

# NCC Limited

## Corporate Presentation

November 2018



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# **COMPANY OVERVIEW**

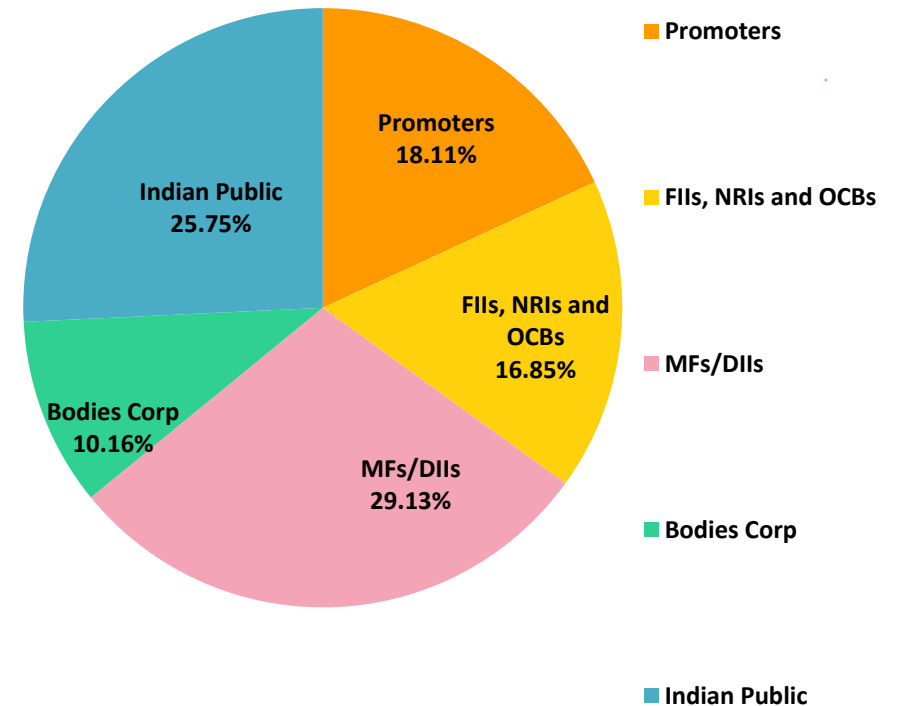
# Company Snapshot (1/2)



## Overview

- One of the **largest Indian construction companies** in terms of revenues
- **Well diversified order book** with presence across buildings & housing, roads, water & environment, irrigation, electrical, metals, mining and railways
- **Pan India presence** with offices across 13 cities in key states such as Maharashtra, Andhra Pradesh, Telangana, Karnataka, Gujarat, Uttar Pradesh, West Bengal, Tamil Nadu, etc.
- **Experienced Management and skilled workforce** which includes 5,720 employees (including 3,802 Technical), currently executing around 120 active sites at various locations (As on September 30, 2018)
- **Order Book of INR 330 bn** as on September 30, 2018. **New orders of INR 84 bn** received up to September 30, 2018.
- **Market capitalization:** INR 53.97 bn as on November 13, 2018
- **Key projects executed:**
  - Agra Lucknow Expressways – Uttar Pradesh
  - ESI Hospital and Medical College, Gulbarga, Karnataka
  - Outer ring Road, Hyderabad Growth Corridor – Telangana
  - Infrastructure development, Ministry of Defence - Arunachal Pradesh
  - Water Supply Project, Rajkot - Gujarat
- **Major investors** having stake in the Company:
  - Rekha and Rakesh Jhunjunwala
  - Reliance Capital Trustee
  - Aditya Birla Sun life
  - Sundaram Mutual Fund
  - UTI

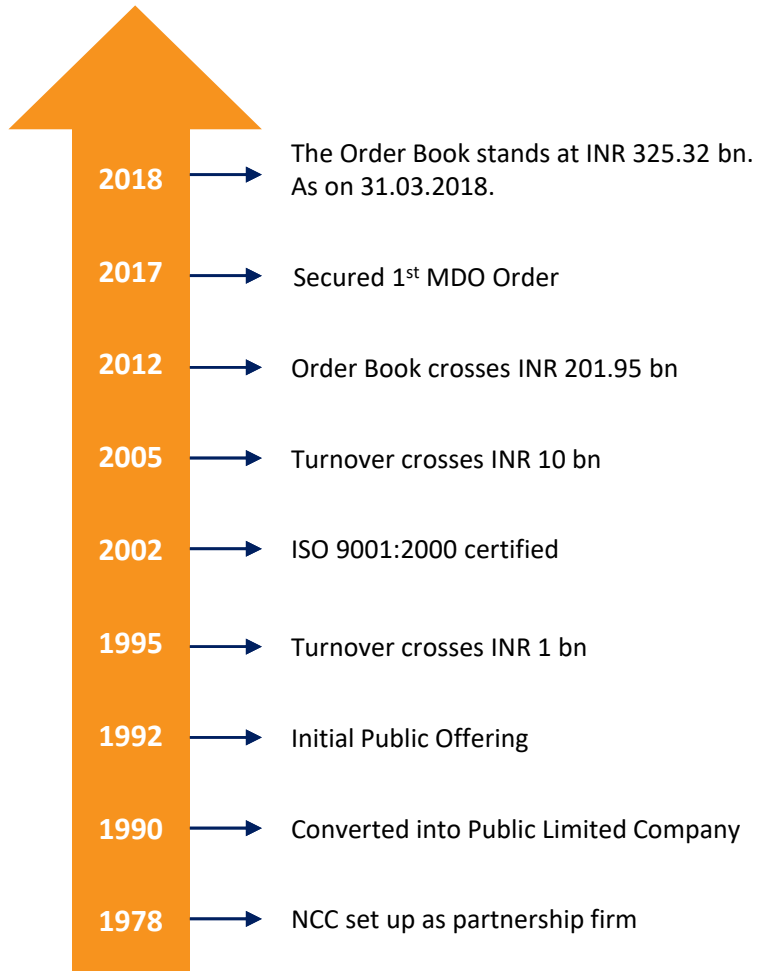
## Shareholding – As on September 30, 2018



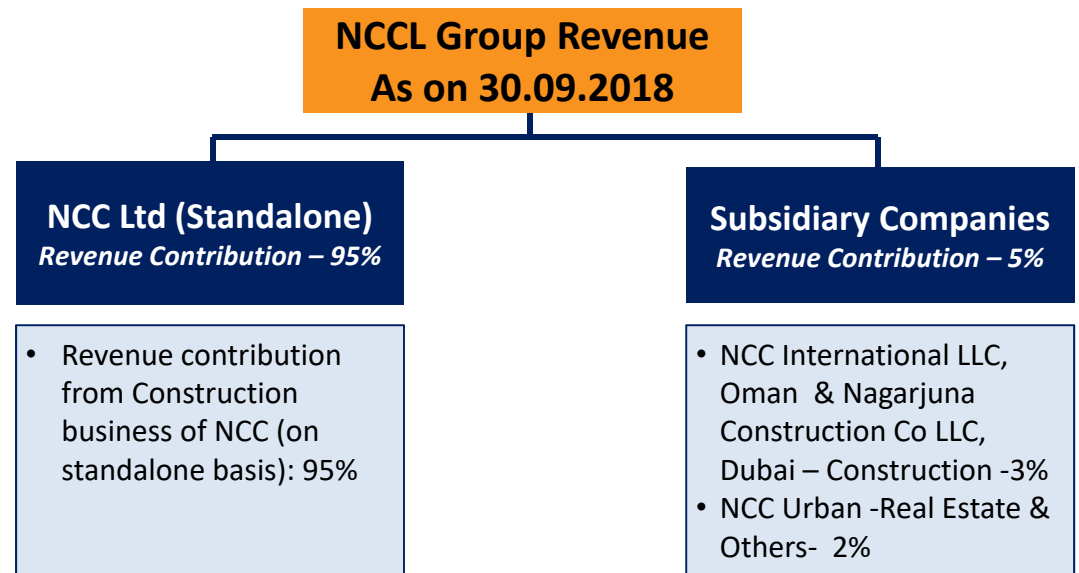
# Company Snapshot (2/2)



## Key Milestones

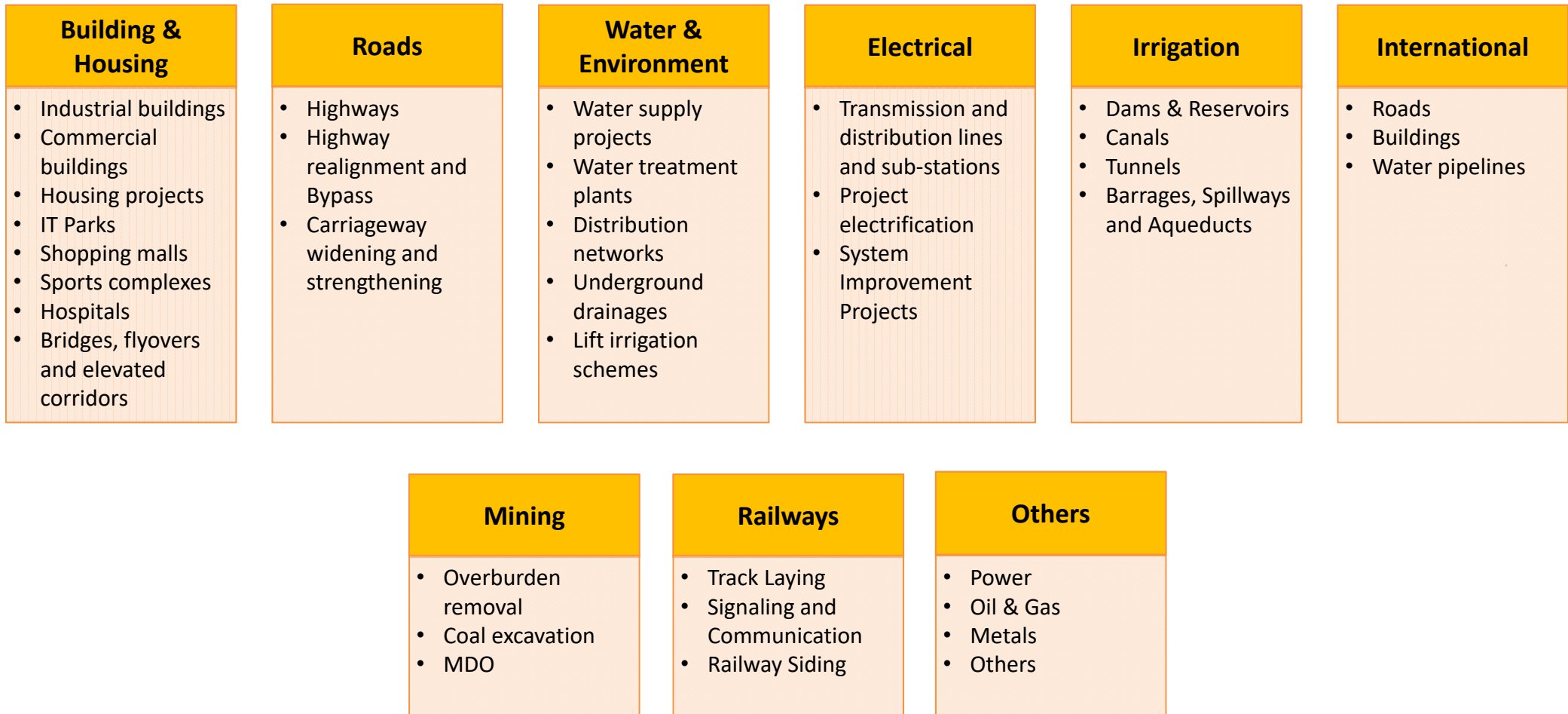


## Group Business Structure



# **BUSINESS VERTICALS**

# Operating Divisions



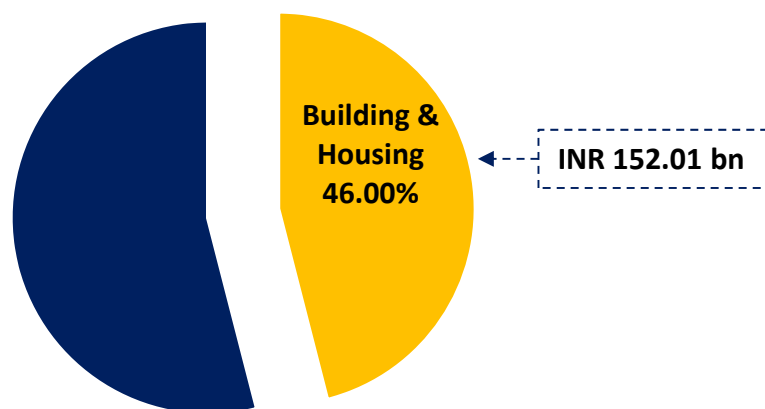
**Diversified operations across various divisions help mitigate business risks**



# Building & Housing



## Order Book (As on September 30, 2018)



## Key Clientele

Client Name
Uttar Pradesh Housing & Development Board
Airport Authority of India
Nagpur Metro Rail Corporation Ltd.
NBCC Limited
Bangalore Metro Rail Corporation,
Lucknow Development Authority
Indian Institute of Management

## Details of Major Projects Completed

Project Name	Location	Project Cost (INR bn)
ESIC Hospital & Medical College	Gulbarga, Karnataka	10.73
Infrastructure Development Works, Ministry of Defence	Arunachal Pradesh	7.76
VIMS Hospital	Bihar	5.40
Rajiv Gandhi Institute of Petroleum Technology	Uttar Pradesh	3.11

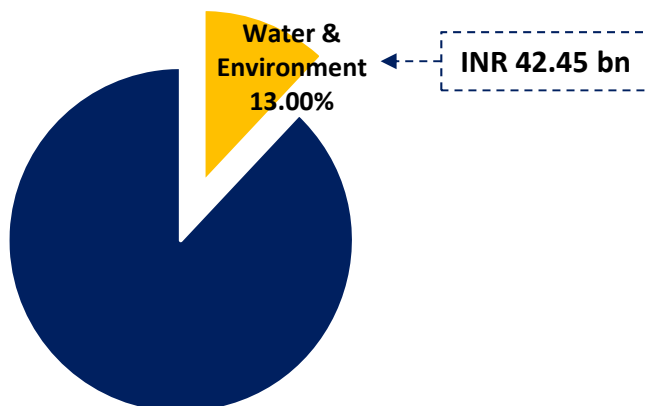
## Details of Major Projects Under Execution

Project Name	Location	Project Cost (INR bn)
Housing Projects (7) - APTIDCO,	7 Locations in AP	60.57
Housing Project- NBCC,	New Delhi	19.49
Airport Authority of India, Lucknow	Uttar Pradesh	10.48
Pune Metro Package-1 & 2	Maharashtra	8.47
HLL Infratech Services, Noida( AIIMS Bathinda)	Punjab	5.65
Bangalore Metro Rail Project	Karnataka	5.09
Housing Project UP Hsg & Devt. Board	Uttar Pradesh	5.46

# Water & Environment



## Order Book (As on September 30, 2018)



## Key Clientele

Client Name
Gujarat Water Supply and Sewerage Board
Hyderabad Metropolitan Water Supply and Sewerage Board
Chennai Metropolitan Water Supply and Sewerage Board
Govt of Telangana
Public Health Engineering Department, Rajasthan
Public Works Departments, Government of West Bengal

## Details of Major Projects Completed

Project Name	Location	Project Cost (INR bn)
Water Supply Project – Sauni Yojana – Package -2	Gujarat	8.07
Water Supply Project - Sauni Yojna – Package 1	Gujarat	4.28
Water supply project - Melur	Tamilnadu	3.67
Water supply project - Bhilwara	Rajasthan	2.90

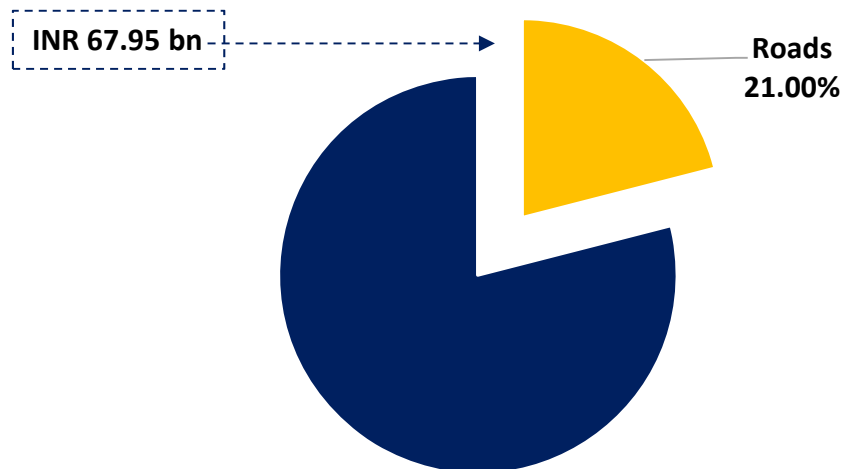
## Details of Major Projects Under Execution

Project Name	Location	Project Cost (INR bn)
Water Supply Project - Rangareddy,	Telangana.	14.45
Water Supply Project - Sauni Yojana Link 4, Pkg 6)	Gujarat	7.02
Water Supply project - Warngal	Telangana.	7.50
Water Supply project - HMWSSB	Hyderabad	5.33

# Roads



## Order Book (As on September 30, 2018)



## Key Clientele

Client Name
National Highways Authority of India
UP Expressways Industrial Development Authority
Capital City Development and Management Corporation, Vijayawada
Amaravati Development Corporation
Hyderabad Growth Corridor Limited

## Details of Major Projects Completed

Project Name	Location	Project Cost (INR bn)
Agra Lucknow Expressways	Uttar Pradesh	15.60
Outer ring Road Project - package II & III	Hyderabad	7.61

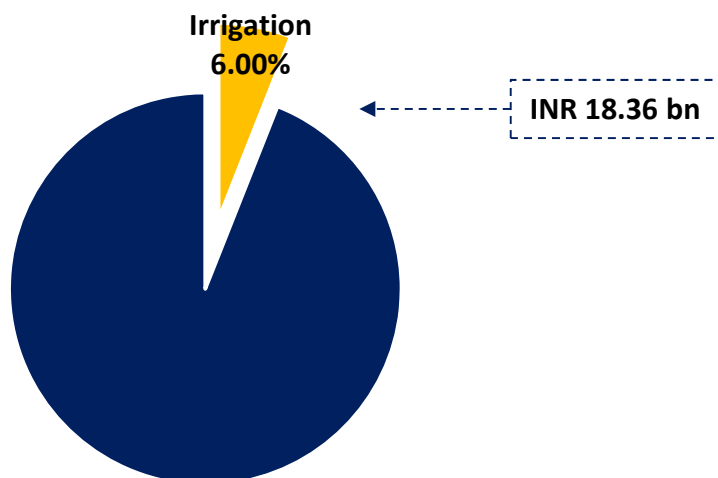
## Details of Major Projects Under Execution

Project Name	Location	Project Cost (INR bn)
Bihar Rajya Pal Nirman Nigam Ltd Chapra town of District Saran	Bihar	3.71
Capital City Development and Management Corporation	Andhra Pradesh	2.15
Amaravati Development Corporation (6)	Andhra Pradesh	29.54

# Irrigation



## Order Book (As on September 30, 2018)



### Key Clientele

Client Name
Sardar Sarovar Narmada Nigam Limited
Water Resources Department, Govt. of Bihar
Water Resources Department, Govt. of Chattisgarh
Govt. of Andhra Pradesh, Water resources department

## Details of Major Projects Completed

Project Name	Location	Project Cost (INR bn)
Gandak Canal Project	Bihar	5.31
Sardar Sarovar Narmada Nigam Ltd.	Gujarat	4.47
Water Resources Dept. Birpur	Bihar	1.53

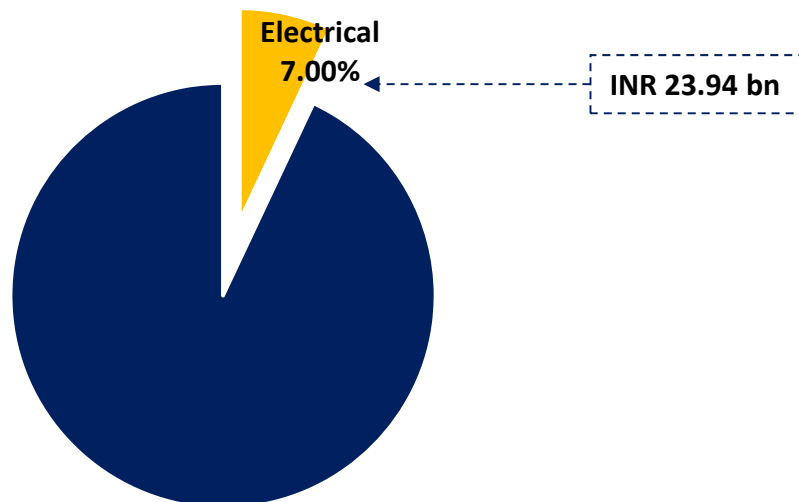
## Details of Major Projects Under Execution

Project Name	Location	Project Cost (INR bn)
Lift Irrigation Project (PRLIS)	Telangana	13.78
Saradhi Barrage project	Chattisgarh	3.99
Formation of Reservoir project – Baswapur	Telangana	4.58
Moderanisation of Midpennar South Canal	Andhra Pradesh	2.48

# Electrical



## Order Book (As on September 30, 2018)



## Key Clientele

Client Name
Purvanchal vidyut Vitran Nigam Limited
Dakshinanchal Vidyut Vitran Nigam Limited
Madhyanchal Vidyut Vitran Nigam Limited
West Bengal State Electricity Distribution Co Ltd
Jharkhand Bijili Vitran Nigam Limited
Power Grid Corpn.of India Ltd
Maharashtra State Road Development Corporation Ltd

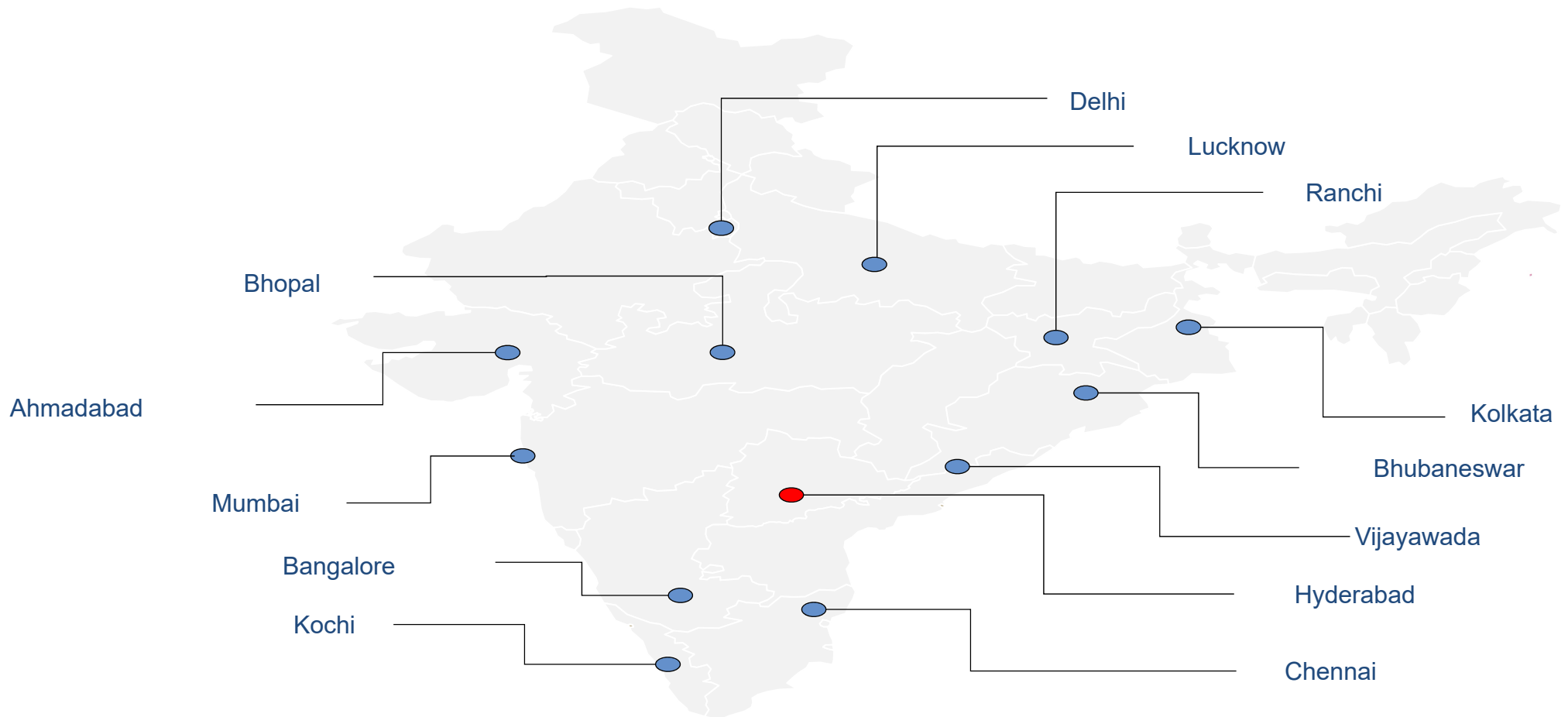
## Details of Major Projects Completed

Project Name	Location	Project Cost (INR bn)
TG&D Corpn Ltd, Chennai-Erode	Tamilnadu	2.54
PVNL- RGGY - Phase II Allahabad	Uttar Pradesh	1.65
Power Grid Corpn.of India Ltd. TW- 01 & TW-02	Andhra Pradesh	1.31
MSEDCL – Nashik	Maharashtra	0.74

## Details of Major Projects Under Execution

Project Name	Location	Project Cost (INR bn)
PVVNL, Varanasi- Saubhagya - Mizapur	Uttar Pradesh	6.99
PVVNL- Saubhagya- Meerut	Uttar Pradesh	6.32
MVVNL- Saubhagya- Baharchi	Uttar Pradesh	4.47
DVVNL- Saubhagya- Mathura	Uttar Pradesh	4.27
Jharkhand Bijili Vitran Nigam Limited, Ranchi	Jharkhand	3.02
DDUGJY - Dumka	Jharkhand	3.00

# Pan India Presence



**Regional offices controlled by Directors and / or senior management facilitate efficient and timely decision making**

# **KEY INVESTMENT HIGHLIGHTS**

# Key Investment Highlights



1

## Strong Execution Track Record

- More than three decades of experience in completing numerous construction projects across roads, buildings, bridges, irrigation & mining etc with timely execution

2

## Diversified Order Book across Industry Segments and Geography

- Robust and regionally diversified order book diversified across 24 states in India with strong counterparties
- Order book of INR 330 bn (as on September 30, 2018) and order book to sales ratio of 3x provides strong cash flow visibility for next 3 years

3

## Robust Financials with Strong Credit Rating

- Company has had stable financial performance in terms of margins and return metrics along with low leverage
- India Ratings and ICRA have assigned the rating of A in view of reduction in principal repayments, improving EBITDA Margins, lower than expected debt and plans for further asset sale.

4

## Professional Board with Strong Corporate Governance

- Board comprising of 5 Executive, 1 Non-executive non-independent and 5 Independent directors
- Strong Corporate Governance due to institutional ownership and presence of independent directors in board & various committees

5

## Favorable Industry Dynamics

- Various initiatives such as Bharat Mala, Sagar Mala, Pradhan Mantri Awas Yojna, Namami Gange Programme, Freight Corridors, Industrial Corridors, Smart Cities, etc. to provide additional impetus to Construction industry



## Details of Major Projects Completed

Project Name	Location	Project Cost (INR bn)	Year of completion
Agra Lucknow Expressways	Uttar Pradesh	15.60	2017-18
ESIC Hospital & Medical College	Karnataka	10.73	2014-15
IISCO Steel plant Blast furnace	West Bengal	7.84	2014-15
Water Supply Project	Gujarat	8.07	2016-17

## Details of Major Projects Under Execution

Project Name	Location	Project Cost (INR bn)
Housing Projects (7) - APTIDCO,	7 Locations in AP	60.57
Housing Project- NBCC,	New Delhi	19.49
Amaravati Development Corporation (6)	Andhra Pradesh	29.54
Water Supply Project	Telangana	14.45
Pune Metro Package-1 & 2	Maharashtra	8.47
Airport Authority of India, Lucknow	Uttar Pradesh	10.48
PVVNL, Varansi- Saubhagya- Mizapur	Uttar Pradesh	6.99

## Ability to Win Large Projects

Demonstrated ability to bid for and win large projects

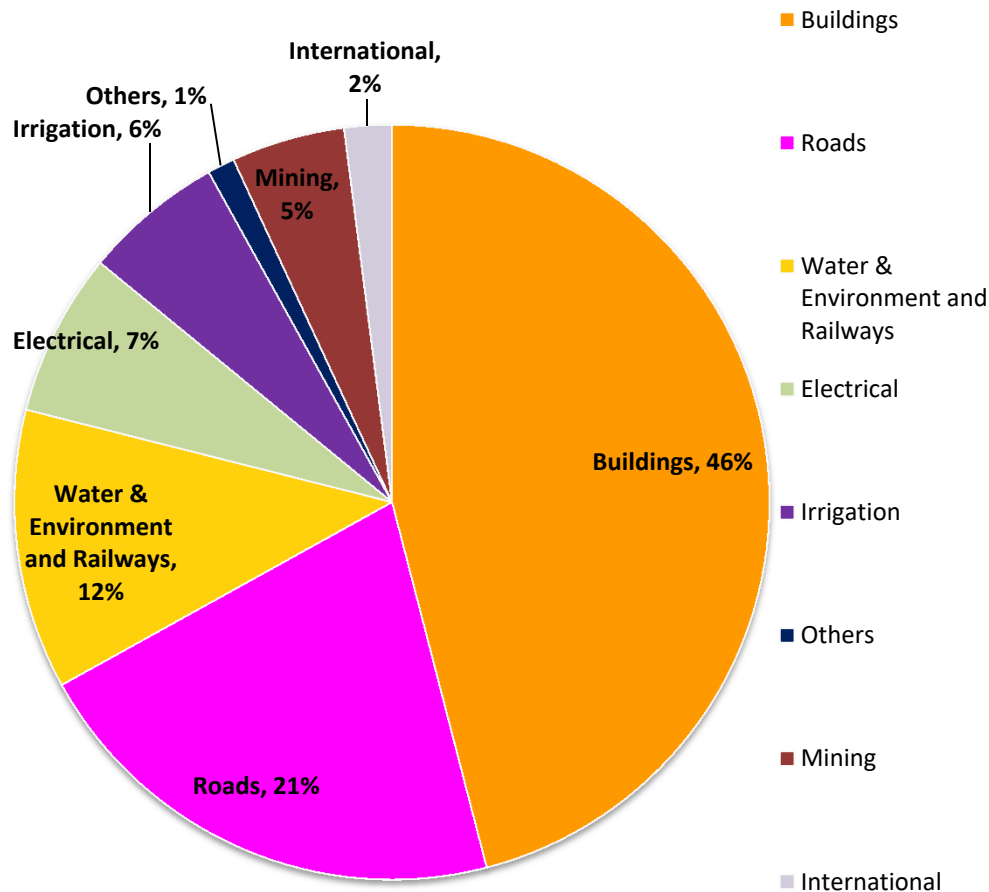
- Outer ring Road Projects in Amaravathi Capital city, AP: INR 20.46 bn (two packages)
- Andhra Pradesh Township Infra Development Corporation: INR 20.13 bn (two packages)
- Building Project by NBCC, Nauroji Nagar, New Delhi: INR 19.49 bn
- UP Expressways Development Authority : INR 16.75 bn
- APTIDCO (7 packages)- INR 60.57 bn

## Key Clientele

Client Name		
Indian Railway	Power Grid	Indian Oil
Coal India	CIDCO	Airport Authority of India
National Aluminum Company	Steel Authority of India	Hyderabad Growth Corridor
National Highways Authority of India	Bharat Heavy Electricals	Maharashtra Airport Development
NTPC	NBCC	Indian Army

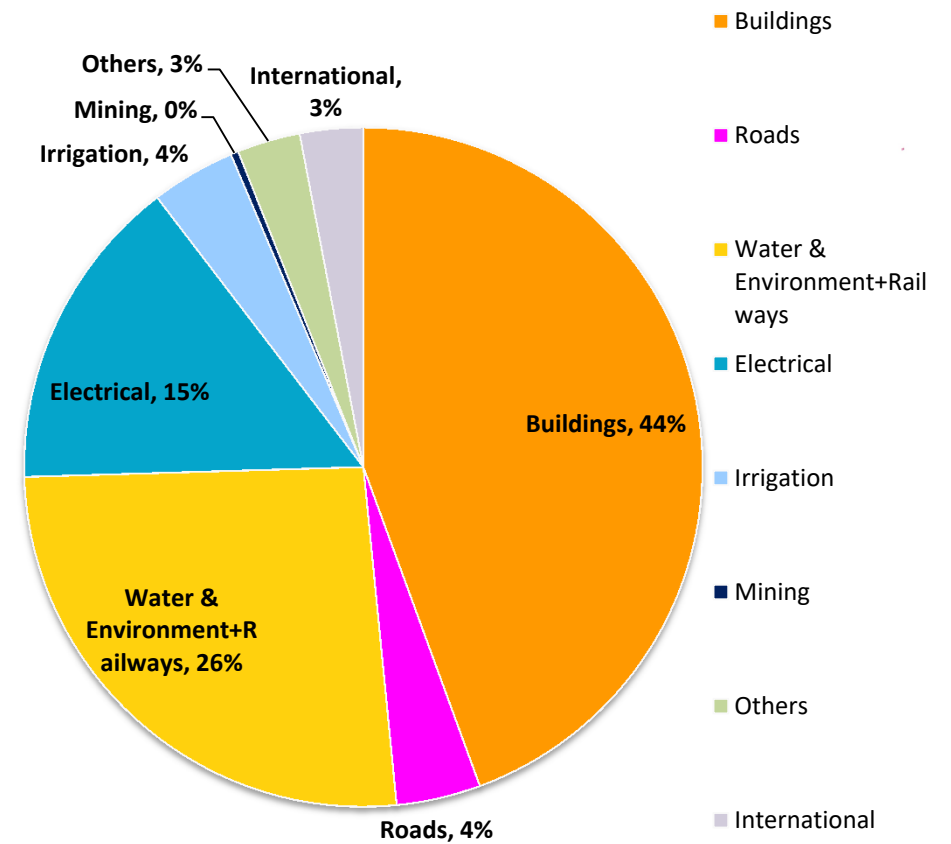
## Total Order Book: Rs. 329.55 Bn

(as on September 30, 2018)



## Total Turnover: Rs. 55.54 Bn

(as on September 30, 2018)



# Division Wise Execution & Order book As on 30.09.2018



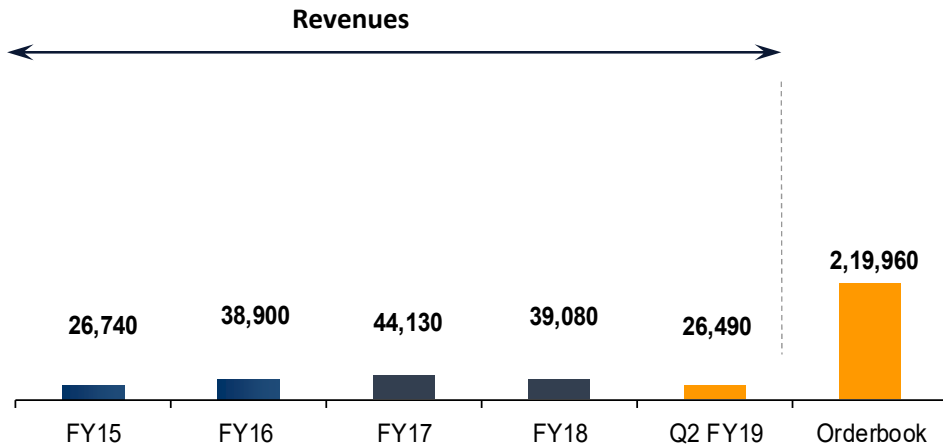
(Rs in Billion)

Particulars	Buildings	Roads	Water & Environment and Railways	Electrical	Irrigation	Others	Mining	International	TOTAL
<b>Orders on Hand as on 01.04.2018</b>	<b>145.80</b>	<b>42.47</b>	<b>62.77</b>	<b>19.26</b>	<b>25.21</b>	<b>4.34</b>	<b>16.06</b>	<b>9.41</b>	<b>325.32</b>
	45%	13%	19%	6%	8%	1%	5%	3%	100%
<b>Add: New Orders Received</b>	<b>34.78</b>	<b>28.96</b>	<b>-0.44</b>	<b>13.33</b>	<b>-4.11</b>	<b>0.73</b>	<b>0.05</b>	<b>0.00</b>	<b>73.30</b>
	47%	40%	-1%	18%	-6%	1%	0%	0%	100%
<b>Less: Value of Works Executed</b>	<b>24.39</b>	<b>2.10</b>	<b>14.40</b>	<b>8.64</b>	<b>2.40</b>	<b>1.57</b>	<b>0.10</b>	<b>1.94</b>	<b>55.54</b>
	44%	4%	26%	16%	4%	3%	0%	3%	100%
<b>Balance as on 30.09.2018</b>	<b>156.19</b>	<b>69.33</b>	<b>47.93</b>	<b>23.95</b>	<b>18.70</b>	<b>3.50</b>	<b>16.01</b>	<b>7.47</b>	<b>343.08</b>
	46%	20%	14%	7%	5%	1%	5%	2%	100%
<b>Less: Op. WIP adj. (UBR)</b>	<b>4.19</b>	<b>1.37</b>	<b>5.49</b>	<b>0.01</b>	<b>0.35</b>	<b>0.32</b>	<b>0.25</b>	<b>1.46</b>	<b>13.44</b>
<b>Net Balance as on 30.09.2018</b>	<b>152.00</b>	<b>67.96</b>	<b>42.44</b>	<b>23.94</b>	<b>18.35</b>	<b>3.18</b>	<b>15.76</b>	<b>6.01</b>	<b>329.64</b>
	46%	21%	13%	7%	6%	1%	5%	2%	100%

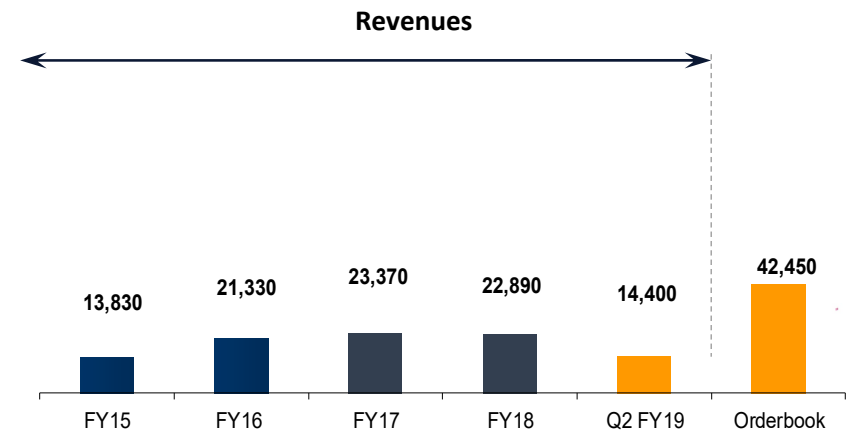
# Divisional Performance as on September 30, 2018



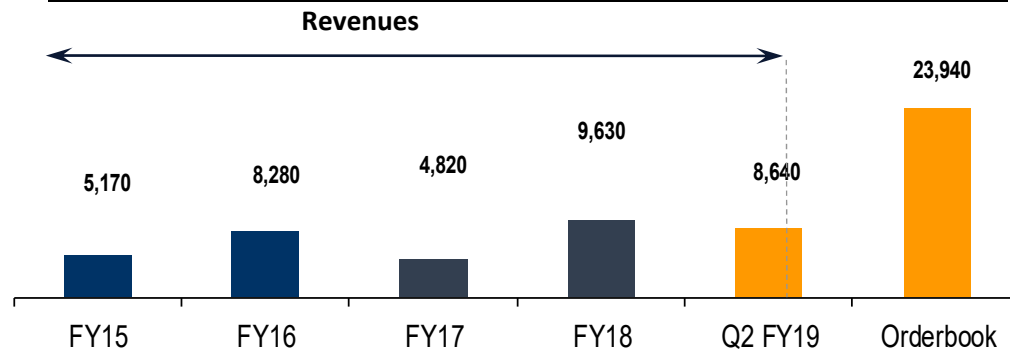
## Buildings & Housing+ Roads (Rs. Mn)



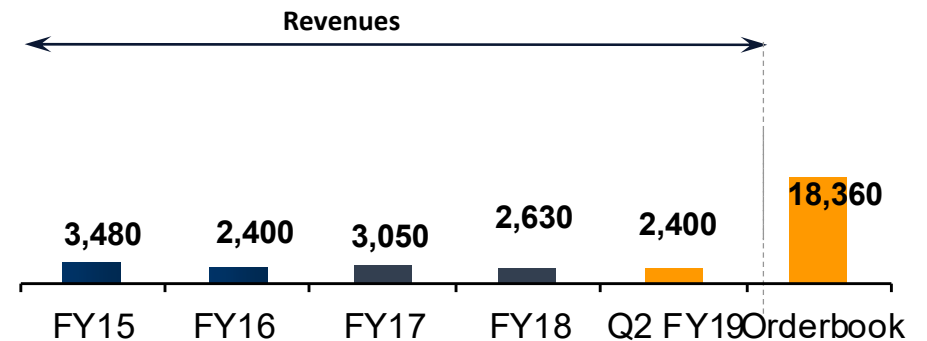
## Water & Environment + Railways (Rs. Mn)



## Electrical (Rs. Mn)



## Irrigation (Rs. Mn)

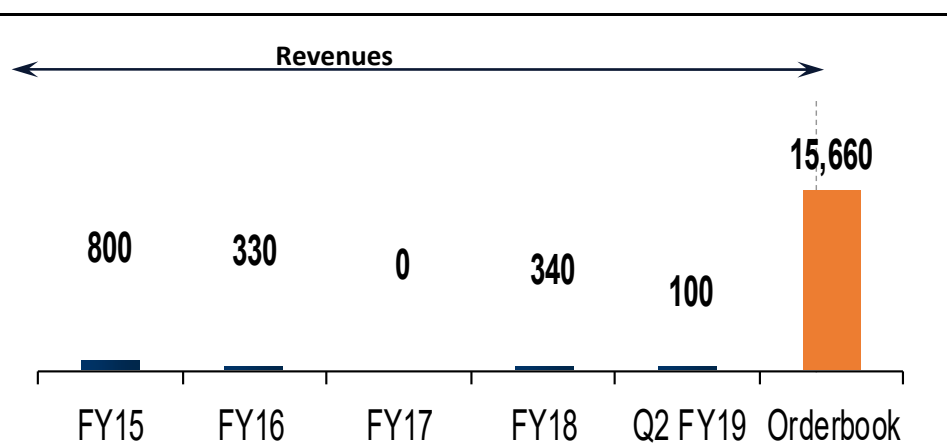


(1) Order book as on September 30, 2018

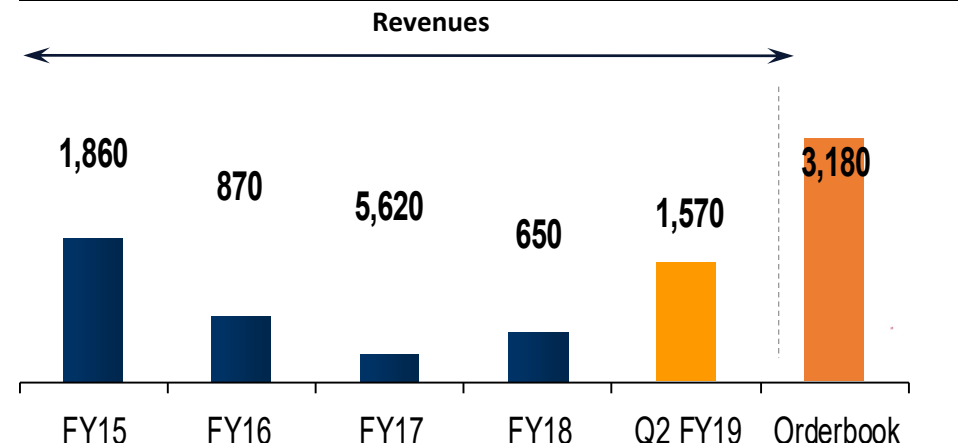
# Divisional Performance as on September 30, 2018



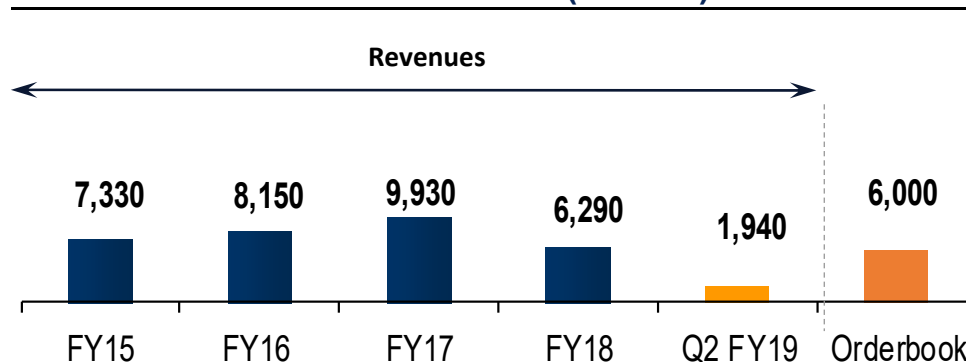
## Mining (Rs. Mn)



## Others (Rs. Mn)



## International (Rs. Mn)

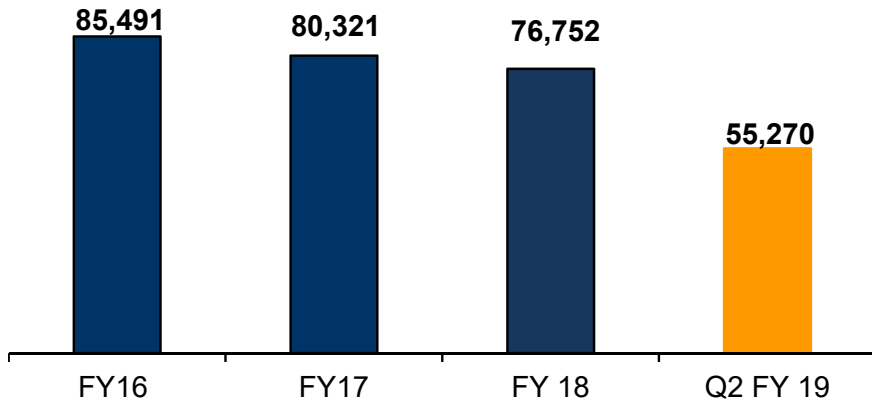


(2) Order book as on September 30, 2018

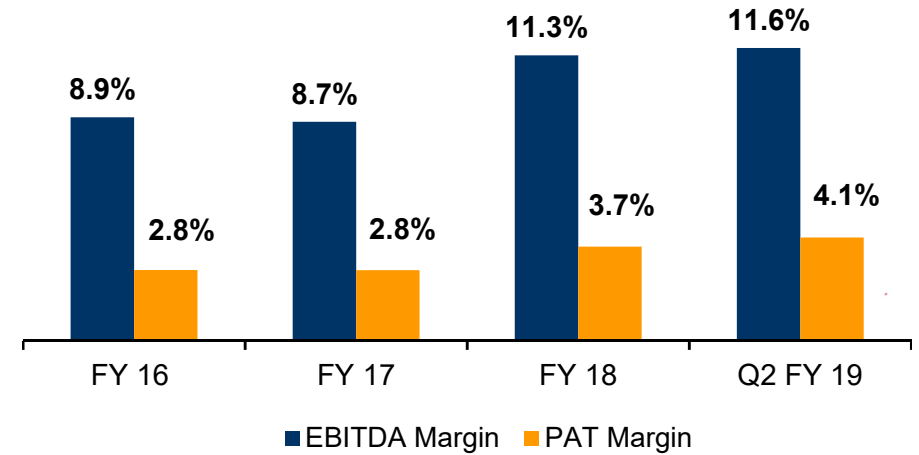
# Robust Financials with Strong Credit Rating (1/3)- Standalone Financials



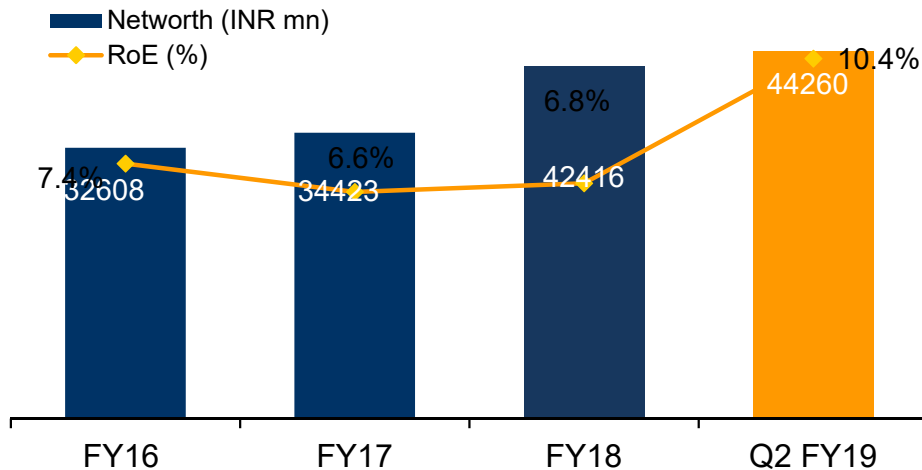
Revenue (INR mn)



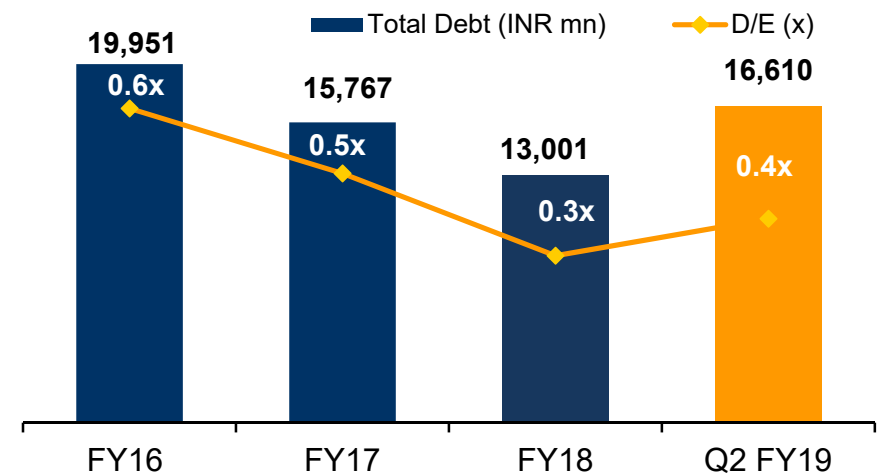
Margins



Return on Equity



Leverage



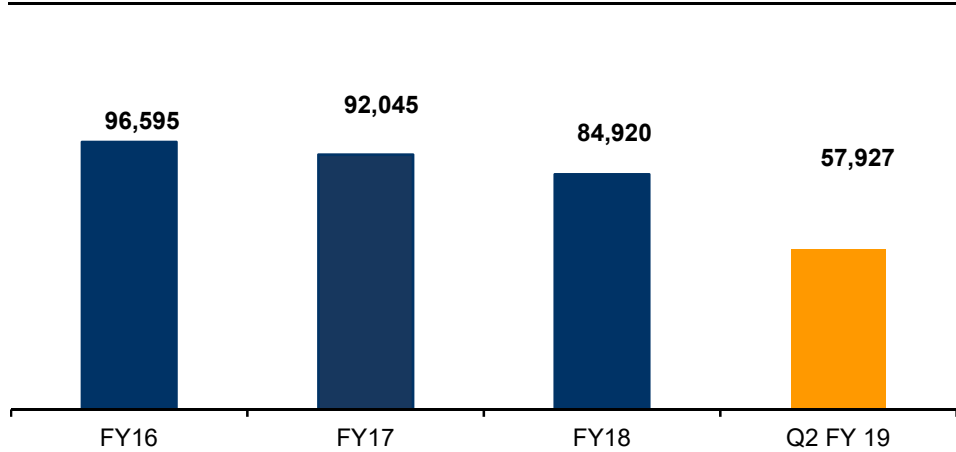
Note:

1. All figures are derived from standalone financials
2. EBITDA Margin: EBITDA / Operating Revenue; PAT Margin = PAT / Total Revenue;
3. RoE = PAT / Net Worth

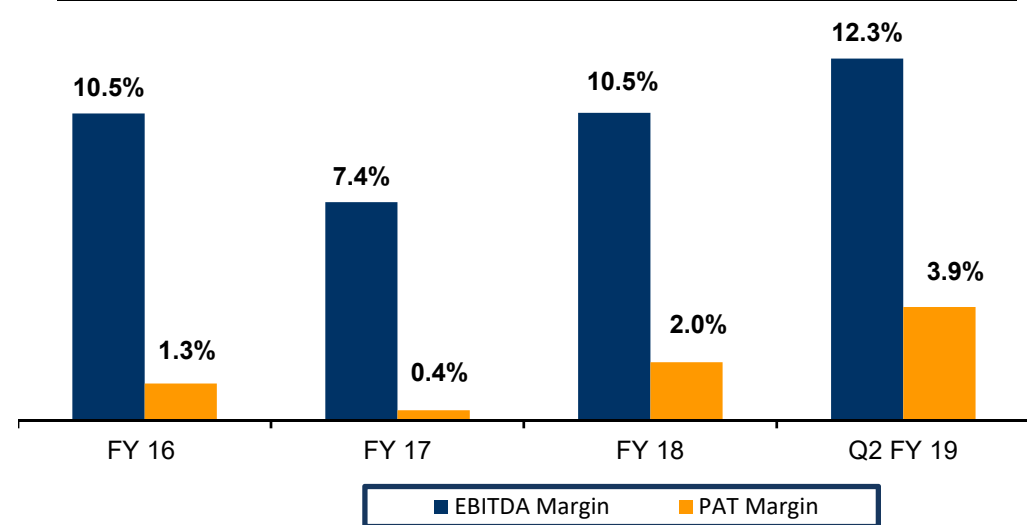
# Robust Financials with Strong Credit Rating (2/3)- Consolidated Financials



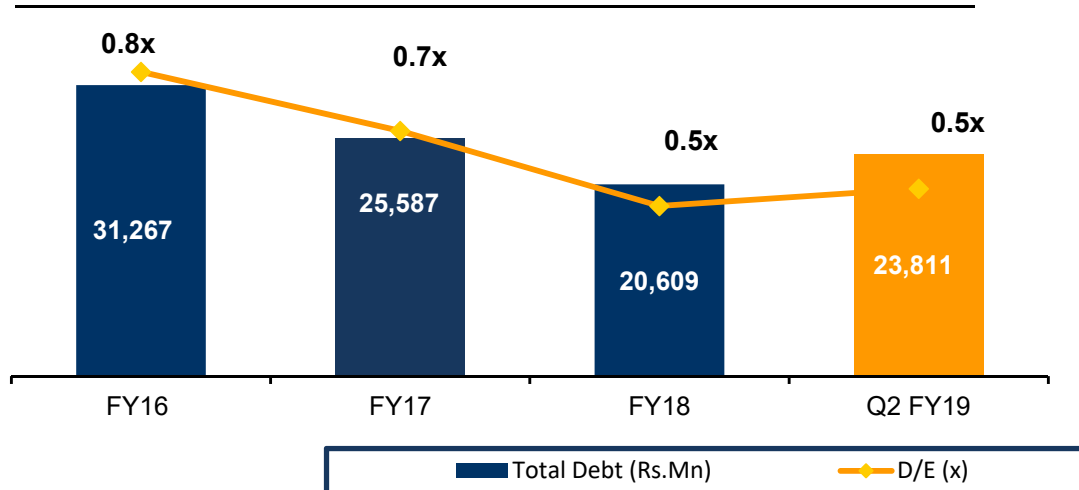
**Consolidated Revenues (Rs. Mn)**



**Margins**



**Leverage Position**



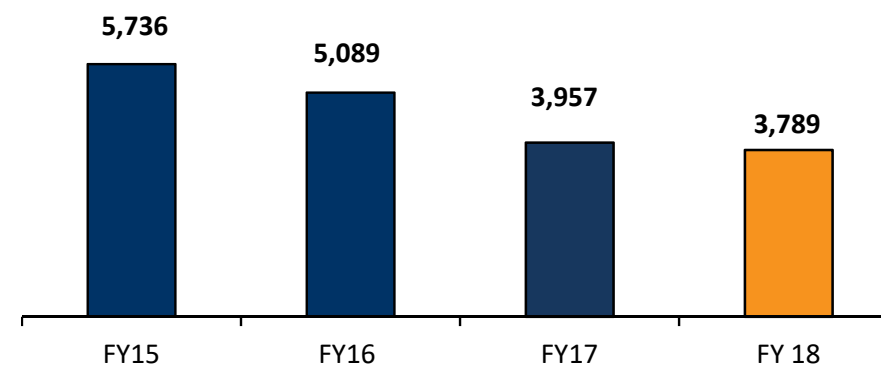
Note:

1. All figures are derived from consolidated financials
2. EBITDA Margin: EBITDA / Operating Revenue;
3. PAT Margin = PAT / Total Revenue;
4. RoE = PAT / Net Worth

## Finance Cost Comprises of:

- Interest on Working Capital Loans
- Interest on Mobilization Advances
- Commission on Bank Guarantees and Letter of Credits
- Other Financial Charges

## Reduction in Finance Cost (INR mn)



## Working Capital Assistance from Banks (As on September 30, 2018)

Sl. No.	Particulars	Limit (INR bn)
1.	Cash Credit & WCDL	20.58
2.	Bank Guarantees	80.00
3.	Letter of Credit	10.00
	TOTAL	110.58

## Rating of the Company:

- External rating of the company is “A” with stable outlook with both the rating agencies i.e. ICRA and India Ratings





**Mr Hemant M Nerurkar**  
Chairman & Independent Director

He is a retired corporate executive with 44 years of experience



**Mr A A V Ranga Raju**  
Managing Director

He has experience of 43 years in the construction and infrastructure development and allied fields



**Mr A G K Raju**  
Executive Director

He has 35 years of experience in the construction industry, finance and manufacturing and allied fields



**Mr A S N Raju**  
Wholetime Director

He has experience of 38 years in the construction industry



**Mr A V N Raju**  
Wholetime Director

He has experience of 31 years in the construction industry



**Mr J V Ranga Raju**  
Wholetime Director

He has experience of 33 years in the construction and infrastructure industry



**Mr Utpal Sheth**  
Non-Executive Director

He is an investment analyst with 23 years of work experience



**Ms Renu Challu**  
Independent Director

She is an Associate of the Indian Institute of Bankers and has an experience of 44 years in the banking industry and Corporate Management



**Mr R V Shastri**  
Independent Director

He is a retired CMD of Canara Bank and has 48 years of experience



**Dr. A. S. Durga Prasad**  
Independent Director

He is an accomplished executive with over 37 years experience in Financial Management and Cost Management in variety of industries



**Mr S Ravi**  
Independent Director

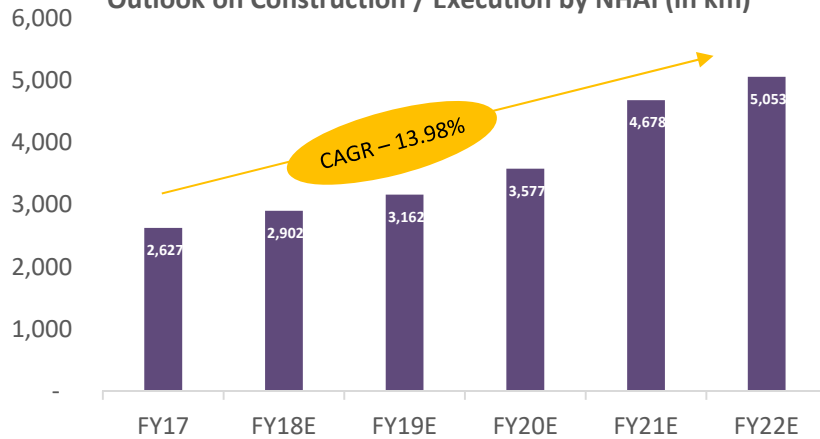
He is a Sr. Advocate, High Court of Judicature at Hyderabad for the State of Telangana and the state of Andhra Pradesh and has experience in Taxation, Corporate Laws and Commercial Laws.

# 5 Favorable Industry Dynamics (1/2)



## Roads

Outlook on Construction / Execution by NHAH (in km)

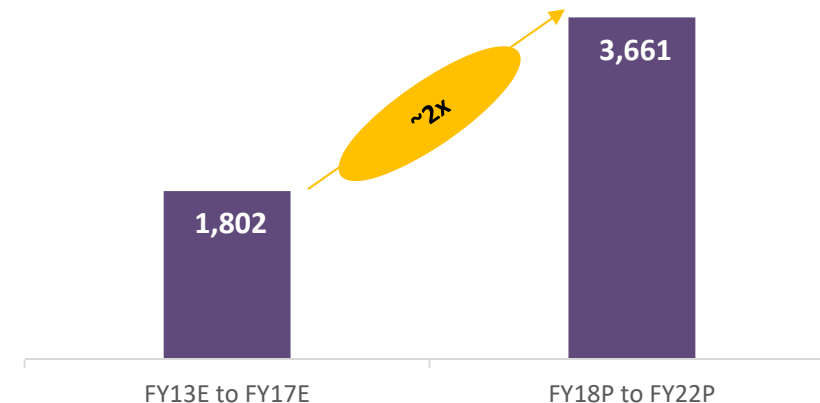


- Expected investment of **INR 4.3 tn in national highways** from FY18-22
- Expected investment of **INR 4.4 tn in state highways** from FY17-21
- Momentum on account of completion of remaining length of NHDP programme, new projects such as Bharat Mala, upgradation of SH to NH, four-laning of NH, and Pradhan Mantri Gram Sadak Yojna

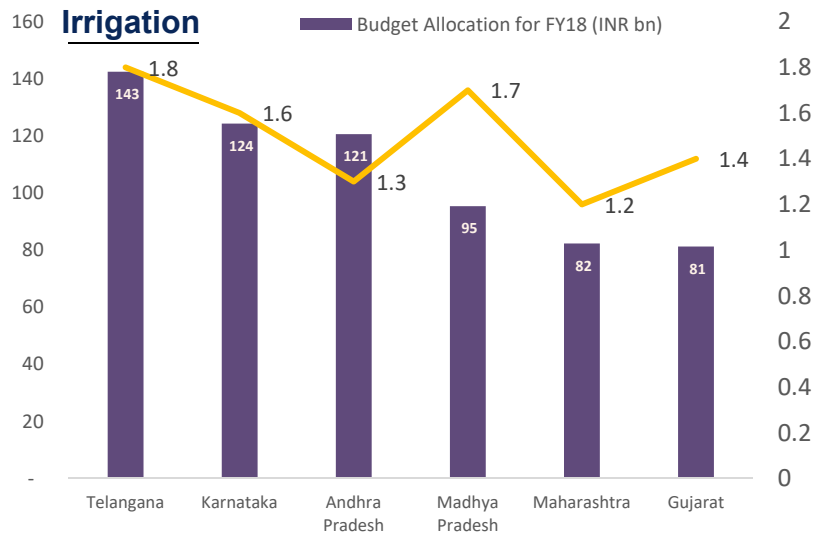
## Urban Infrastructure

- Construction spend in urban infrastructure to be **~INR 3.7 tn** between FY18-22
- In the Union Budget FY18, Centre allocated **INR 162.4 bn for Swachh Bharat**.
- Allocation of **INR 500 bn for five years (FY16-20) under AMRUT**, as against INR 360 bn spent under JNNURM over the past five years
- Construction spends on **metros** in India will **increase 1.9 times to ~INR 1.1 tn** over the next five years
- Also, government has decided to develop **100 cities as smart cities**

Construction Spend in Urban Infra (INR bn)



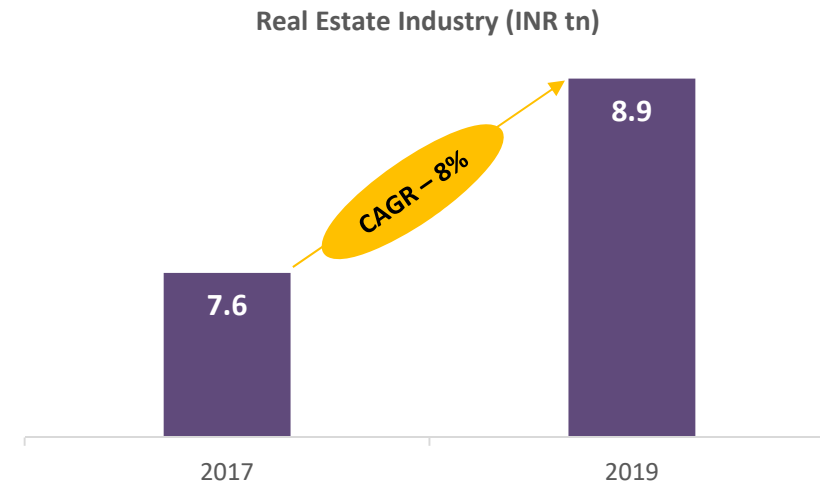
# 5 Favorable Industry Dynamics (2/2)



- Investments to **increase 1.4 times to touch INR 3 tn** between FY18-20
- With **only 50% of the land irrigated**, there is a huge unharnessed potential for further investments
- **Top six states** - Andhra Pradesh (including Telangana), Maharashtra, Karnataka, Gujarat, Madhya Pradesh and Uttar Pradesh – account for nearly **75% of the total investments** during 2012 to 2017
- Over 2017-18 to 2019-20 as well, the share of the **top six states are expected to remain at ~75%**, as investments in Andhra Pradesh, Karnataka, Madhya Pradesh and Gujarat rise significantly

## Real Estate

- Projected to grow to **Rs 8.5-9 trillion by 2019**
- **Housing for All by 2022** provided a significant push to the housing sector
- Some of the schemes implemented by the government are:
  - **PMAY** - minimize the housing shortage faced by the urban poor
  - **Affordable housing** - Extension of CLSS to middle income group
  - Implementation of **RERA & GST**



# **COMPANY STRATEGY**

## Asset Light Business Model

- Focus on core competency of the Company i.e. Construction Business (EPC and Item rate contracts) with asset light strategy
- Monetize BOT and Real Estate Assets exposure on a case to case basis
- Limited exposure to selective HAM projects in Roads

## Focus on India

- With impetus of Government on development of Infrastructure and housing for all in India, focus on bidding for construction projects in India
- Exit from middle east construction business

## Improving Operational Efficiency and Return Metrics

- Continuing efforts in improving operational efficiency and reduction of costs
- Focus on superior management and better control of projects by strengthening MIS and Review System
- Sustained efforts on improving EBITDA and Net Profit Margins
- Reduction of Debt and Interest Costs

Thank you

