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# CORPORATE PRESENTATION

Sept'16

**Simple** solutions for **complex** structures



# Disclaimer

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- **Certain statements in this presentation concerning our future growth prospects are forward- looking statements, which are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, amongst others general economic and business conditions in India, our ability to successfully implement our strategy, our growth and expansion plans and technological changes, changes in the value of the Rupee and other currency changes, changes in the Indian and international interest rates, change in laws and regulations that apply to the Indian and global infrastructure sector, increasing competition in and the conditions of the Indian infrastructure sector, changes in political conditions and regulatory framework in India. Neither our company, nor our directors nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after this date or to reflect the occurrence of underlying events even if the underlying assumptions do not come to fruition.**



# Simplex Background

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- Established in 1924 and executed over 2900 projects.
- Presence pan-India and Overseas with over 200 ongoing projects.
- Presence across all Construction Verticals—Ground Engineering, Industrial, Building & Housing, Power—Thermal; Nuclear; Hydel; Power Transmission, Marine Ports, Roads; Railways; Bridges; Elevated Road & Rail Corridors and Urban Infra – Airports; Metro Rails; Sewerage and Utilities.
- Repeat orders from reputed & large clientele.
- Mundhras took over in 1947 and grew 17% CAGR over 69 years.
- An uninterrupted profit track record since inception.
- 9% of Order Book and 15% of Revenue from Overseas for H1 FY17.
- Order Book ₹ 134852 mn as of Sept'16.
- Order Inflow in H1FY17 ₹ 21234 mn in addition to L1 status of ₹ 25430 mn.
- H1FY17 Sales- ₹ 27332 mn . CAGR : 10 Yrs 16% and 15 Yrs 20%.
- Permanent Employees 7713 and owned Construction Equipment ₹ 23840 mn as of Sept'16.



# Milestones

**1992 - Built international class hotel at Tashkent, Uzbekistan**

**1993 - Went Public**

**1990 - Piling jobs in UAE – Abu Dhabi**

**1996 - Follow on public issue of Equity shares & Rights Issue of POCD**

**1960 - Foray into construction of Thermal Power Plants ranging 10 to 4000 MW**

**2000 – Added more construction verticals**

**1958 - Designed and constructed the first RCC framed structure in Asia, the 17-storied National Tower in Kolkata**

**2004 – Began Overseas Expansion.**

**2005 - Private Placement of 15% equity shares for ₹ 93 cr at ₹ 726 per share of ₹ 10 each.**

**1947 – Mundhras Take over**

**2006 - Split ₹ 10 Equity Share into 5 Shares of ₹.2 each**

**1940 - Built King George Docks in Mumbai**

**2007 – QIP ₹ 400 crs, 13% dilution at 625 per share of ₹ 2**

**1935 – Foray into construction of Industrial Structures**

**2010 – Foray into Power T&D and Road BOT**

**1924 - Pioneered cast-in-situ driven piles in Asia.**

**2011 – Entry in Ethiopia, Bangladesh & Saudi Arabia**

1924

2016



# Simplex - Organisational Strength

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- Promoters solely focussed on this business for nearly 7 decades.
- Promoters hold 56% Institutions 26%.
- Some of the key investors include Funds like HDFC, Chrys Capital, SBI Bank & MF, Birla, UTI , Reliance MF, General Insurance etc.
- Long Employee association – Avg. 15 yrs for top & middle levels.
- Graduate Engineers 1259 , Diploma Engineers 1772, Technicians 2988, CA/MBA – 209, Graduate & Post Graduate 1287.
- Owned construction equipment ₹ 23840 mn.
- Strong Project planning and monitoring system based on in-house developed ERP.



# Simplex - Business Strengths

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## Risk-mitigated Business Model

- Risk-mitigated, well-diversified and spread out construction revenues
- The largest sector in revenues – Bldg & Hsg construction 39%.
- The largest sector in order book – Bldg & Hsg construction 42%.
- Single Client exposure average 0.47%., highest 4.4%
- Very low and selective exposure to BOT . Entire focus on EPC .
- Negligible Import intensity. But Export is 15%

## Good Quality Order Book

- Stringent Project selection and diligence process.
- Diversified order book across 215 Contracts, 9 verticals & 9 countries
- Domestic 91% , Overseas 9%.
- Shorter project duration of 3 months to 40 months, avg 2.5 years.
- Blended EBITDA margin of 11.3%.

## Superior Execution Capabilities

- Completed 2900 project across business segments and geographies.
- In-house 200+ project execution teams with ₹ 23840 mns owned construction equipments.
- Robust planning and management systems for projects, plants and human resources.
- In house developed ERP for realtime project management and monitoring.
- Continuous Training of labour, supervisors, artisans, construction engineers and others.

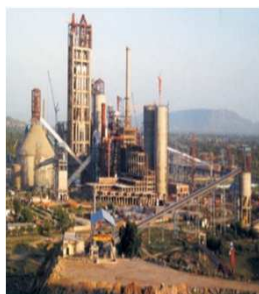


# Business Strength – Segments...



**Ground Engg.**  
(8/8%)\*

- Since 1924. Introduced Ground Engg. techniques in the Indian sub-continent.
- Ground Engg. includes Piling - Driven cast-in-situ, Driven Precast RCC, Bored cast-in-situ RCC, Under-reamed, Diaphragm walls; Ground Strengthening.
- Major orders : Gujarat UMPP, BHEL, BGR, BPCL.



**Industrial**  
(14/12%)\*

- Since 1935. Associated with many industrial majors with several repeat orders
- Presence across varied industries – cement, steel, aluminum, copper, engineering, automobile, petrochemicals, oil & gas, fertilizers, paper, textiles, chemicals, pharmaceuticals and shipyard
- Commissioned 5000TPD Cement plant on EPC basis for Gulf cement – Qatar.
- Preferred Contractor in Reliance Jamnagar Complex 3.



**Building & Housing**  
(39/33%)\*

- Since 1955. Introduced first RCC-framed structure in South-East Asia (designed and built 17-storied National Tower at Kolkata)
- High-end High- rise residential towers, hotels, and institutional buildings
- 18 million square feet in 80 towers( the tallest 117 storied) under construction.
- Currently Building for Sheth, Lodha, Brigade, DLF, Keppel, Unitech, Tata Housing , Mantri, Salarpuria, Hiranandani, Raheja ,Mantri, Godrej, Ritz Carlton Prestige, Phoenix , Hilton , ITC, IIT's , IIM's, Al-Arab contractor & Al-Tejir.



**Power**  
(13/10%)\*

- Since 1960. Worked on thermal power plants – coal, gas, oil-based (10 MW to 4000 MW ), nuclear power plants, hydel plants
- Associated with about 150 or 80% of thermal power plants in India
- Major Orders - Maithon ,Bajaj Infra, BHEL,NTPC, Vedanta, NHPC ,Gujarat UMPP, Jindal, Samsung, Bharat Forge,Sintex.

\* Figures in bracket are per cent of revenue for H1FY17/FY16



# .... Business Strength - Segments



**Marine**  
**(5/5%)\***

- Since 1940. Started with King George Docks in Mumbai
- Associated with many major ports in India and area of operations includes design & const. of on-shore and off-shore structures.
- Commissioned the largest ICTT Kochi for DP World , at JNPT for Maersk.
- Major Orders – Cochin, Adani, Karaikal , Paradeep., Mundra, Goa Shipyard.



**Roads**  
**(4/5%)\***

- Since 1980.
- Associated with projects under GQ, NSEW
- Major orders – NHAI, Toll based DBFOT from Simplex JVs.



**Bridges & Railways**  
**(5/11%)\***

- Since 1982.
- Built the largest 12km PVNR Expressway, 12Km Eastern Freeway.
- Elevated road corridors in Hyderabad , Mumbai ,Delhi, 6 flyovers in Muscat.
- Successfully completed trial runs for Hi- speed- 200km Gooty - Pullampet for RVNL.



**Urban Infra**  
**(12/16%)\***

- Since 1965.
- Metros, Airports, sports & entertainment complexes, capital city infrastructures
- Water and sewerage systems.
- Metros – Mumbai ;Delhi; Kolkata; Bangalore; Dubai. Sewerage : Ranchi, Jabalpur, Indore, Kolkata, Bilaspur & Hyderabad corporations. Airports – Udaipur ,Jaipur , Durgapur – Aerotropolis, Vijayawada.

\* Figures in bracket are per cent of revenue for H1FY17/ FY16





# Business Strength – Diversity of Sales

Segments	Sales (in %)					
	FY12	FY13	FY14	FY15	FY16	Sept'16
Figures in %						
Piling & Ground Engg.	7	6	6	6	8	8
Industrial	11	10	12	16	12	14
Bldg. & Hsg.	12	18	26	28	33	39
Power	36	32	22	12	10	13
Marine	3	1	1	3	5	5
Roads	6	8	15	15	5	4
Railways	2	2	2	2	2	1
Bridges	10	12	6	8	9	4
Urban Utilities	13	11	10	10	16	12
Total (%)	100	100	100	100	100	100
Turnover (₹. mns.)	60874	60000	57234	62739	60454	27332
Growth YOY(%)	26%	-1%	-5%	10%	-4%	-9%
Overseas Sales (%) of Tot	16%	8%	12%	18%	11%	15%



## Business Strength – Robust & Diverse New orders

Segments	Order Inflow (in %)						
	FY11	FY12	FY13	FY14	FY15	FY16	Sept'16
Segment (%)							
Piling	8	7	3	4	8	4	6
Power	17	39	15	3	12	17	21
Industrial	9	3	5	7	16	5	7
Marine	3		6	`	5	1	1
Road	18	18	19	26	-	7	-
Railways	4	1	2	6	-	-	11
Bridges	9	1	19	10	-	7	10
Bldg & Hsg	23	30	16	33	46	46	20
Urban	9	1	15	11	13	13	24
Total (%)	100	100	100	100	100	100	100
Amount (₹. Mns)	83823	64458	63062	78760	64868	50624	21234
Foreign (%)	11	5	5	32	4	27	4

` - Negligible



## Business Strength – Diversified Order-book....

Segment (%)	FY12	FY13	FY14	FY15	FY16	Sept'16
Piling	4	2	3	4	4	5
Power	25	20	11	12	15	16
Industrial	11	8	6	7	5	6
Marine	1	3	3	3	4	1
Road	15	20	16	12	3	3
Railways	2	2	4	3	3	4
Bridges	5	9	14	8	8	7
Bldg & Hsg	29	26	32	39	45	42*
Urban	8	10	11	12	13	16
Total (%)	100	100	100	100	100	100
Amount (₹. Mns)	152235	154932	152572	161037	140693	134852
Growth (%)	4	2	-2	6	-13	-9
OB / Sales – times	2.5	2.6	2.7	2.8	2.5	2.5

Order book CAGR for Last 8 years – 6%

\* Includes 10% Govt Contracts



## .....Business Strength – Diversified Order-book

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Segment (%)	FY12	FY13	FY14	FY15	FY16	Sept'16
Govt	25	32	48	55	42	47
Private	15	68	52	45	58	53
Total(%)	100	100	100	100	100	100

Segment (%)	FY12	FY13	FY14	FY15	FY16	Sept'16
Domestic	87	90	94	81	84	91
Foreign	13	10	6	19	16	9
Total(%)	100	100	100	100	100	100



## Business Strength – Strong Bid Pipeline

Segment (%)	Q2FY17
Piling	4
Power	30
Industrial	13
Marine	3
Road	3
Railways	5
Bridges	12
Bldg & Hsg	14
Urban	16
Total (%)	100
Amount (₹ Crs)	23237

Segment (%)	Q2FY16
Domestic	69
Foreign	31
Total(%)	100

Segment (%)	Q2FY17
Govt	67
Private	33
Total(%)	100

Informal Bids with Clients ~ 2000 crs.



# Simplex - Growth Drivers...

<b>Urban Infra.</b>	<ul style="list-style-type: none"><li>• \$10 bn planned investment in Airport sector in next 5 Years.</li><li>• Huge opportunities in MASS RAPID TRANSPORT SYSTEM in Urban cities.</li><li>• Existing &amp; New cities infrastructure upgradation &amp; development.</li><li>• Simplex present in all kinds of Urban infra construction</li><li>• Share in Order book 15% and in bid pipeline 16%.</li></ul>
<b>Roads &amp; Bridges</b>	<ul style="list-style-type: none"><li>• Govt. special thrust and closely monitored sector.</li><li>• Focus for road construction award in FY17 – 8500 Km of Award and 6300 km of Completion.</li><li>• Leverage existing construction capabilities</li><li>• Share in Order book 11% and in bid pipeline.13%</li></ul>
<b>Power Transmission</b>	<ul style="list-style-type: none"><li>• Proposal to set up National Transmission &amp; Distribution Fund to address T &amp;D.</li><li>• Focus on Transmisison lines and sub-station capacities and National smart Grid system.</li><li>• Simplex poised to capitalize on the opportunity with its strength in Piling, Fabrication &amp; Const.</li><li>• Foray into EPC of Power Transmission Lines</li></ul>
<b>Water &amp; sewerage</b>	<ul style="list-style-type: none"><li>• JNNURM covers 63 cities with \$15 bn planned outlay in next 7 years.</li><li>• Estimated Budgetary support of \$23 bn over next 5 yrs for improvement in rural water supply &amp; sanitation.</li><li>• Estimated investment of \$ 5 bn for urban infrastructure over 5 years.</li><li>• Simplex major participant in the past for most towns &amp; cities.</li><li>• Current order inflow from various cities encouraging.</li></ul>
<b>Railways</b>	<ul style="list-style-type: none"><li>• Railways rollout capacity expansion plans– 25000km of track laying in next 10 years.</li><li>• Budget Outlay 126000 crs in FY17 – 90 new projects covering 8500 km of expansion.</li><li>• Eastern &amp; Western Direct Freight corridors &amp; High Speed Railway under priority focus.</li></ul>



# .... Simplex - Growth Drivers

<b>Building &amp; housing</b>	<ul style="list-style-type: none"><li>• “Affordable Housing” to swing construction demand in the sector.</li><li>• Rising Income &amp; living standards to generate more demand.</li><li>• Dearth of quality contractors.</li><li>• Expected annual construction \$60bn.</li><li>• Share in Order book 45% and in bid pipeline 17%.</li></ul>
<b>Industrial</b>	<ul style="list-style-type: none"><li>• Growing Economy, GDP &amp; Consumption to spur demand.</li><li>• More demand for Metal, Cement, Oil &amp; Gas in line with Infrastructure growth.</li><li>• Expected annual construction \$10 bn</li><li>• Share in Order book 5% and in bid pipeline 16%</li></ul>
<b>Power</b>	<ul style="list-style-type: none"><li>• Power generation to increase by 50% by 2020. Power for all 24 X7 by 2019</li><li>• By 2030, capacity needed 8,00,000 MW.</li><li>• Availability of adequate and quality power for all, necessary for economic growth of 8%+</li><li>• Expected annual construction \$20bn.</li><li>• Share in Order book 14% and in bid pipeline 25%.</li></ul>
<b>Ports</b>	<ul style="list-style-type: none"><li>• Vast coastline 7517 km, Improvement of existing berths &amp; new terminals expected.</li><li>• Overall capacity to double to 800 MMT in next 6 years.</li><li>• Share in Order book 2% and in bid pipeline 3%.</li></ul>



# 5 Years' Financials - P & L - Standalone

(₹. In Mn)

PARTICULARS	2012-13	2013-14	2014-15	2015-16	30.09.16
Sales	59214	56154	56605	59452	27332
EBITDA	5874	6364	6593	6315	3243
OPM %	9.9%	11.3%	11.6%	10.6%	11.9%
EBIT	3803	4324	4561	4287	2242
EBIT %	6.4%	7.7%	8.1%	7.2%	8.2%
PBT	902	856	939	964	571
% of Sales	1.5%	1.5%	1.7%	1.6%	2.1%
Profit After Tax	601	606	624	663	350
NPM %	1.0%	1.1%	1.1%	1.1%	1.3%





# 5 Years' Financials – Standalone B/Sheet

(₹. in Mns)

Particulars	31.03.2013	31.03.2014	31.03.2015	31.03.2016	30.09.2016
<b><u>Sources of Funds</u></b>					
Net Worth	14894	16051	16341	17034	16567
Loans	26784	29296	32253	32637	33648
Capital Employed	41678	45347	48594	49671	50215
<b><u>Application of Funds</u></b>					
Gross Block	18809	20074	20738	22551	23840
Net Fixed Assets	12394	12169	11208	11673	12307
Investments	1269	1340	1476	1526	1411
Gross Current Assets ex. cash	56358	58550	65482	67139	67253
Gross Current Liabilities	29065	27519	29799	30809	30994
Net Working Capital	27293	31031	35683	36330	36259
Cash and Bank Balance	720	807	227	142	238
Capital Employed	41678	45347	48594	49671	50215



# Marquee Clientele





# Simplex - Key Projects

Ground Engineering



Industrial



Building & Housing



Power



Marine



Roads, Railways & Bridges



Urban Infra





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# Thank You

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