



INFRASTRUCTURE
DEVELOPERS LTD.

CORPORATE PRESENTATION

June 2017



- MEP Infrastructure Developers Ltd (MEP), is one of the leading players for OMT and Toll Collection projects in India.
- Founded in 2002 by current promoters Mr Dattatray Mhaiskar and Jayant Mhaiskar, MEP commenced operations with toll collection at five entry points to Mumbai for 6 years.
- MEP further added a portfolio of Toll collection projects over Short and Long term, together with OMT projects, and has forayed into road development / construction by participating in Hybrid Annuity Model road projects.

Company Overview



Business Mix



Tolling Projects

- 2 Long Term (LT) and 2 Short Term (ST) Tolling projects under management pan India
- 5 Toll Plazas across 5 states

Operate Maintain Transfer (OMT)

- Managing 3 OMT projects across India
- Covering 1,361 lane kms and 9 toll plazas

Hybrid Annuity Model (HAM)

- Awarded 6 HAM projects in Maharashtra (4) and Gujarat (2)
- Worth INR 38,369.9 mn covering 1,060 lane kms

Build Operate Transfer (BOT)

- 1 Long term BOT project with Toll Revenues under management
- Covering bridge, Ring Road and 5 toll plazas

- One of the largest OMT contracts at the five Mumbai Entry Points for a period of 16 years until 2026
- Toll collection projects such as HRBC- Vidyasagar Setu in Kolkata
- Six HAM projects (4 in Maharashtra and 2 in Gujarat) covering 1,060 lane kms

Key Projects



Financials



- **Total Revenue from Operations*** grown from INR 11,979 Mn in FY14 to INR 17,291 Mn in FY17;
- **Net Profit*** grown from INR (1,292) Mn in FY14 to INR 1,089 Mn in FY17;
- **Cash Profit*** grown from INR (256) Mn in FY14 to INR 2,062 Mn in FY17;

* Prior to FY16 Financials are based on iGAAP and after FY16 financials are presented under Ind-AS



COMPANY OVERVIEW

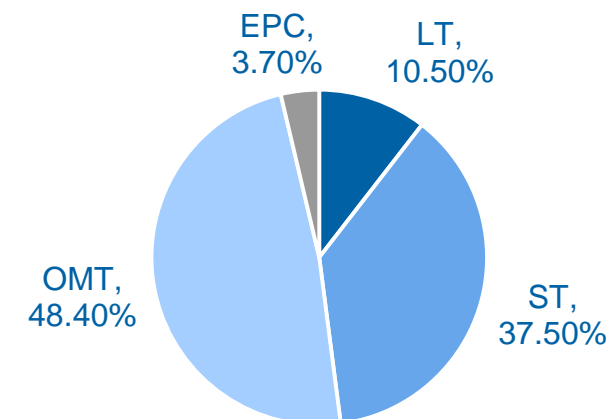
Leading and Diversified Player

- Since commencing operations in 2002 from a pure toll collection business model, MEP has evolved into a diversified Infrastructure company having operations in OMT and Toll collections and its recent foray into construction with the win of six major Hybrid Annuity Model (HAM) projects.
- MEP has a successful track record of over 14 years of operational excellence pan India having operated in 12 states in India.
- The company has executed more than 125 projects over the years and has completed 116 projects including 218 toll plazas and 1,349 lanes.
- MEP is backed by a strong promoter and professional management team.
- MEP's recent foray into road development / construction by participating in Hybrid Annuity Model road projects is through its Joint Venture with Sanjose India Infrastructure & Construction Pvt. Ltd. who are a reputed multinational infrastructure development company.
- As on 31st May 2017, MEP had a workforce strength at –
 - ~ 1,961 employees in Tolling and maintenance activities.
 - ~ 916 contract workforce at various toll plazas.

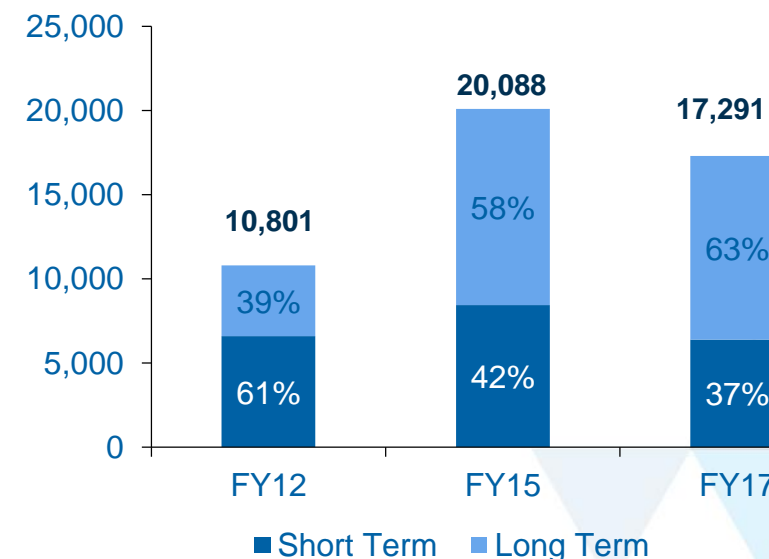
Strong Relationship With Statutory And Government Authorities



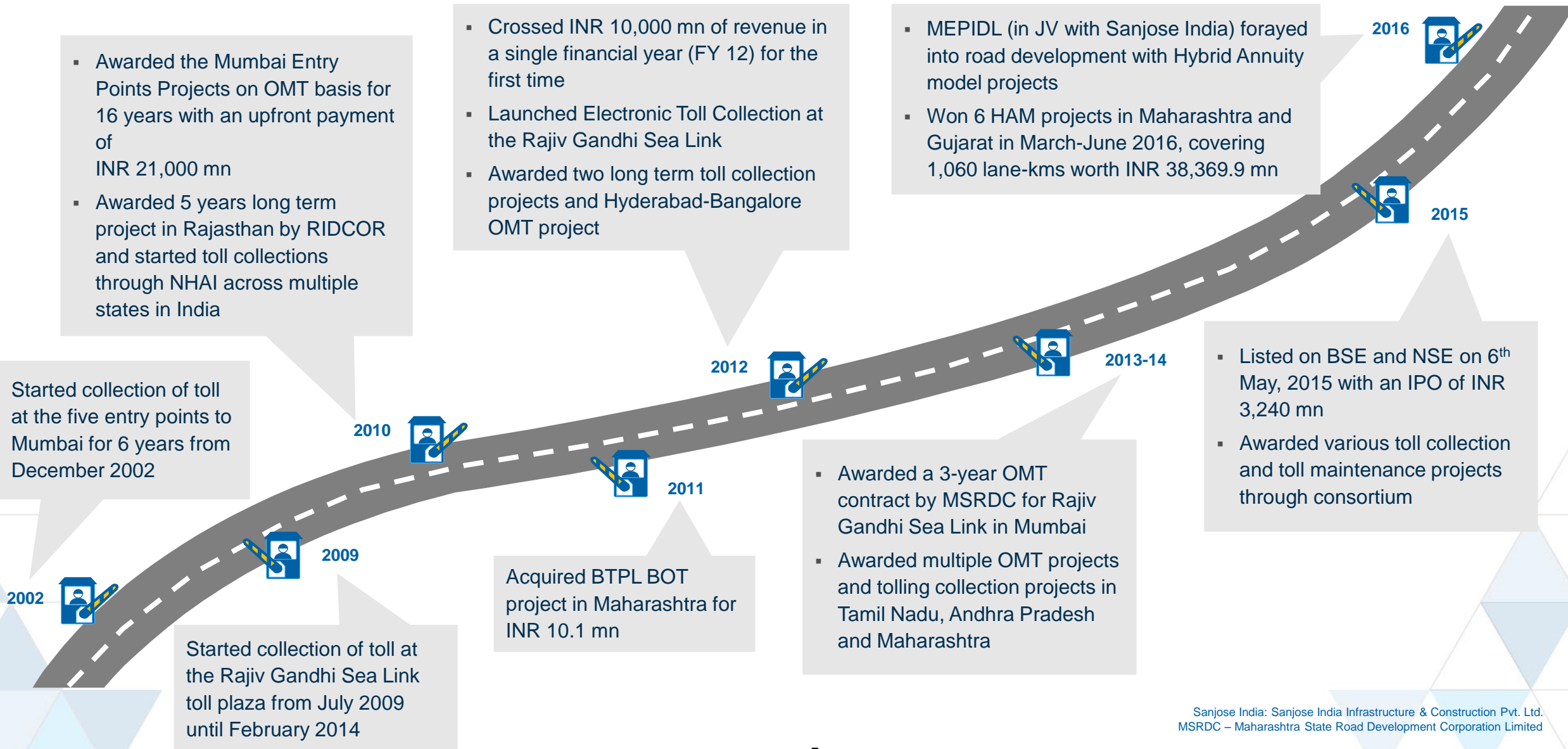
Revenue Mix – FY17



Increasing focus on LT projects (INR Mn)

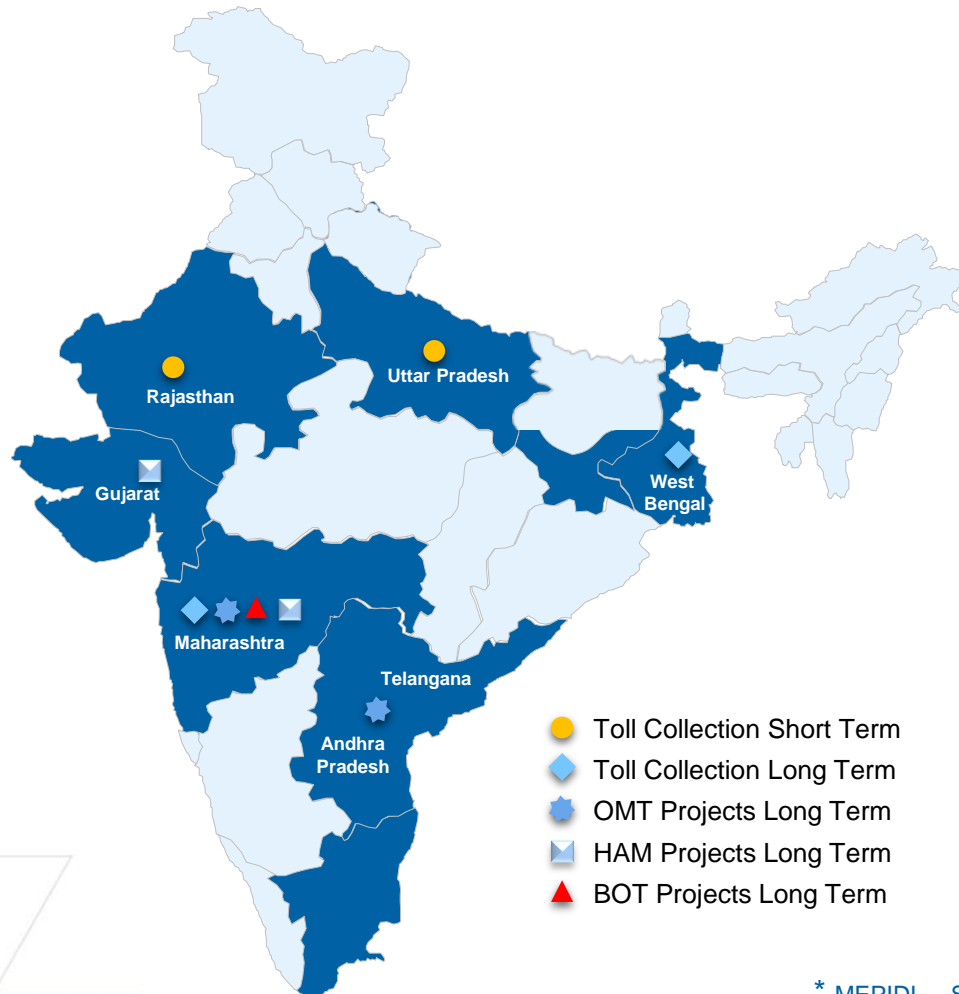


Key Milestones



Diversified Project Portfolio With Pan-India Presence

Current Portfolio Across Six States In India



Current Project Mix

Location	OMT	Long Term Toll	Short Term Toll	HAM	BOT	Total
Maharashtra	2	1	-	4	1	8
Rajasthan	-	-	1	-	-	1
Gujarat	-	-	-	2	-	2
Uttar Pradesh	-	-	1	-	-	1
West Bengal	-	1	-	-	-	1
Andhra Pradesh	1	-	-	-	-	1
Total	3	2	2	6*	1	14

Company's ability to manage multiple projects across different locations provides a significant advantage to efficiently manage its growth and expansion

* MEPIDL – Sanjose India JV won 6 HAM projects in Maharashtra & Gujarat and achieved financial closure for them.

MEP Infrastructure Developers Limited

OMT Projects

MIPL - MEP Infrastructure Private Limited (99.99%)
(Mumbai Entry Points Project)

MEP RGSL - MEP RGSL Toll Bridge Private Limited (100%)
(Rajiv Gandhi Sea Link Project)

MEP HB - MEP Hyderabad Bangalore Toll Road Private Limited (100%)
(Hyderabad-Bangalore Project)

Long Term Toll Collection Projects

RTBPL - Rideema Toll Bridge Private Limited (100%)
(Vidyasagar Setu Project)

HAM Projects

Arawali Kante
MEPIDL – San Jose India JV
MEPIDL's stake – 74%

Nagpur Package I
MEPIDL – San Jose India JV
MEPIDL's stake – 74%

Nagpur Package II
MEPIDL – San Jose India JV
MEPIDL's stake – 74%

Kante Wakad
MEPIDL – San Jose India JV
MEPIDL's stake – 74%

Talaja Mahuva
MEPIDL – San Jose India JV
MEPIDL's stake – 60%

Mahuva-Kgavadar
MEPIDL – San Jose India JV
MEPIDL's stake – 60%

BOT Projects

RTPL - Rideema Toll Private Limited (100%)

BTPL - Baramati Tollways Private Limited (99.99%) (BOT Project) (Baramati Project)

Other Subsidiaries / Associate

MEP HS - MEP Highway Solutions Private Limited (100%)

KVM - KVM Technology Solutions Private Limited (33%) (Toll Management systems, Plaza Surveillance, Weight enforcement system for Public Funded Projects)

MTPL - MEP Tormato Private Limited (100%)

MICPL - MEP Infra Constructions Private Limited (100%)

MEP Infraprojects - MEP Infraprojects Private Limited (100%)









MEP Nagzari - MEP Nagzari Toll Road Private Limited (100%)

MEP RBPL – MEP Roads & Bridges Private Limited (100%)

MTIPL - MEP Toll & Infrastructure Private Limited (100%)

MTRPL - Mhaiskar Toll Road Private Limited (100%)

Experienced Promoters and Board Of Directors

	Name & Designation	Experience
	Dattatray P. Mhaiskar <i>Chairman, Non Independent and Non Executive Director</i>	<ul style="list-style-type: none"> ▪ Founding Director and Promoter of the Company ▪ Holds a Diploma in Civil Engineering from Sir Cursow Wadia Institute of Electrical Technology, Pune ▪ 49+ years of experience in Construction and Infrastructure industry
	Jayant D. Mhaiskar <i>Vice Chairman & Managing Director</i>	<ul style="list-style-type: none"> ▪ Founding Director and Promoter of the Company ▪ 19 years of experience in the Tolling and Infrastructure industry
	Anuya J. Mhaiskar <i>Non Independent and Non Executive Director</i>	<ul style="list-style-type: none"> ▪ Bachelor's degree in Arts with major in Philosophy from Ramnarain Ruia College, University of Mumbai ▪ 17 years of experience in the field of Administration
	Murzash Manekshana <i>Deputy Managing Director</i>	<ul style="list-style-type: none"> ▪ Qualified Chartered Accountant with a Bachelor's degree in Commerce from University of Mumbai ▪ 23 years of work experience in areas of finance & risk management, fund raising, investment banking, strategic planning and business development
	Deepak Chitnis <i>Independent Director</i>	<ul style="list-style-type: none"> ▪ Bachelor's degree in Science and Master's degree in Law from Mumbai University ▪ 32 years of experience in the field of Law
	Khimji Pandav <i>Independent Director</i>	<ul style="list-style-type: none"> ▪ Fellow Chartered Accountant with a Bachelor's degree in Commerce from University of Mumbai ▪ Held key posts in the field of Finance and Accounts and also was a Financial Advisor to CIDCO and MSRDC
	Vijay Agarwal <i>Independent Director</i>	<ul style="list-style-type: none"> ▪ Fellow Chartered Accountant with a Bachelor's degree in Commerce from Jodhpur University ▪ 33 years of experience in cross-border acquisitions and transactions, advising in foreign service collaboration arrangements, providing statutory, management and tax audit services and providing tax advisory services
	Mira Mehrishi <i>Independent Director</i>	<ul style="list-style-type: none"> ▪ She is a retired Indian Administrative Service (IAS) Officer with a Master's degree in Administration and is a full time member of Chief Minister's Advisory Council of Rajasthan and Vice Chairman, ADMA. ▪ Experience of working in various capacities in the state and central government and her last positing was as a Special Secretary, Ministry of Climate Change Environment and Forests, Government of India.

Key Management Team

Name & Designation	Experience
Uttam Pawar <i>Chief Tolling Officer</i>	<ul style="list-style-type: none"> ▪ Bachelor's degree in Commerce from Shivaji University, Kolhapur with over 25 years of experience in tolling business ▪ Previously associated with Ideal Road Builders Private Limited
Sameer Apte <i>Chief Operating Officer (Corporate)</i>	<ul style="list-style-type: none"> ▪ Bachelor's degree in Commerce from University of Mumbai with 16 years of experience in tolling operations ▪ Previously associated with Ideal Toll & Infrastructure Private Limited and Ideal Road Builders Private Limited
M. Sankaranarayanan <i>Chief Financial Officer</i>	<ul style="list-style-type: none"> ▪ Chartered Accountant, Company Secretary, and a fellow member of the ICAI and holds Diploma in Information Systems Audit (DISA) from ICAI. ▪ Over 18 years of experience in the field of finance, accounting, audit and taxation ▪ Previously associated with SKS Ispat and Power Limited, Hotel Leela venture Limited and was a partner of M. Srinivasan & Associates, Chartered Accountants, Chennai
Pandurang Dandawate <i>Chief Executive Officer – Roads & Infrastructure</i>	<ul style="list-style-type: none"> ▪ Bachelor's Degree in Civil Engineering from Dr. Babasaheb Ambedkar Marathwada University, Aurangabad. ▪ Professional experience of 32 years in the construction industry. ▪ Member of Indian Road Congress. Awarded Indian Road Congress Medal in 2003.
Harshad Pusalkar <i>Company Secretary</i>	<ul style="list-style-type: none"> ▪ Qualified Company Secretary and an Associate Member of the Institute of Company Secretaries of India ▪ Bachelor's degree in Commerce and LL.B. degree from the University of Mumbai and a Master's degree in Business Law from the National Law School of India University, Bangalore ▪ Experience of over 9 years. Previously associated with Sejal Glass Limited and Hawkins Cookers Limited

Key Management Team

Name & Designation	Experience
Dinesh Padalkar <i>Assistant Vice President, Toll Audit</i>	<ul style="list-style-type: none"> ▪ Bachelor's degree in Commerce from University of Mumbai with over 16 years of experience in audit ▪ Previously associated with IRB Infrastructure Developers Limited, Yash Jewels and JAN Transport
Amit Mokashi <i>Deputy Chief Executive Officer – Roads & Infrastructure</i>	<ul style="list-style-type: none"> ▪ Bachelor's Degree in Engineering (Construction) from Mumbai University; Masters in Finance Management (MFM) from Mumbai University and Post Graduate Diploma in Construction Management from National Institute of Construction management & research (NICMARC). ▪ 18 years of experience in Construction Industry. ▪ Previously associated with Gammon Infrastructure Projects Limited, Shapoorji pallonji & Co Ltd, Gammon India Ltd.
Raja Mukherjee <i>Deputy Chief Technical Officer</i>	<ul style="list-style-type: none"> • Bachelor's Degree in Civil Engineering from Osmania University, Hyderabad; Masters in Business Administration (MBA) from IIBM, Delhi with Construction Management & Six Sigma. • Professional Programmes - Airline System in MIT – USA; Finance, O & M Planning in BOT Projects in Publimaks – Bangkok; Highway Design & Execution in Design Urban International Training at Singapore & for different Surface designs at IIT Kharagpur. • Around 23 years of experience in Construction Industry. • Previously associated with Gammon Infrastructure Projects Limited, Reliance Infrastructure Limited, Hindustan Construction Company Limited, L & T Ramboll / L & T - E CC, Stup Consultants & Span Consultants



BUSINESS OVERVIEW

Understanding The Business Model

Types	Description	Revenue Stream	Concession Period	Award Criteria	Risks borne by Concessionaire		
					Development	Financing	Traffic
Tolling	Private party collects toll during the concession period and pays the estimated toll to the authority	Toll	~ 1 year (Short-term) ~ 1-5 years (Long-term)	Highest revenue sharing bid	✗	✓	✓
OMT	Private party collects toll and undertakes O&M (also develops project facility)	Toll	~9 years	Highest % of toll revenues or highest premium per year	✗	✓	✓
BOT (Toll)	Private party builds roads, undertakes O&M and collects toll	Toll	~20-25 years	Highest revenue sharing bid	✓	✓	✓
BOT (Annuity)	Private party builds roads, undertakes O&M and collects annuity	Annuity payment	~20-25 years	Lowest annuity	✓	✓	✗
Hybrid (Annuity)	Private party builds roads, undertakes O&M and collects annuity, Construction Support 40% from Authority	Annuity payment + interest, O&M payment	15 years post construction	Lowest bid project cost and O&M cost	✓	Concessionaire (60%) Authority (40%)	✗
EPC	Private party builds roads (money spent by government)	Contract amount	Not required	Lowest tariff requested	✓	✗	✗
TOT (Proposed)	Private party pays the estimated toll upfront to the authority, undertakes O&M and collects the toll during concession period	Toll	Long term (typically more than 25 years as observed globally)	Model is under consideration by NHAI	✗	✓	Model is under consideration by NHAI

Source: Assessment of Operate-Maintain-Transfer (OMT) and Toll Collection Market for Road Projects in India" dated April 2016 by CRISIL Limited

☐ MEP's presence in the value chain

Short Term (ST) Toll Collection Projects

Short Term Toll projects do not require any initial capex and bear no maintenance responsibility. The concessionaire are not required to provide any upfront payments to the authorities, rather only a performance security (funded / non-funded) needs to be provided and payments are made in fixed instalments through the life of the contract to the authorities.

Sr. No	Toll Plaza	State	Client	Term	Payment to Authority
1	Paduna	Rajasthan	NHAI	May 17,2016 to May 16,2017	INR 1,280 mn to be paid in weekly instalments of INR 24.56 mn
2	Brijghat	Uttar Pradesh	NHAI	January 17, 2017 to January 16, 2018	INR 600.3 mn to be paid in weekly instalments of INR 11.49 mn

Long Term (LT) Toll Collection Projects

Long Term Toll projects do not require any initial capex and have no maintenance responsibility. The concessionaire is not required to provide Upfront payment to Authority under NHAI, although upfront payments to authorities are required for certain State LT projects. The concessionaire may be required to make payments in fixed instalments through the life of the contract based on the terms of the specific project.

Particulars	Vidyasagar Setu	Kalyan Shilphata
Description	18 lane toll plaza at Vidyasagar Setu, links Howrah to Kolkata	Connecting Mumbai Pune Highway (NH-4) at Shilphata & Mumbai - Nashik Highway (NH-3) at Bhiwandi
SPV	RTBPL	MEP Infraproject Pvt Ltd
Authority	HRBC	MSRDC
Stake	100.00%	100.00%
State	West Bengal	Maharashtra
Concession Commencement	September 1, 2013	January 1 , 2017
Tenure	5 years	156 weeks
No. of Toll plazas	One	Two
Amount paid to Authority	INR 2,610 mn to be paid in five equal annual instalments consisting of upfront payment of INR 522 mn and payment of remaining amount in four equal instalments in advance	INR 616.50 mn, to be paid in upfront monthly instalments

Operate-Maintain-Toll(OMT) Projects

OMT projects do not require any initial capex but have a maintenance responsibility. The concessionaire is not required to provide Upfront payment to Authority(NHAI). Payment to Authority is an operational expense and needs to be paid from toll cash flows on a monthly instalment basis. Performance securities (non-funded) need to be provided .

Particulars	Hyderabad - Bangalore	Rajiv Gandhi Sea link	Mumbai Entry Points
Description	Four lane carriage way located on NH-7, passes through industrial districts such as Kurnool and Anantapur in Andhra Pradesh	Links Bandra in the Western Suburbs of Mumbai with Worli in South Mumbai	Five entry points located on <ul style="list-style-type: none"> ▪ Sion–Panvel Highway, ▪ Western Express Highway ▪ Eastern Express Highway, ▪ LBS Marg and ▪ Airoli Bridge corridor in Mumbai
SPV	MEP HB	MEP RGSL	MIPL
Authority	NHAI	MSRDC	MSRDC
Company's stake	100.00%	100.00%	99.99%
State	Andhra Pradesh	Maharashtra	Maharashtra
Concession Commencement	May 16, 2013	February 6, 2014	November 20, 2010
Tenure	9 years	156 weeks	16 years
No. of Toll plazas	Three	One	Five
Amount Paid to Authority	INR 1,059.3 mn for the first year of the concession period with 10% escalation every year to be paid in 12 equal monthly instalments	INR 690 mn for first year of concession period along with an additional one time payment of INR 5 mn. The annual payment is subject to 10% escalation for second year & 20% for third year, to be paid in 12 equal monthly instalments	Upfront Payment of INR 21,000 mn

Hybrid Annuity Model (HAM)

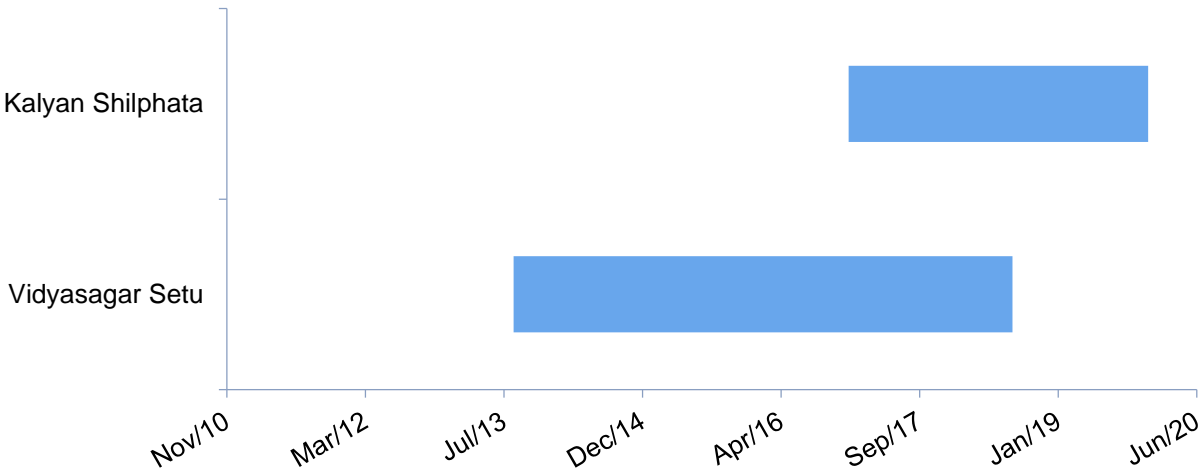
- HAM projects require initial capex wherein 60% of project cost is financed by the developer and is to be recovered as bi-annual payments from the authorities over 15 years. Out of total project cost, the balance 40% is invested by the government during the construction period in equal instalments linked to milestones. The developer also gets biannual O&M payments over 15 years against the initial investment of 60% made by him.
- The Toll collection responsibility on the stretches developed under HAM lies with the authority. The Authority pays the developer annuity payments over 15 years along with interest thereon as 30 bi-annual annuity payments. The developer will also receive bi-annual O&M payments. All project payments are inflation indexed.

Project Asset	Arawali Kante	Kante Wakad	Nagpur Package I	Nagpur Package II	Talaja Mahuva	Mahuva Kagavadar
Scope of Project	Four-lane of NH66 (km 241.3 – 281.3) under NHDP Phase-IV	Four-lane of NH66 (km 281- 332) under NHDP Phase IV	Four-lane standalone Ring Road / Bypass (km 0.5- 34.0) for Nagpur city package	Four-lane standalone Ring Road / Bypass (km 34.5- 62.035) for Nagpur city package	Four-lane of Talaja Mahuva section of NH 8E (km 53.5 - 100.1) & design chainage (km 54.9- 100.45)	Four lane of Mahuva to Kagavadar of NH 8E(km 100.1-139.92) under NHDP Phase IV
Lane kms	156.9	203.6	134.0	112.1	181.8	160.1
Authority	MoRTH	MoRTH	NHAI	NHAI	NHAI	NHAI
State	Maharashtra	Maharashtra	Maharashtra	Maharashtra	Gujarat	Gujarat
Bidder	MEPIDL – Sanjose India JV	MEPIDL-San Jose India JV	MEPIDL – Sanjose India JV	MEPIDL – Sanjose India JV	MEPIDL – Sanjose India JV	MEPIDL – Sanjose India JV
MEPIDL's Stake	74%	74%	74%	74%	60%	60%
Bid Project Cost (BPC)	INR 5,929.8 million	INR 8,262.8 million	INR 5,310.0 million	INR 6,390.0 million	INR 6,430.0 million	INR 6,045.0 million
Project NPV	INR 5,565.6 million	INR 8,055.9 million	INR 4,938.9 million	INR 5,878.2 million	INR 6,242.4 million	INR 5,869.0 million
Construction Period	2 Years	2 Years	2.5 Years	2.5 Years	2.5 years	2.5 years
Concession Period	15 Years	15 Years	15 Years	15 Years	15 years	15 years

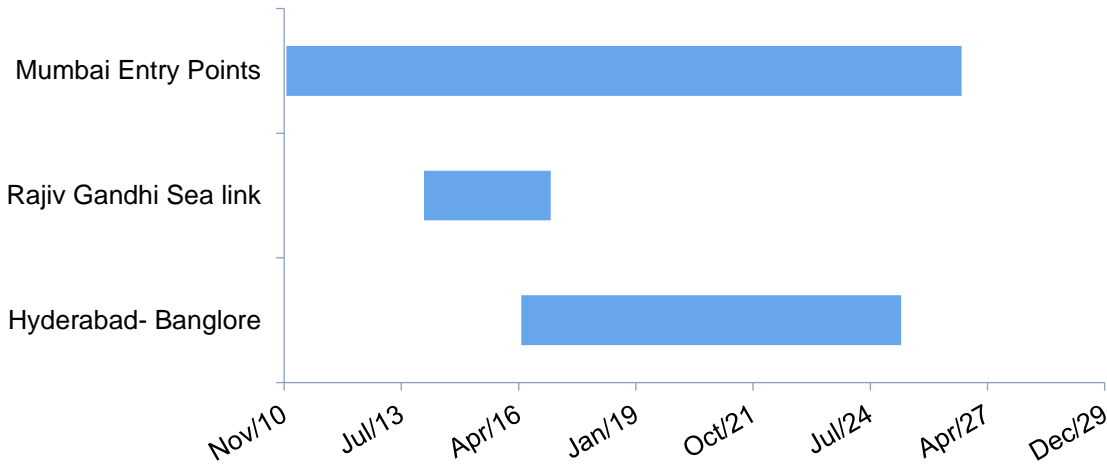
* MEPIDL – Sanjose India JV won 6 projects in Hybrid Annuity mode. All have achieved financial closure.

Our Project Timelines

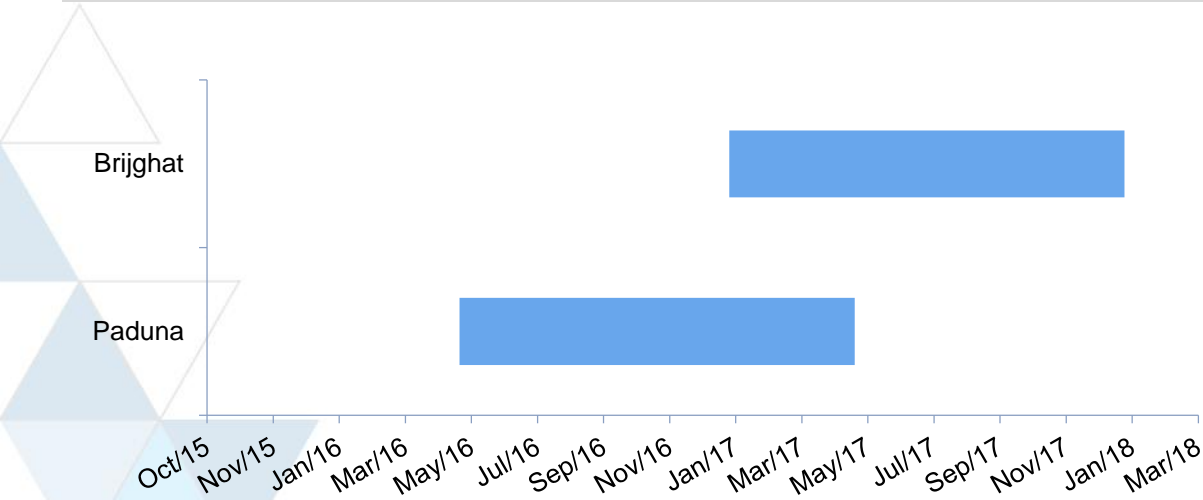
Long Term Toll



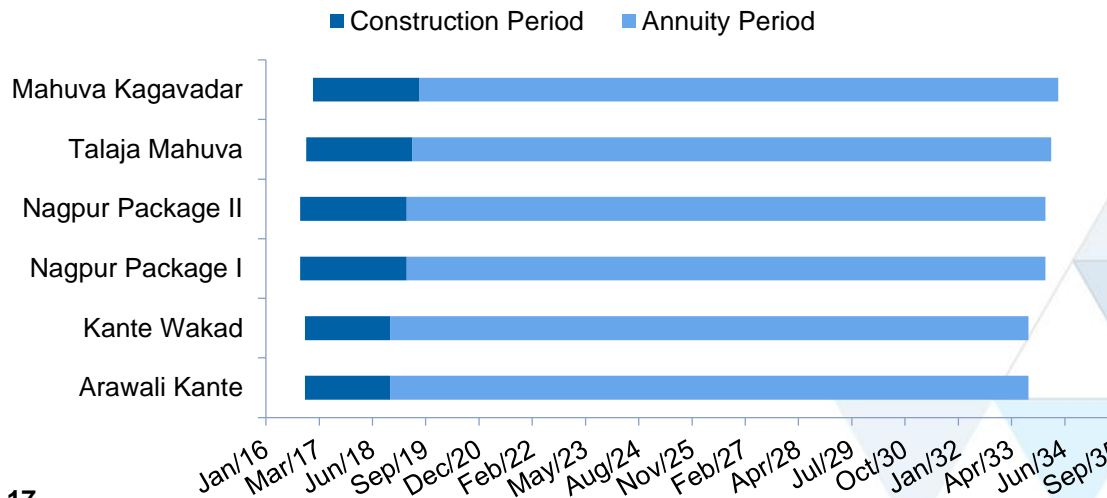
Operate Maintain Toll



Short Term Toll



Hybrid Annuity Model

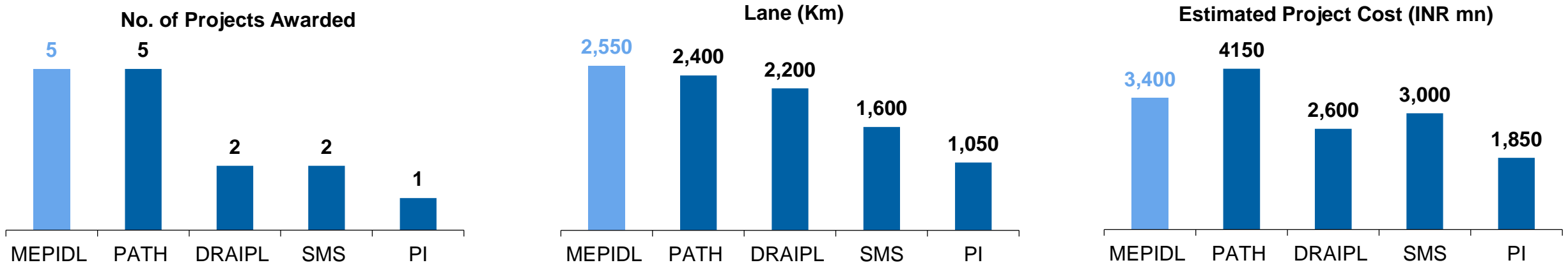




COMPETITIVE ADVANTAGE

Leadership Position In OMT And Toll Collection In India

Leading Player In The OMT



PATH – Prakash Asphaltting & Toll Highways (India) Limited; DRAIPL – Dinesh Chandra Agarwal Infracon Private Limited; SMS – SMS Infrastructure; PI – Patel Infrastructure

Leading Player In Toll Collection Over FY12-FY15

During FY12 to FY15, financial bids were opened / awarded for 324 NHAI toll projects, out of which MEPIDL bid for 59% of the projects.

	MEPIDL	Konark	Skylark	Eagle Infra	Sangam India	Sahakar Global	Shiva Corporation	SMS Infra
Total Projects (Bids / Executed)	59%	20%	21%	40%	3%	29%	7%	3%
H1 / Total Bids	45%	41%	25%	34%	45%	45%	25%	33%

Source: Assessment of Operate-Maintain-Transfer (OMT) and Toll Collection Market for Road Projects in India” dated April 2016 by CRISIL Limited

Tendering	<ul style="list-style-type: none">▪ In-house business development team prepares tendering documents for all the bids.▪ Company's ability to tender appropriately depends significantly on the assessment of the future traffic patterns and the amount of toll to be collected.
Traffic Survey and Revenue Forecasting	<ul style="list-style-type: none">▪ The in-house traffic study and revenue forecasting capacity and expertise strengthens the Company's ability to evaluate new projects and tender effectively for toll collection and OMT contracts.▪ Forecasting is enhanced through using various traffic estimation techniques, maintaining a historical data bank and refreshing the data periodically.▪ The final revenue model created is discussed and finalized by the senior management for bidding purpose.▪ Dual responsibility of conducting pre-bidding traffic surveys as well as monitoring loss in revenue on account of non-paying vehicles for ongoing projects.
Civil Construction and Maintenance	<ul style="list-style-type: none">▪ In-house experts with significant experience for supporting and managing all EPC and maintenance related activities.▪ In-house equipment and resources availability for implementing routine and major maintenance works.▪ State of the art equipment such as concrete batching plant, crusher plant, slipform paver etc. for execution of road construction projects.
Financial Closure	<ul style="list-style-type: none">▪ The finance and operations team coordinates activities relating to achieving financial closure by obtaining fund and non-fund based loan facilities from banks / financial institutions.
Tolling Operations	<ul style="list-style-type: none">▪ As of 31st May 2017, ~ 1,961 employees in tolling and maintenance activities.▪ ~ 916 contract workforce at various toll plazas.

Integrated structure facilitates efficient bidding process and completion of projects on a profitable basis

Use of Advanced Technology for Toll Collection leads to improved Operational Efficiency And Transparency

ETC System:

- Electronic Toll Collection (ETC) systems are based on prepaid mode of toll collection either through smart cards or RFID technology based tags.
- ETC systems reduce cash management resulting in revenue enhancement as well as improved collection.
- ETC systems also help in reducing the clearing time for vehicles at the toll stations thereby improving efficiency.
 - RFID based ETC system is currently installed at RGSL toll plaza in Mumbai, the Vidyasagar Setu Project, Mumbai Entry Points Project.
 - Smart card based ETC system is currently installed at the Mumbai Entry Points Project, Chennai Bypass Hyderabad-Bangalore Project, Madurai-Kanyakumari Project, RGSL Project, the Dankuni toll Bengal and the Kalyan-Shilphata Project.
- Semi-automated or fully-automated toll collection systems collect and store traffic and payment data, thereby reducing the manual intervention.
- A semi-automated system consists of revenue collection software desktop, barrier gate, smart cards and monitoring cameras.
- Additionally, a fully-automated system also consists of vehicle counting classifier, vehicle audit system, communication channels and traffic control equipment.
- More than 1,33,522 ETC tag users as of May 31st, 2017. Further, ETC tag users can recharge online through our tie-up with Citrus.

Weigh-in-motion Technology:

- Use of weigh-in-motion technology for projects where weight based toll collection is mandated. These weight based tolling systems are integrated with the fully automatic toll collection system for enhanced revenue controls.

Centralized control room at Mumbai which Monitors with 603 cameras at Multiple Locations, 24 X 7, 365 days with experienced team.



plaza in west

Collaboration with Sanjose India



- SANJOSE is a diversified global company present in over twenty countries around Europe, America, Asia and Africa. Its main business lines are: Construction, Energy and Environment, Concessions and Services and GSJ Solutions (Consulting Services and Project Management). The company has completed marquee projects such as Louvre Abu Dhabi and Kathmandu International Airport.
- Its arm in India, Sanjose India Infrastructure & Construction Pvt. Ltd., was responsible for the construction of the metro stations of the Metro Line 1 from Mumbai to Navi Mumbai in India.

KVM Technology Solutions Private Limited

- In 2015, MEP invested in game changing technology which has revolutionized toll collection activities in India. The company has also begun providing this technology to the NHAI through Indian Highway Management Company Ltd. We are currently providing the service to over 50 toll plazas out of the 100 public funded projects in India. We expect this project to generate over INR 150 crore in revenues over the next 5 years.

Marquee Projects by Sanjose

**LOUVRE ABU DHABI
MUSEUM**



NAVI MUMBAI METRO LINE 1



DUNAS BEACH RESORT





INDUSTRY OVERVIEW

The total length of the National highways is expected to cross ~200,000 km in next 5 years.

a) This expansion will include ~ 25,000 km under Bharat Mala Project and declaration of ~75,000 km of State highways as National highways.

b) NHAI along with MoRTH plans to award ~ 12,000 km of road projects in FY17.

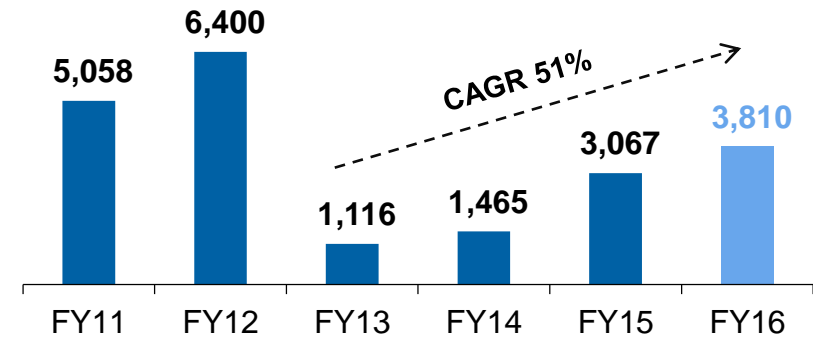
- Significant opportunity exists in the State highway segment. States like Bihar, Gujarat, Madhya Pradesh, Maharashtra, Karnataka, Rajasthan, Uttar Pradesh and West Bengal have planned several projects both on EPC and PPP basis.
- The Government has set a medium-term target to achieve 2.0% of the GDP from Transport and Port sector.

The total investment in roads during FY17 is expected to be INR 970 billion which will be funded through the below sources.

- **Budgetary Support:** The Government increased the financial support to NHAI to INR 426.9 billion for 2015-16 as against INR 171.9 billion in 2014-15. The Government has allocated INR 550 billion under the Union Budget 2016-17 for road sector.
- **Market borrowings by NHAI:** In 2015, bonds worth INR 39 billion were issues by NHAI. Further, an issue worth INR 10-100 billion was floated for subscription in December 2015. This issue was subscribed by over two times with INR 210 billion being raised. In the Union Budget 2015-16, NHAI has been allowed to issue tax-free bonds amounting to INR 240 billion and capital gains bonds of INR 40 billion, respectively.
- **Multilateral funding:** The World Bank and ADB's total commitment to state roads currently stands at \$4.5 billion involving 14 projects and \$3.5 billion involving 15 projects respectively. As on date, multilateral organisations have been involved in financing 76 national highway projects with total award cost of INR 182 billion.
- Partial funding to road sector through increase in cess on petrol and diesel from INR 2 per litre (INR 250 billion annually) to INR 6 per litre (INR 850 billion annually).

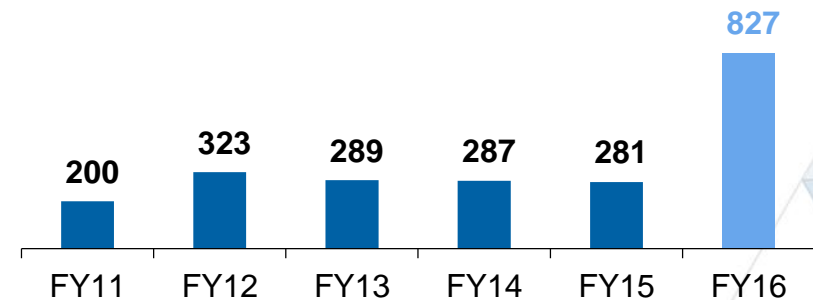
Significant Pickup In New Projects

Highway Projects Awarded by NHAI (km)



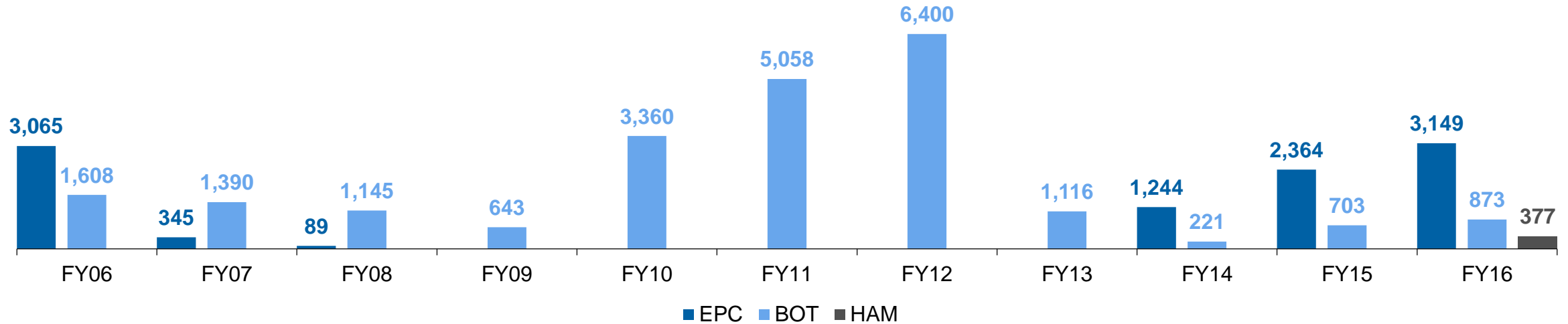
Significant Increase in Spending on Projects

Central Plan Outlay to MoRTH (In INR billion)



Evolving Trend in Project Awards - EPC vs BOT vs HAM

Length Awarded On EPC, BOT and Hybrid - Annuity Formats During 2005-06 to 2015-16 (In Km)



- The trend towards private participation increased after 2005, as several National Highway projects were awarded under the NHDP on a BOT basis.
- However, post 2012-13, reasons like the overall macroeconomic environment, aggressive bidding by the developers and lenders turning cautious made the PPP format unviable and unattractive.
- During FY16, NHAI awarded 79 projects through a mix of EPC, BOT and HAM (Hybrid Annuity Model) formats -
 - 62 EPC projects with length of 2,559.6 km worth Rs 401.4 billion as on 31st March 2016
 - 7 BOT projects with length of 872.9 km worth Rs 119.3 billion as on 31st March 2016
 - 10 HAM projects with length of 377.1 km worth Rs 74.5 billion as on 31st March 2016

OMT

- According to CRISIL estimates, the total stretch under OMT model for NHAI and key states (combined) is expected to double from ~ 5,600 km in 2014 -15 to ~ 11,600 km by 2018-19.
- The total number of OMT projects is expected to increase from ~49-50 in 2014-15 to 95-105 in 2018-19.
- The market opportunity is slated to increase 2X from ~ INR. 26 bn in 2014-15 to INR. 51 bn in 2018-19.

Toll Projects:

- Tolling market is expected to increase 1.5 times from ~ 15,190 km in 2014-15 to ~ 22,200 km by 2018-19 primarily driven by: Number of projects bid out by NHAI and State Highway Authorities on tolling basis are expected to increase from 102-104 and 146 projects respectively in 2014-15 to 128-132 and 230-240 projects respectively in 2018-19.

HAM Projects:

- Going forward, over 80% of the road projects are proposed to be awarded under EPC and Hybrid Annuity Model (HAM) routes.
- For FY17, MoRTH and NHAI have lined up 40% of total road projects to be awarded on HAM requiring an investment of ~ INR 600 billion.
- 47 projects worth INR 466.20 billion, have been awarded till date entailing a length of ~ 10,884.11 lane kms.

TOT Projects:

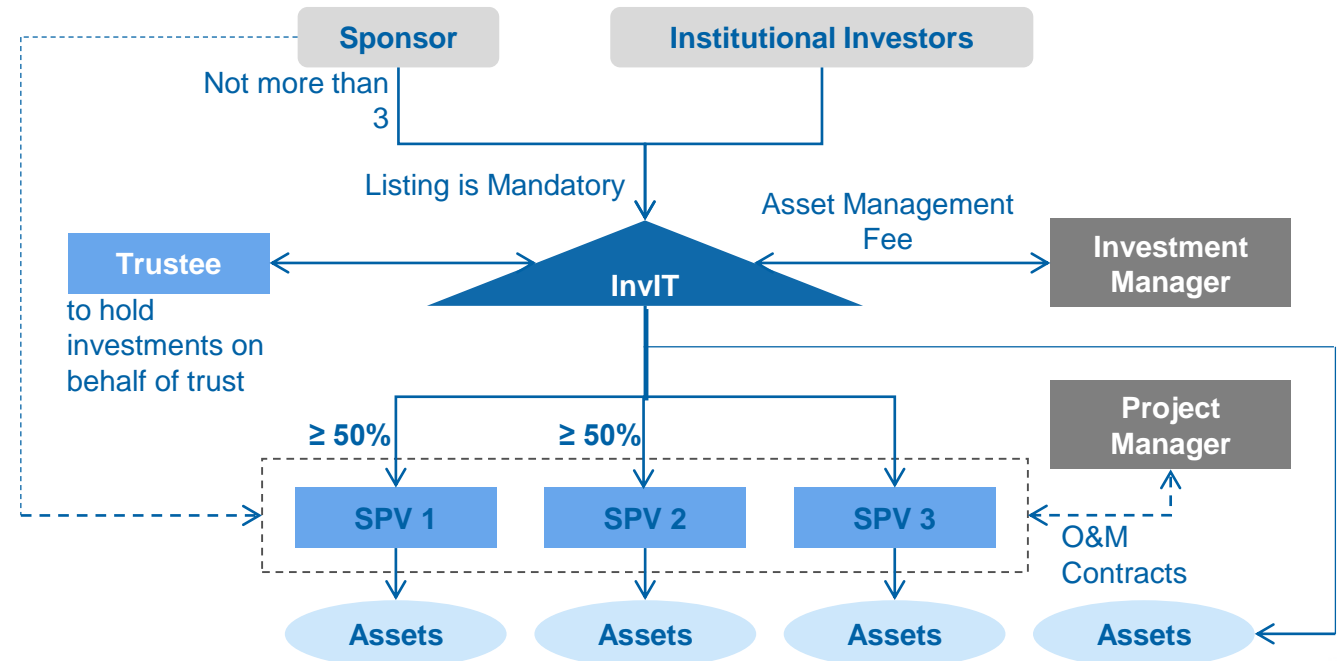
- New Toll-Operate-Transfer (TOT) Model To Be Introduced For Efficient Monetization Of Existing Toll Roads
- Around 75 operational projects have been identified; Projected TOT market of INR 80,000 crore to emerge. The first tranche of 10 projects are expected to open up for bidding in Financial Year 2018.

Key Highlights

- The Sponsor is required to hold a minimum of 25% stake in the InvIT. SEBI has proposed to relax the minimum Sponsor holding to 10%.
- Sponsor is required to have net worth of at least INR 1 bn and minimum experience of at least 5 years with at least two completed projects.
- The overall borrowings of the InvIT net of cash and cash equivalents shall never exceed 49% of the value of the InvIT assets.
- Revenue generating projects for a period of more than a year are eligible for forming an InvIT.
- 90% of distributable cash flow of InvIT / SPVs needs to be distributed in form of dividends to unit holders.
- The Union Budget 2016-17 has proposed to exempt the SPVs from the levy of dividend distribution tax.

Source: E&Y Report on InvITs

InvIT Framework



Advantages

- Enables financing / refinancing of infrastructure projects
- Un-locks tied up capital of developers
- Lowers domestic financial institutions' loan exposure
- Helps attract foreign capital



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FINANCIAL OVERVIEW

Yearly P&L Statement as per Ind-AS

In INR Mn

Particulars	FY17	FY16	YoY%
Total Revenues from Operations	17,291	19,052	-9.2%
Other Income	864	757	14.1%
Operating and Maintaining Expenses	3,280	2,600	26.2%
Employee Expenses	734	744	-1.3%
Other Expenses	389	400	-2.8%
Depreciation & Amortization	8,680	10,122	-14.2%
EBIT	5,072	5,943	-14.7%
EBIT Margin (%)	29.3%	31.2%	-190 Bps
Finance Costs	4,931	6,422	-23.2%
Exceptional Items	1,579	0	NA
PBT	1,720	-479	NA
Taxes	633	-158	NA
PAT before Minority Interest	1,087	-321	NA
Share of profit/(loss) from Associate/JV	2	-45	NA
PAT	1,089	-366	NA
PAT Margin (%)	6.3%	-1.9%	NA
Other Comprehensive Income	-5	-3	-66.7%
Net Profit (After Other Comprehensive Income)	1,084	-369	NA

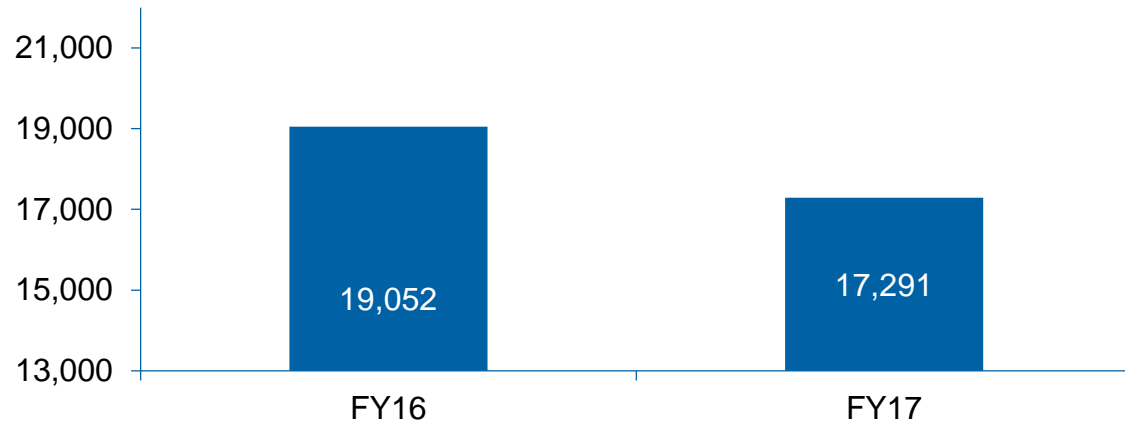
Consolidated Balance Sheet as per Ind-AS

In INR Mn

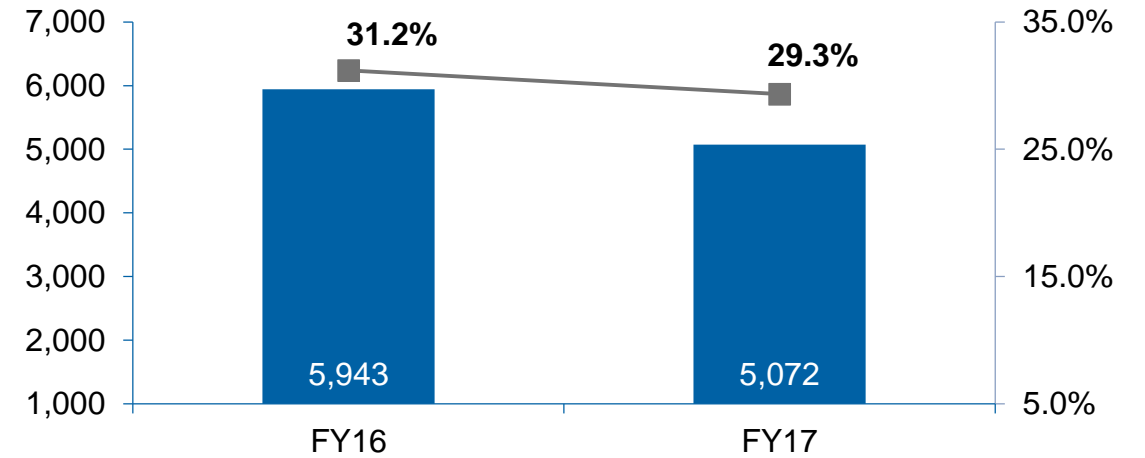
Particulars in INR Mn	FY17	FY16	Particulars in INR Mn	FY17	FY16
Equities & Liabilities			Assets		
Shareholder's Funds			Non-Current Assets		
Share Capital	1,626	1,626	Fixed Assets	508	609
Other Equity	-1,705	-2,750	Capital Work-in-Progress	282	67
Reserves & Surplus	0	0	Goodwill on Consolidation	262	265
			Other Intangible Assets	23,878	35,004
Non-Current Liabilities			Investment in JV & Associates	1,445	0
Long-term Borrowings	25,149	26,387	Non-Current Investments	218	217
Trade Payables	5,029	7,138	Deferred Tax Assets (net)	1,520	2,045
Deferred Tax Liability	0	0	Long-term Loans & Advances	4,898	5,122
Other Non-Current Liabilities	1,948	0	Other Non-Current Assets	5,768	4,540
Long-term Provisions	281	1,228	Other Financial Assets	269	430
			Income Tax Assets	655	238
Current Liabilities			Current Assets		
Short-term Borrowings	2,012	2,461	Trade Receivables	354	2
Trade Payables	8,255	15,733	Cash & Cash Equivalents	354	553
Other financial Liabilities	3,840	2,176	Bank Balance	1,088	936
Other Current Liabilities	1,620	134	Short-term Loans & Advances	2,345	844
Liabilities for current tax (net)	100	0	Other Current Assets	2,122	1,964
Short-term Provisions	803	212	Other Financial Assets	2,992	1,509
Total Equity & Liabilities	48,958	54,345	Total Assets	48,958	54,345

FY17 Financial Highlights as per Ind-AS

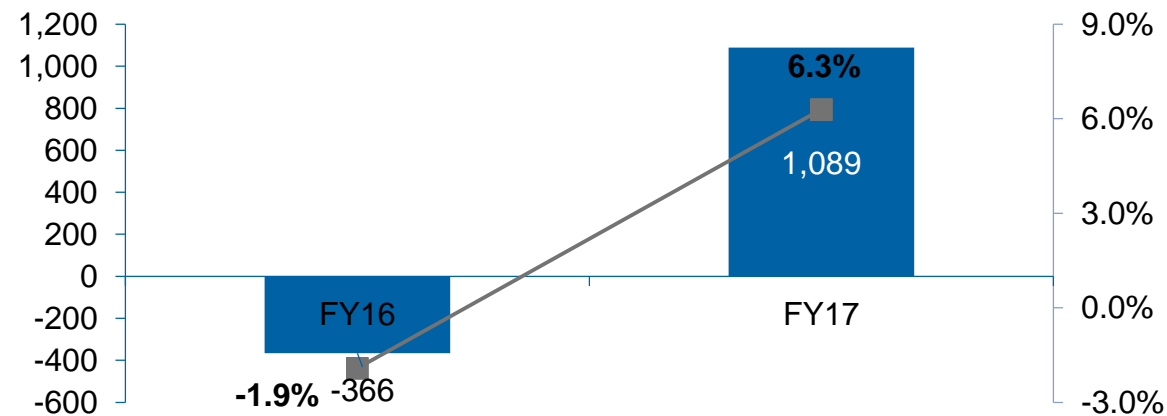
REVENUE FROM OPERATIONS (INR Mn)



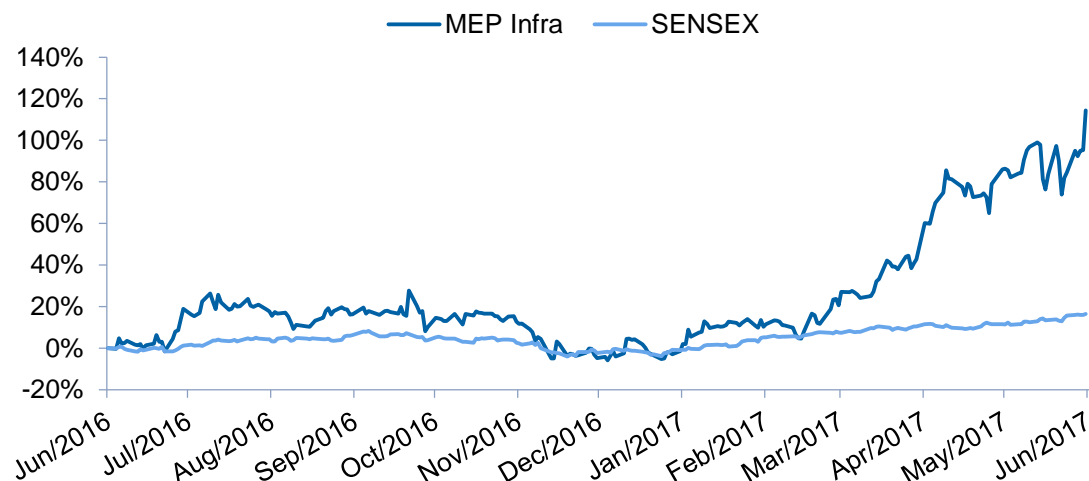
EBIT (INR Mn) & EBIT MARGIN



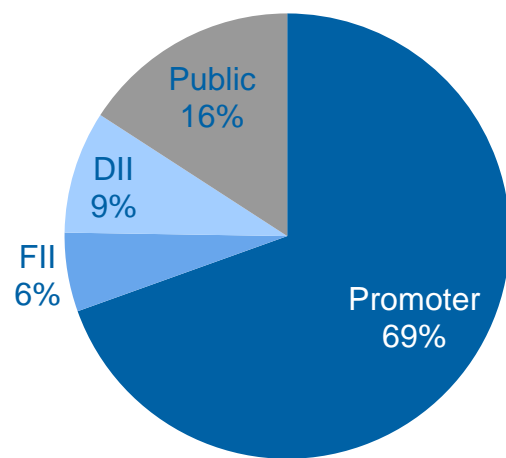
PAT (INR Mn) & PAT MARGIN



Share Price Performance



% Shareholding – 31.03.2017



Source – BSE

Market Data

As on 02.06.2017

Market Capitalization (INR Mn)	12,875
No. of shares outstanding (Mn)	162.6
Face Value (INR)	10.0
52 week High-Low (INR)	82.0 – 34.00
1 Year Daily Average Trading Volume ('000)	666.2
1 Year Daily Average Trading Turnover (INR Mn)	36.4

Source – BSE & NSE

Key Institutional Investors – 31.03.2017

% Holding

HDFC Trustee Company Ltd	8.86%
EM Resurgent Fund	4.35%

Source – BSE

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