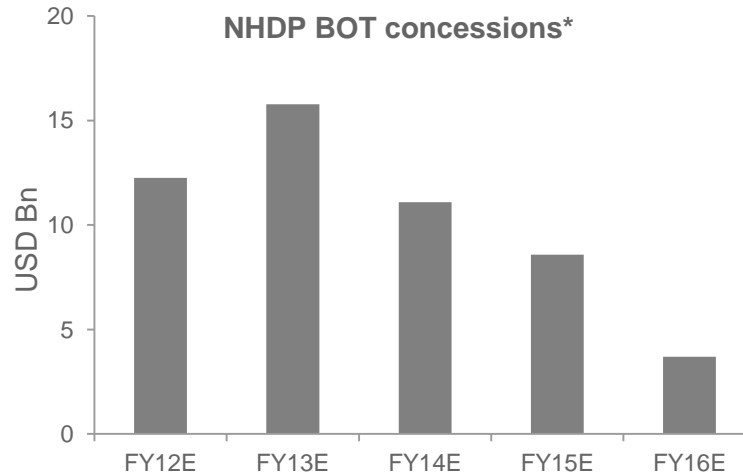


Indian Roads & Highways

At a Crossroad

First Impressions...Overflowing with Milk & Honey ...??

The Project Pipeline



Positive Regulatory Framework

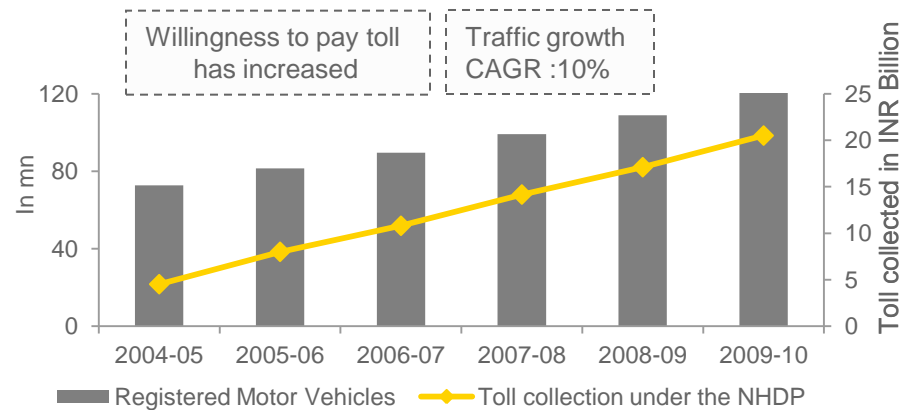
100% FDI Allowed

Streamlined Bid Process

Well defined toll policy

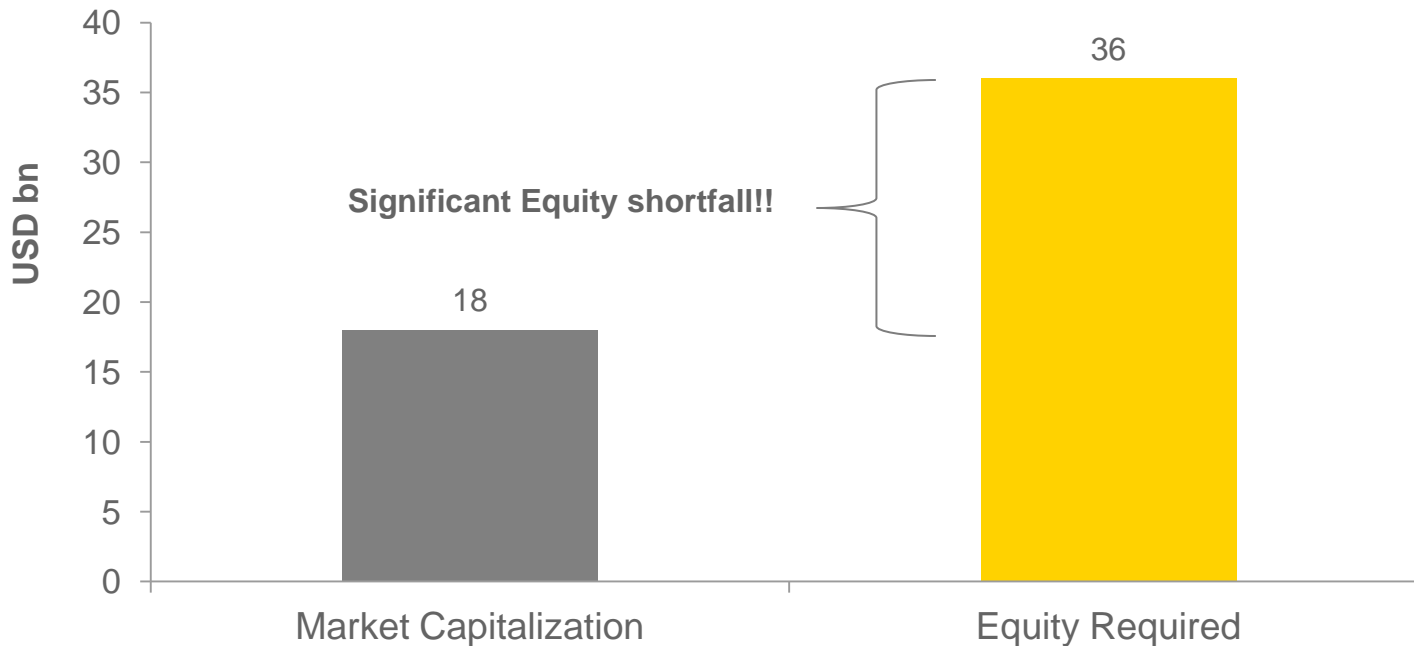
Tax Benefits

Impressive traffic parameters



A Dream Demand-Supply Gap scenario...

...Huge unaddressed market...ripe for global players...??



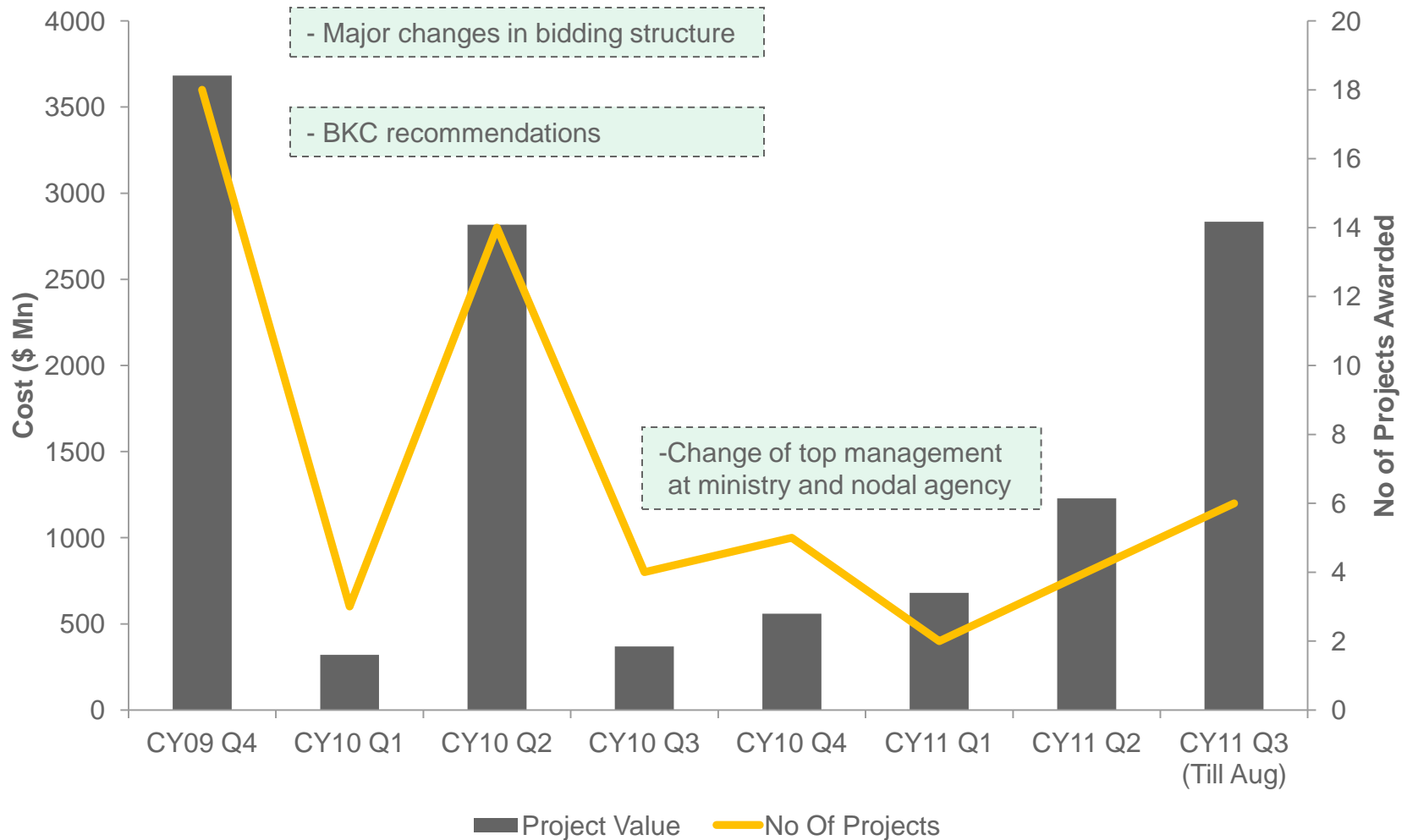
Notes :-

1. Current Market cap (as of 1st Sep 2011) of 40 companies active in the Indian Road & Highways space have been considered. Only 20% of L&T has been considered
2. Equity required has been considered taking the private sector contribution required as part of the XIIth plan

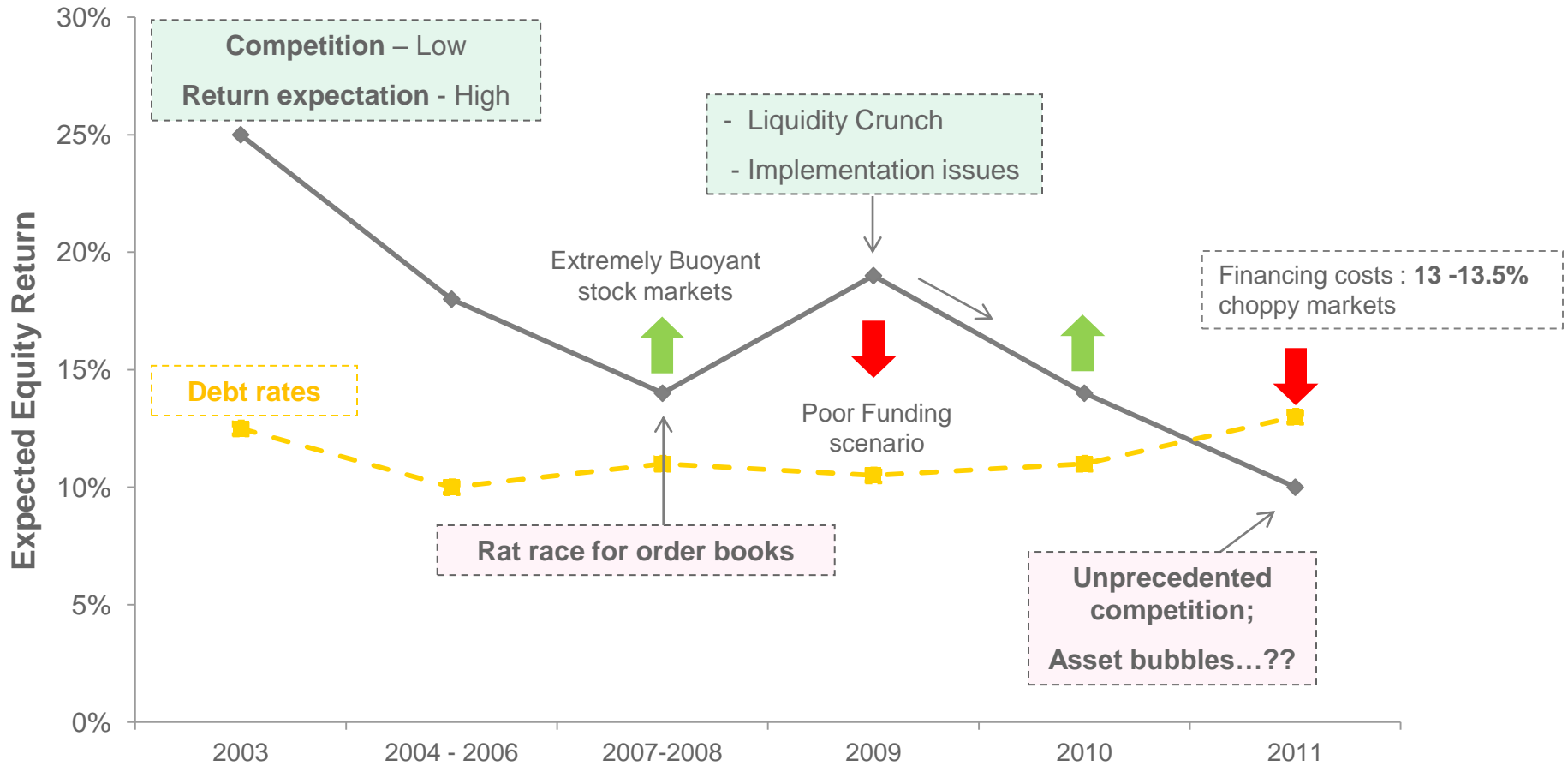
So WHY do Indian players look overseas...??



Issue: Unpredictable projects pipelines...

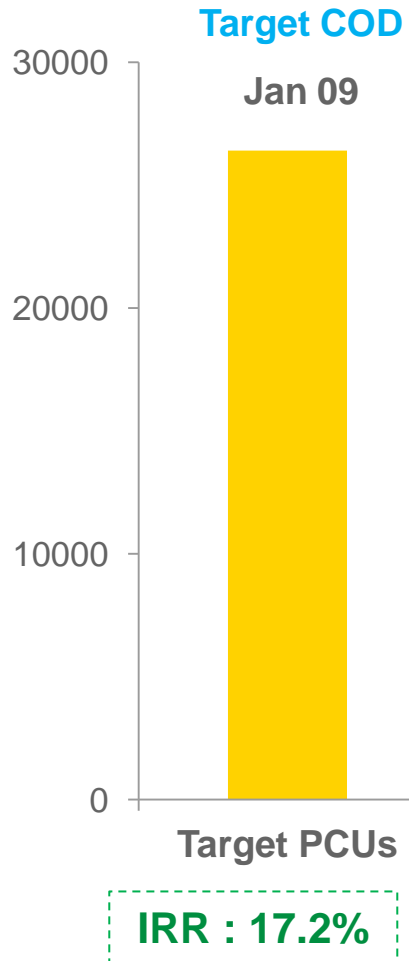


Issue: Erratic equity returns...

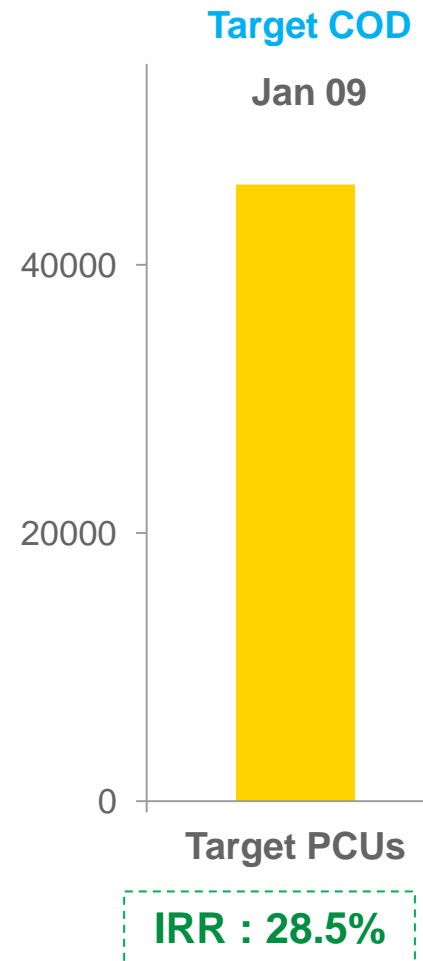


Issue: Traffic & implementation uncertainties...

Project 1



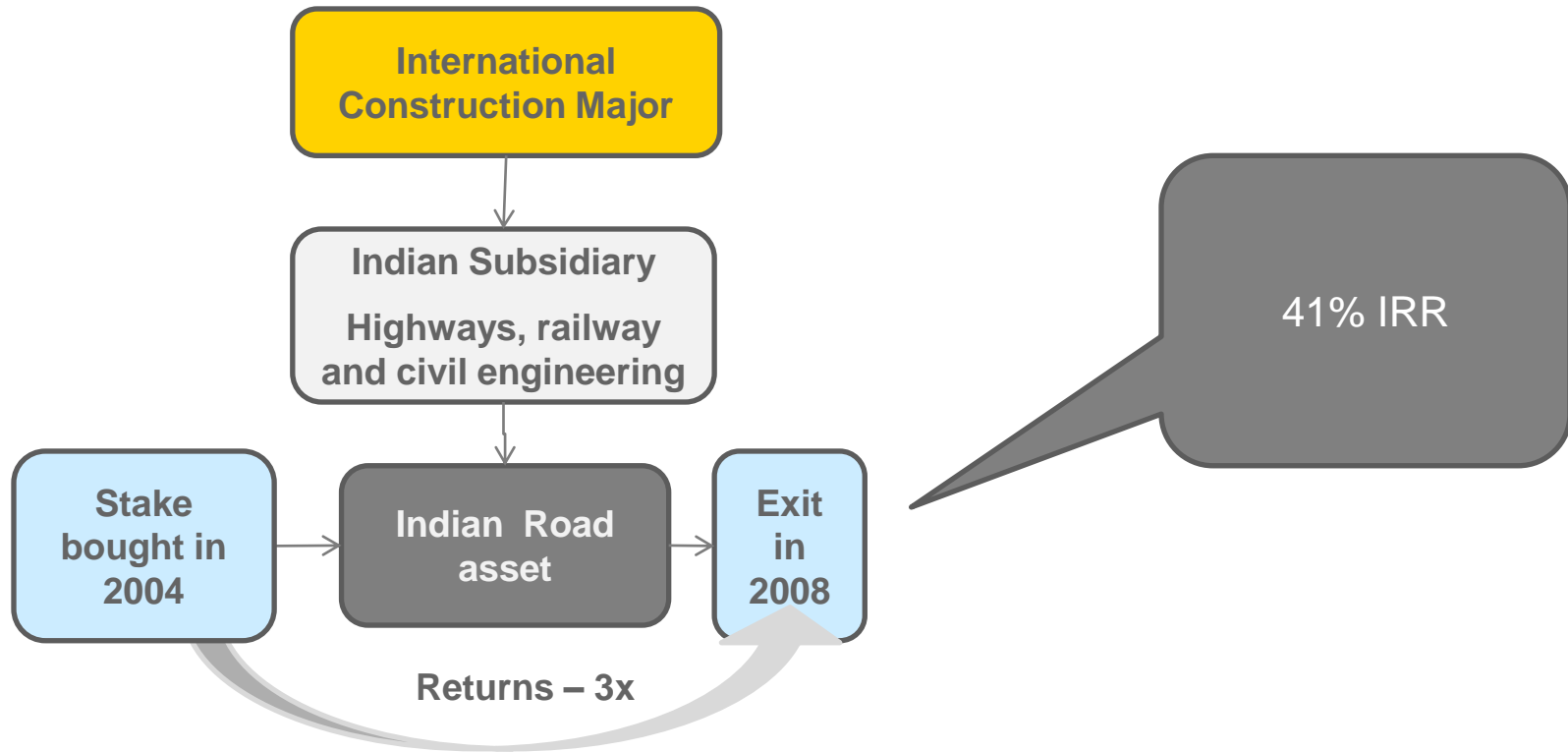
Project 2



So can International Players ever succeed in India?

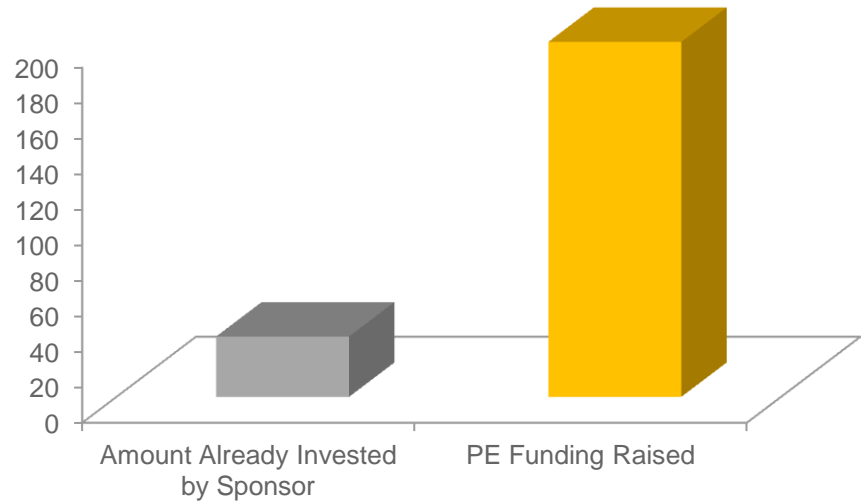
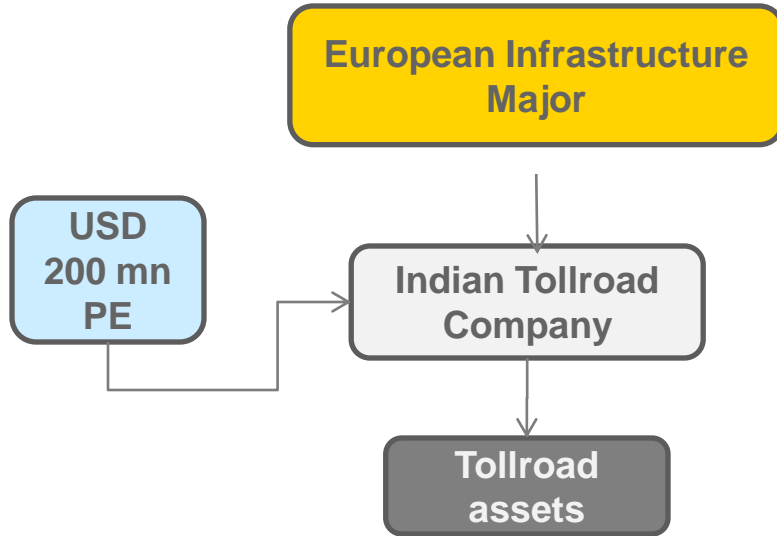


Case #1 – Profitable exits...



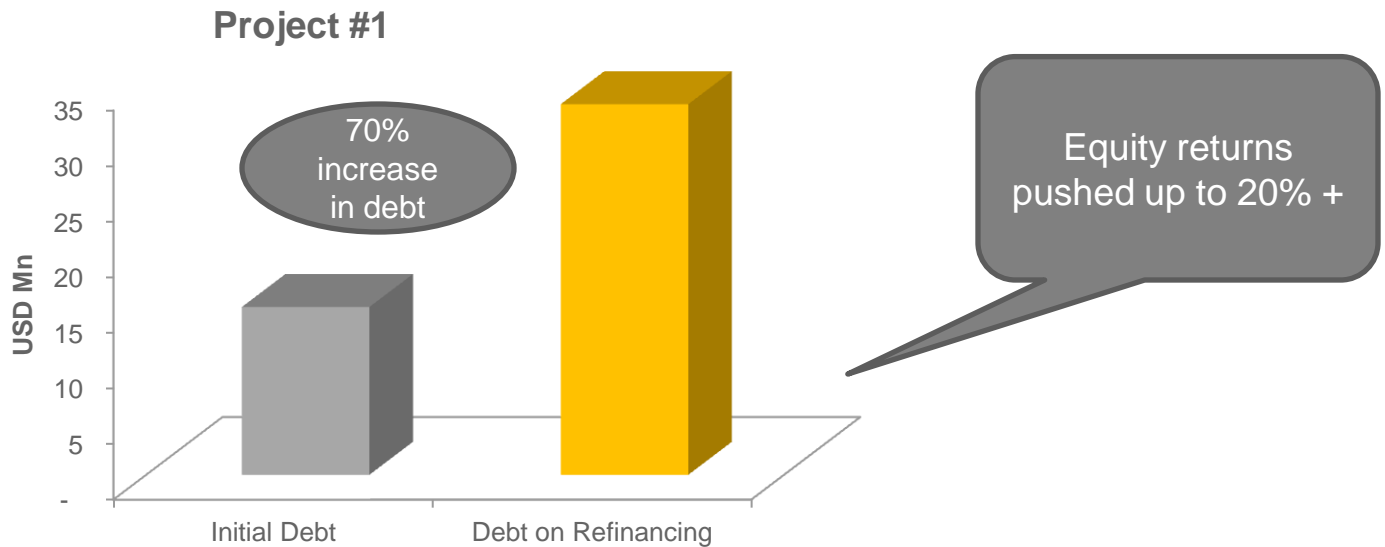
Indian deal setting benchmark for global assets...

Case #2 – Global funding support...



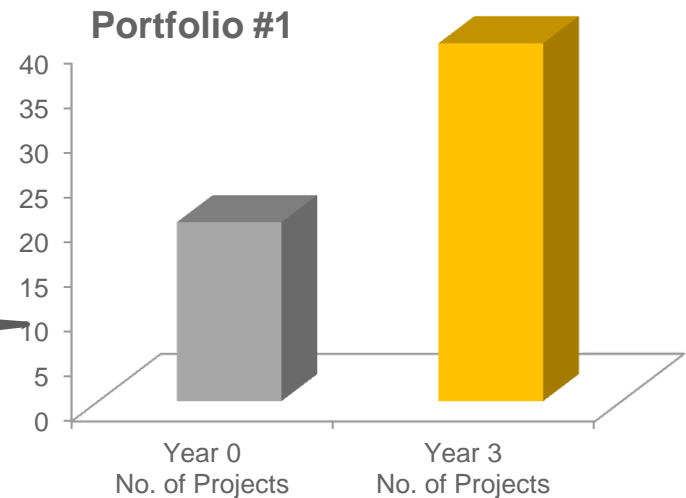
Largest PE in Indian highways space to date...

Case #3 – Financial engineering



- ▶ Leverage possibilities leading to “Self Sustaining Portfolios”

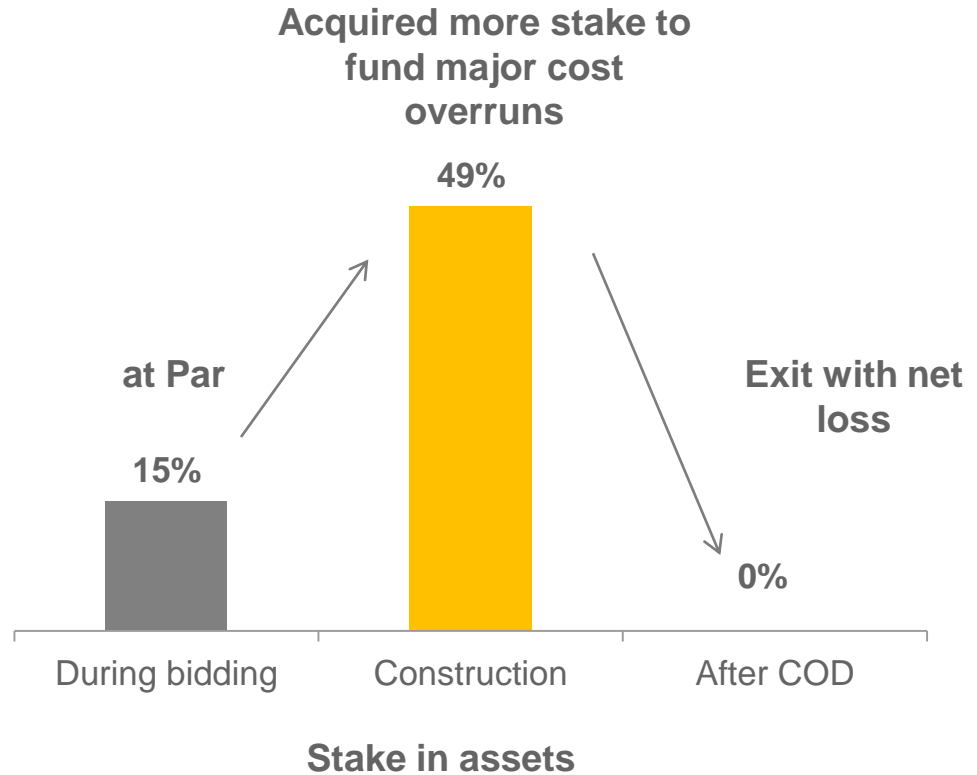
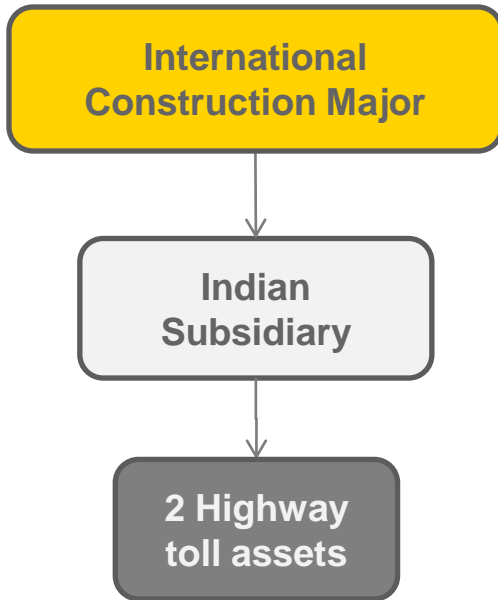
Group realized returns in likely to be in excess of 30%



But surely it's not all peaches & cream...??!



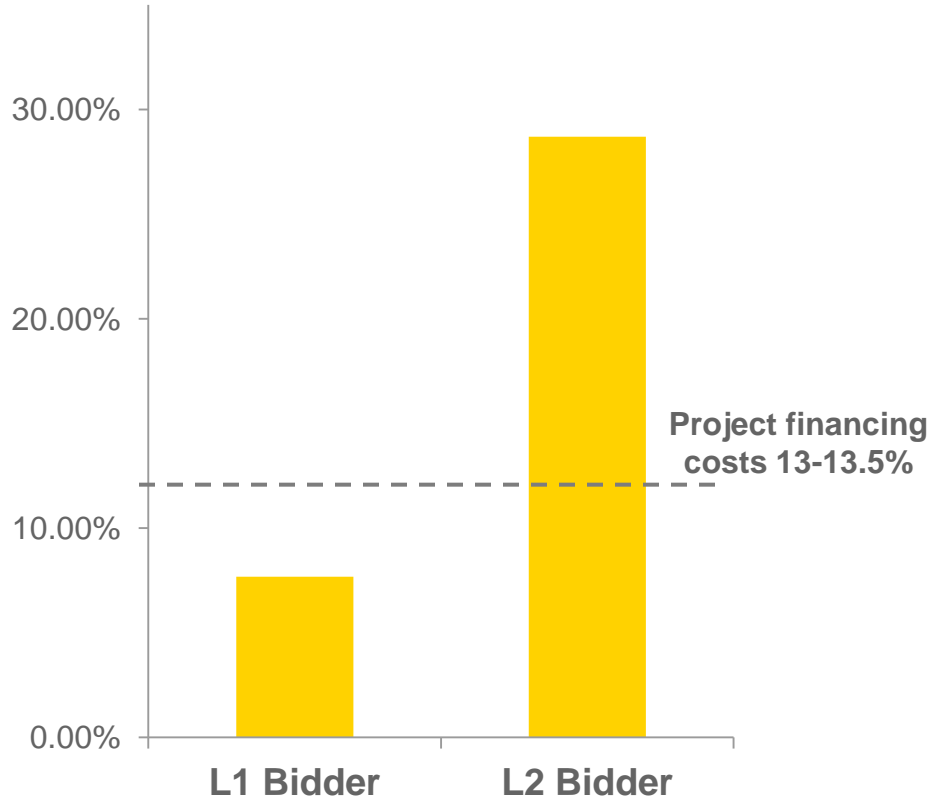
Case #4 – Stake sale at a loss



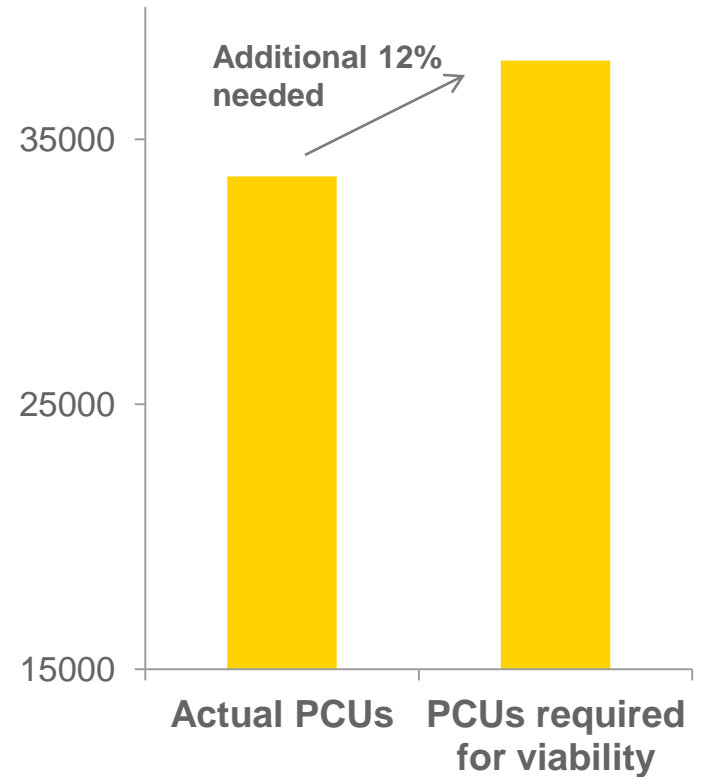
Case #5

Large project with 49% international investor

Equity Returns



Traffic details



So what might the future hold?



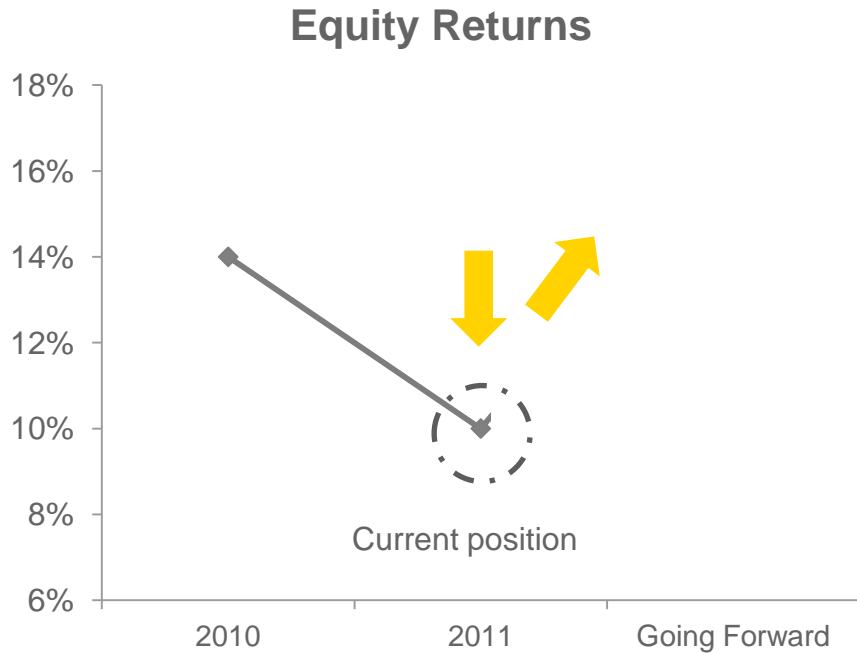
Separating the wheat from the chaff...

- ▶ Number of players has increased 4 fourfold in the last 4 years
 - Over 100 players vying for projects
 - 55 players already have road assets

- ▶ Robust market for asset sales
 - Distressed assets to come up for sale because of past aggressive bidding
 - Number of fringe players likely to exit sector

- ▶ Consolidation expected going forward

Price corrections...



- ▶ Current trend of high competition not sustainable
- ▶ Industry to have much better health after some short and mid-term pain

Returns on projects are expected to come a full circle...

Enter the big boys...

Europe

- ▶ Among the worlds biggest construction players
- ▶ Turnover: Over \$40 Bn
- ▶ Leading Spanish construction company
- ▶ Turnover: Over \$4 Bn
- ▶ Leading Southern European EPC company
- ▶ Turnover: ~ \$1 Bn

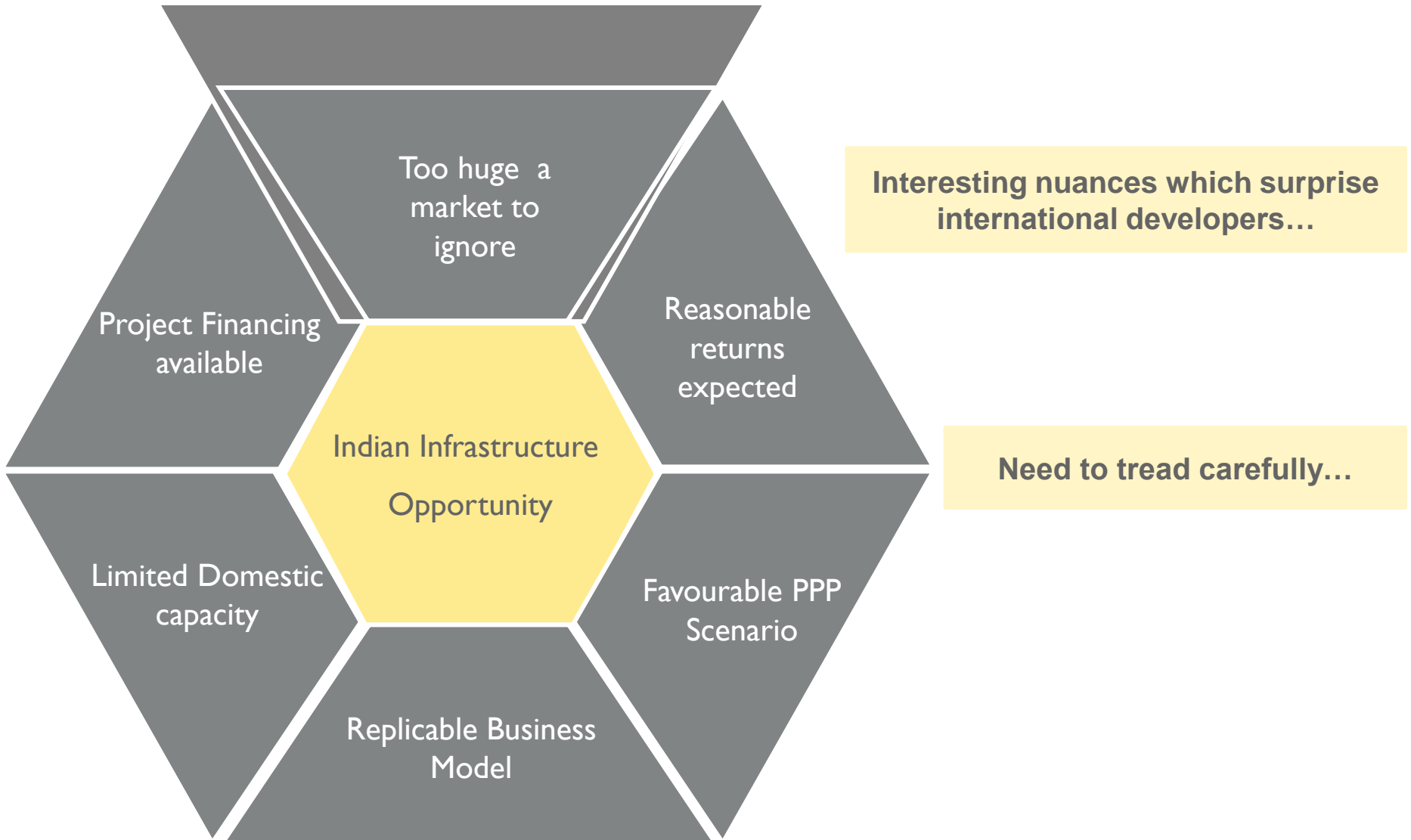
APAC

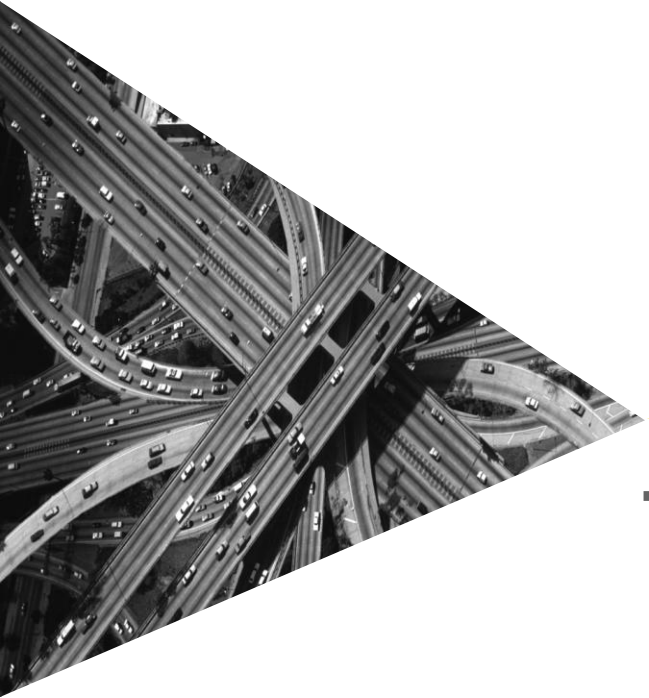
- ▶ One of the largest contractors in APC
- ▶ Turnover: Over \$ 15 Bn
- ▶ Korea's leading EPC Company
- ▶ Turnover: Over \$3 Bn
- ▶ Prominent Korean Construction & Engg Major
- ▶ Turnover: ~ \$5 Bn
- ▶ Multiple Japanese players...wait and watch

MENA

- ▶ Leading Middle East based construction company
- ▶ Turnover: ~ \$1 Bn
- ▶ UAE based leading Conglomerate
- ▶ Turnover: Over \$5 Bn

In Conclusion...





Thank You

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Quality In Everything We Do