportunities:

- Mandatory minimum RE requirement for SEBs likely to increase demand for wind turbines and biomass plants
- SEPC has begun its foray into the Solar Power vertical, an industry which is expected to add 20,000 MW by 2020
- SEPC is well-placed to meet the demands of the RE EPC market.

• Source: Global Wind Energy Council

## Total Installed Wind Capacity - India



## Group Companies

- Cooling towers help to decrease power plants' operational costs. Demand from power plant manufactures for cooling towers is expected to increase going forward.
- SEPL Composites can develop pipes of different diameters and flexibilities, allowing the Company to meet the custom requirements of client specifications. Reputation, track record, and industry demand are likely to increase client base in the near future.



SEPC's focus in metallurgical and process plants, municipal services, cooling towers, pipe rehabilitation, and renewable energy EPC is expected to provide abundant opportunities for profitable growth. Apart from growing existing verticals and client relationships, the Company has forayed into new verticals (i.e. Solar) and expanded operations internationally (Zambia, France, Australia) to add greater value to operations.

## **Section 2: Financial & Operating Highlights**

- Q2 FY12 **Net Sales** at ₹ 222.2 crore in Q2 FY11 vs ₹ 296.1 crore in FY11
- Q2 FY12 **EBITDA** at ₹ 31.4 crore in Q2 FY11 vs ₹ 41.9 crore in FY11
- Q2 FY12 **PAT** at ₹ 6.3 crore in Q2 FY11 vs ₹ 14.4 crore in FY11
- Q2 FY12 **EPS** (Diluted) of ₹ 1.42 per share vs. ₹ 1.78 per share in FY11
- Consolidated **Order book** of ₹ 6,300 crore on 30<sup>th</sup> September 2011

Rs. Crore

Income Statement	Standalone		
	July - Sept, 2011	July - Sept, 2010	Percentage Change
Sales & Services Income	212.4	289.4	-26.6%
Other Operating Income	9.8	6.7	46.2%
<b>Income from Operations</b>	<b>222.2</b>	<b>296.1</b>	<b>-25.0%</b>
Direct Expenditure	190.8	254.2	-25.0%
<b>EBITDA</b>	<b>31.4</b>	<b>41.9</b>	<b>-25.1%</b>
Depreciation & Amortisation	3.1	3.0	1.9%
<b>EBIT</b>	<b>28.3</b>	<b>38.9</b>	<b>-27.2%</b>
Other Income	0.7	1.8	-60.2%
Interest (net)	19.4	19.1	2.0%
Exceptional Items	-	-	-
<b>EBT</b>	<b>9.6</b>	<b>21.6</b>	<b>-55.7%</b>
Provision for tax	3.3	7.2	-54.5%
<b>Net Income</b>	<b>6.3</b>	<b>14.4</b>	<b>-56.3%</b>

Rs. Crore

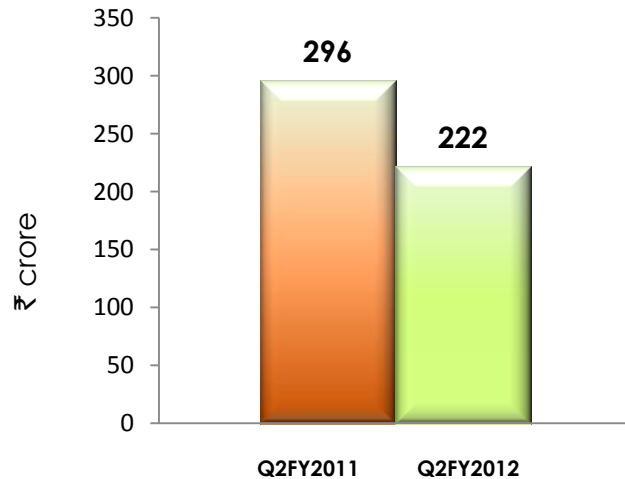
Standalone		
Apr-Sep, 2011	Apr-Sep, 2010	Percentage Change
509.7	548.0	-7.0%
19.6	11.1	76.8%
<b>529.3</b>	<b>559.1</b>	<b>-5.3%</b>
462.3	489.3	-5.5%
<b>66.9</b>	<b>69.7</b>	<b>-4.0%</b>
6.2	6.0	4.1%
<b>60.7</b>	<b>63.7</b>	<b>-4.8%</b>
1.2	2.3	-46.0%
40.5	31.7	27.9%
-	23.4	-100.0%
<b>21.4</b>	<b>57.7</b>	<b>-62.9%</b>
7.2	11.6	-37.7%
<b>14.2</b>	<b>46.1</b>	<b>-69.2%</b>

Rs. Crore

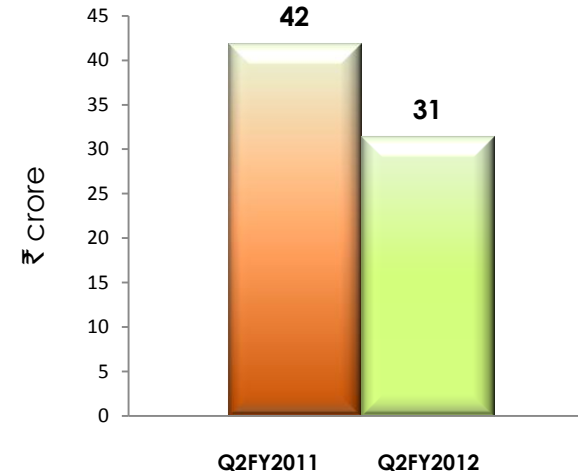
Balance Sheet Perspectives	Standalone		
	30 September, 2011	31 March, 2011	30 September, 2010
Net Worth	5,022.89	5,044.25	4,665.52
Debt	14,132.89	13,504.72	9,902.21
<b>Book Value Per Share</b>	<b>113.34</b>	<b>113.82</b>	<b>105.28</b>
Cash and Cash Equivalents	1,656.19	4,214.93	1,962.82
ROE	1.3%	18.0%	3.1%
<b>Debt:Equity</b>	<b>2.81</b>	<b>2.68</b>	<b>2.12</b>



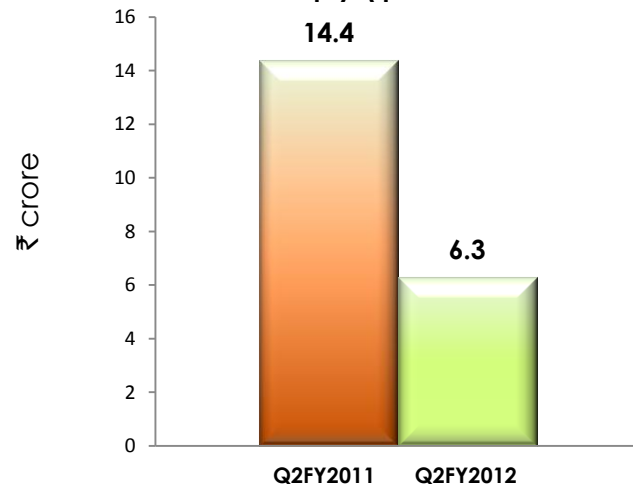
## Revenues



## EBITDA

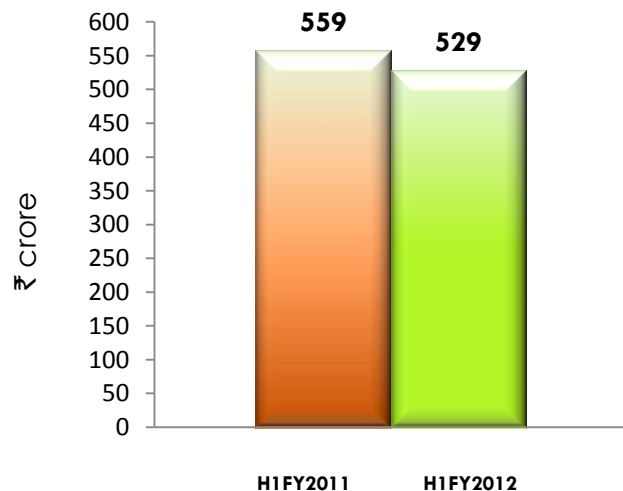


## PAT

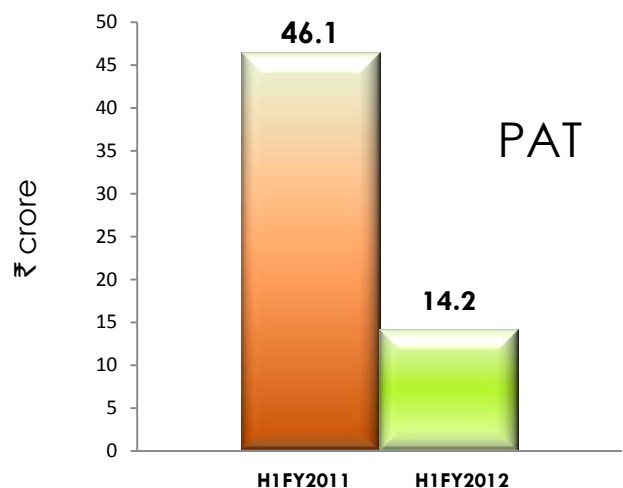
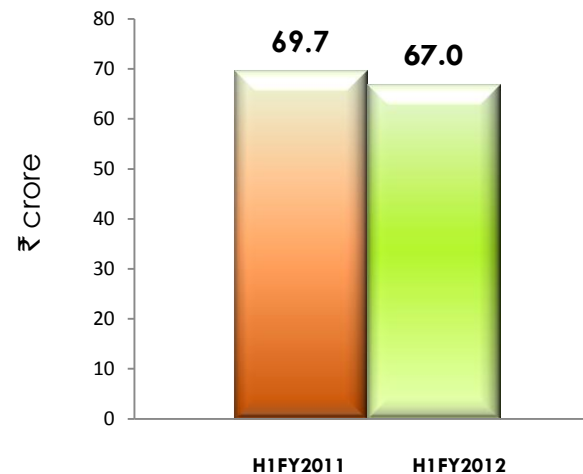


- Revenue decrease as a result of slowdown in the project execution cycle – Q3 & Q4 are seasonally stronger quarters for revenue booking.
- Moderation in revenue is a reflection of the operating environment not the operational capacities of the Company.
- Project execution schedules are dynamic but the Company's order backlog remains strong.
- PAT also impacted by general increase in interest rates prevalent across the industry.

## Revenues



## EBITDA

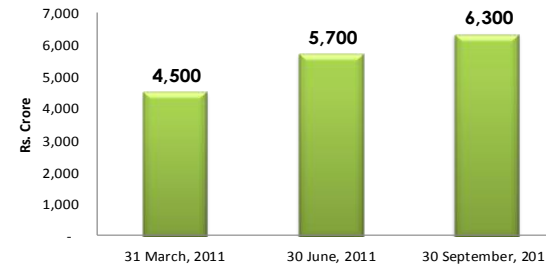


- EBITDA margins at 12.6% for H1FY12 compared to 12.5% in H1FY11; Focus on enhanced operational efficiency in a challenging macro-economic environment.
- In H1 FY2011, the Company booked an exceptional item of Rs. 23.4 crore due to the sale of its stake in an associate company – the PAT for H1FY11 is inflated by this one off transaction.
- The Company is cognizant that the amount due from Sree Jayajyothi Cements has been outstanding for some time – SJCL is currently in discussion with a potential buyer.

## Standalone Order book



## Consolidated Order Book



- The Standalone order book was at ₹ 3,820 crore on September 30, 2011 as compared to ₹ 3,500 crore as on June 30, 2011. The Consolidated order book was at ₹ 6,300 crore on September 30, 2011. Key orders received during the quarter include:

### SHRIRAM EPC

- An order from Abhijeet Projects Ltd. for the construction of a 50MW solar thermal power plant in Rajasthan. SEPC will execute the EPC work for the project in cooperation with Ener-T Interantional Ltd. The order is valued at ₹ 640 crore
- Orders in the Municipal Services Segment from the Kerala Water Authority and Kerala Sustainable Urban Development Project for the rehabilitation of existing sewerage systems and the execution of sewerage work. Total orders are valued at ₹ 63.0 crore.
- Awarded an EPC contract from Hindustan Copper Ltd. for work on the Surda mine project. SEPC will lead the consortium to undertake the project, which is valued at ₹ 206 crore. (This order was awarded after September 30, 2011 and does not form part of the order backlog as on that date.)

### GROUP COMPANIES

- An order from Hinduja National Power Corporation Limited for the supply and erection of Glass Reinforced Piping system for the upcoming power plant at Vizag. The order is to be executed by Shriram SEPL Composites, a joint venture between SEPC and Hamon Group of Belgium. The order is valued at ₹ 23 crore.
- An order from Gas Authority of India Ltd. for the construction of a Cooling Tower at the Pata petrochemical complex in UP. The order is to be executed by SEPC's subsidiary, Hamon Shriram Cottrell Pvt. Ltd and amounts to ₹ 75 crore
- An order for Leitner-Shriram from Orient Green Power Ltd. for ₹ 600 crore for supply of wind turbines for the wind farm at Tadapatri in Andhra Pradesh.

## Section 3: Corporate Overview

2000

- Incorporation of the Company
- Receipt of 1st Biomass Power Plant order

2003

- Commencement of Process & Metallurgy Business

2004

- Acquisition of the cooling towers business of Shriram Tower Tech Limited
- Commencement of Pipe Rehabilitation Business

2005

- Merger of Shriram Engg. Construction
- Investment by ChrysCap

2006

- Certification by DEWI-OCC for 250kW wind turbine
- Investment by UTI & Bessemer Venture Partners

2007

- Foray into Air Pollution Control through JV with Hamon
- JV with Leitner Technologies for Megawatt class wind turbines
- Installation of MW Class Wind Electric Generator
- First contract for Coal Gasification Plant

2008

- JV with Strategic Engg. for GRP pipes
- Listing of Shriram EPC at NSE & BSE
- Acquired Blackstone Group Technologies

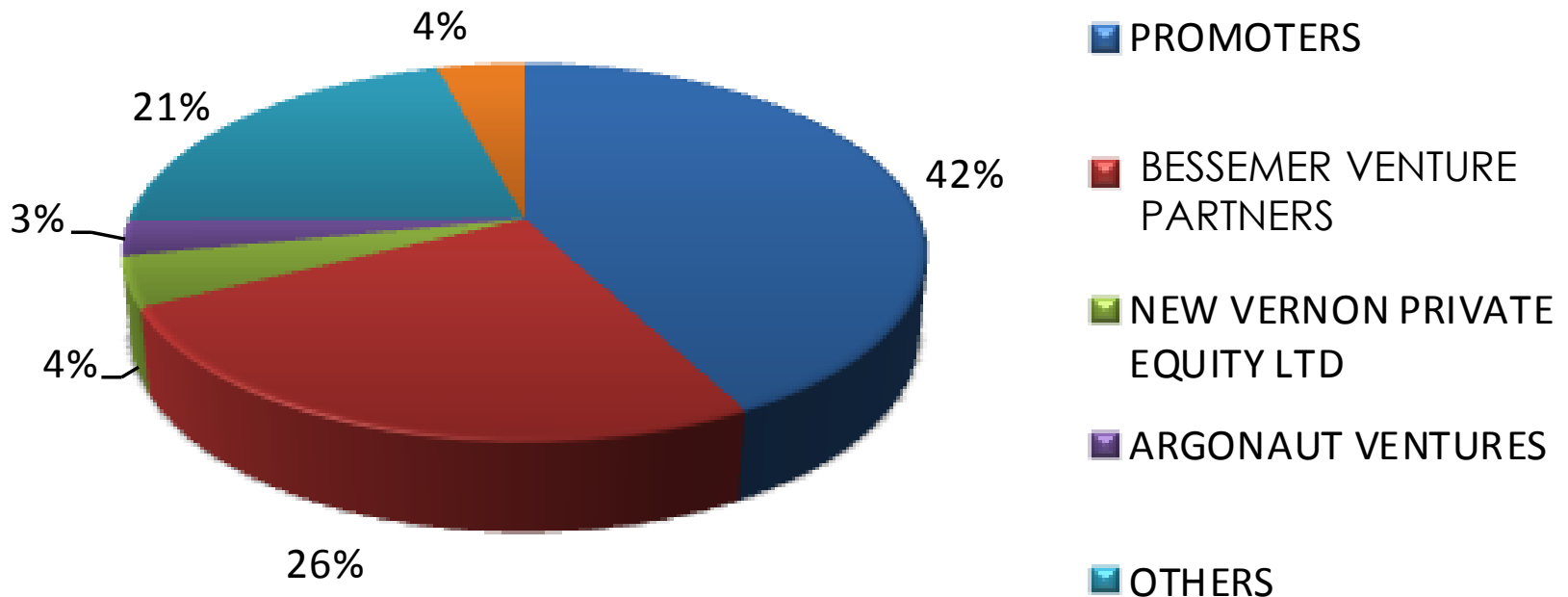
2009

- SAP implemented
- ISO 9001(2008) Certified
- Leitner Shriram commences production
- Consolidated turnover crosses Rs.1000 crore.

2010

- SEPC turnover crosses Rs.1000 crore.
- OGPL files for IPO

## Shareholding Structure September 30, 2011





10 MW POWER PLANT FOR VARUN BIO ENERGY



PIPE REHABILITATION



CROSS COUNTRY CONVEYOR FOR SREE JAYAJYOTHI CEMENT



10 MW POWER PLANT FOR ETA POWERGEN



WATER TREATMENT FOR TWAD BOARD



1.5 MW WIND TURBINE AT UTHUMALAI



COAL GASIFICATION PLANT FOR JINDAL STEEL



COLOUR COATING LINE FOR TATA BLUESCOPE LTD.



SILOS AT KFL, KERALA



GAS CLEANING PLANT FOR KCM, ZAMBIA

**Thank you**