



Pipavav Defence and Offshore Engineering Company Limited (PDOC)

Q1 FY2013 Results Presentation



Disclaimer



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Further, this presentation may make references to reports and publications available in the public domain. Pipavav Defence and Offshore Engineering Company Ltd. (PDOOC) makes no representation as to their accuracy or that the company subscribes to those views / findings.

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Section I

COMPANY OVERVIEW

Key Highlights: Q1 FY2013



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Strategic Partnership with DCNS, France

DCNS and Pipavav Defence have decided to establish a strategic partnership for bringing DCNS technologies, methods and skills into Pipavav, India's first and largest integrated defence company



International Naval Contract

Secured International Naval Contract to build two Offshore Patrol Vessels (OPVs) for the West African Client valued at Rs. 1,192 crore. In addition, there are options to build two more OPVs, which, if exercised, the contract value will go up to Rs. 2,504 crore.



Shareholder Agreement with Mazagon Dock Limited

Signed Shareholders Agreement with Mazagon Dock Limited to build surface warships for the Indian Navy. The Agreement was signed to further the objectives and in fulfillment of the requirement set forth in the "Guidelines for establishing Joint Venture companies by Defence Public Sector undertaking" issued by the Ministry of Defence, Government of India



Major Repairs to Rigs owned by Global Majors

Repairs to Rig "RANDOLPH YOST" owned by Transocean Group and Rig "NOBLE KENNETH DELANEY" owned by Noble Drilling Services INC

Financial Performance

Total Income: ₹ 5,814.7 million, EBITDA: 1,305.2 million, PBT: ₹ 27.6 million



A Snapshot of FY2012



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MoU with UK based Babcock Group

Entered into an MoU with Airbus Industry, France to develop state of the art Maintenance, Repair, and Overhaul (MRO) facilities and associated infrastructure in India.

Approval of JV with Mazagon Dock Ltd., the Premier Defence Shipyard, Government of India.

For conversion of wet basin into dry dock financial closure is being tied up and contracts have been placed for design, civil and other work being commissioned

Warship order from Ministry of Defence, Government of India.

Initiated the process of working with six friendly nations to build warships at the Company's facilities.



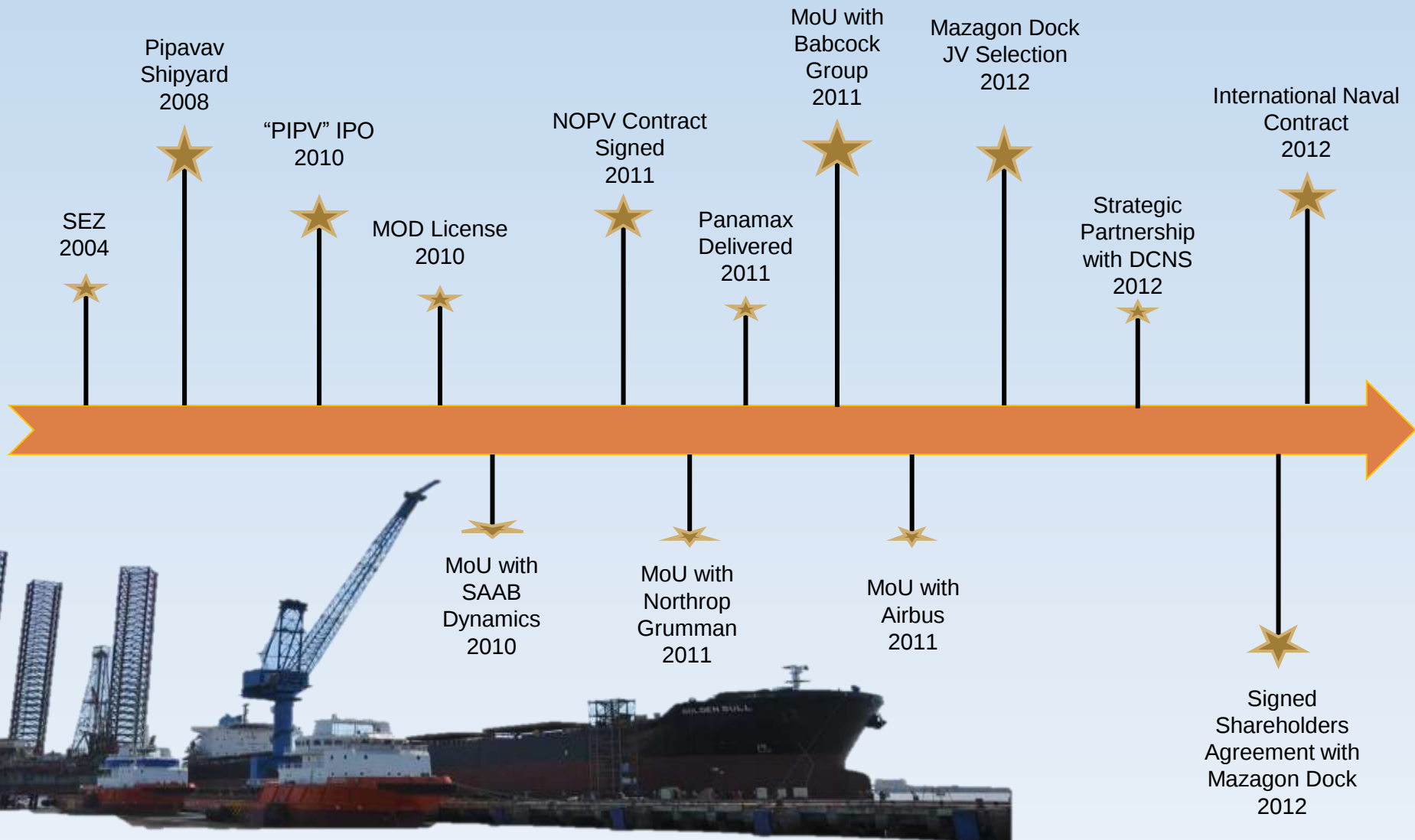
AIRBUS
AN EADS COMPANY



Milestones



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Technical Tie-Ups

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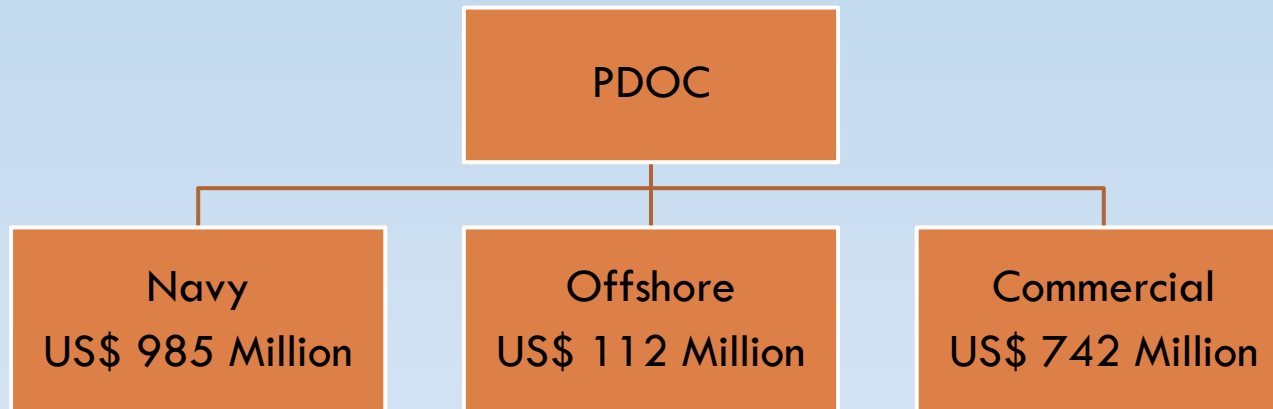


Strategic Partnerships. Global Reach. – Access to technical expertise from some of the best international defence and engineering majors on three continents

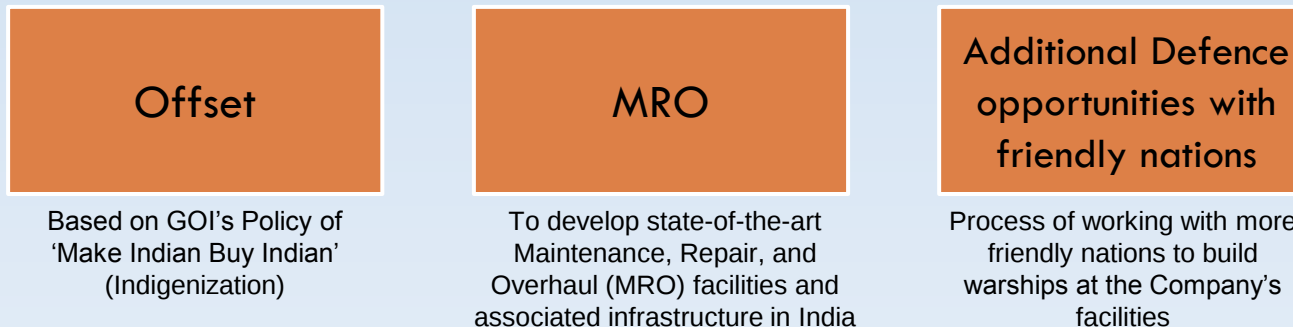
Business Segments



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The above figures represent current order book details



Unique business model positioned to benefit from substantial demand in Defence and Offshore sectors

Section II

FINANCIAL OVERVIEW

Chairman's Message



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Commenting on the Q1 FY13 results, Mr. Nikhil Gandhi, Chairman, said:

"I am pleased to announce that we have made considerable progress and begun this financial year on a positive note. We continue to depict healthy growth in revenues and operating profits and are able to maintain our margins.

The previous fiscal was a year of breakthroughs for us as we delivered our first ship and also successfully formed partnerships with key global majors. Our efforts to enhance our capabilities are on going and we are have made further headway by forming a strategic alliance with DCNS Technologies of France to build state of the art strategic assets including modern warships for the Indian Navy.

We are very excited that after signing the JV with Mazagon Dock (MDL) we are in a position to provide increased support to Indian Defence and assist MDL execute their order book.

Earlier this month we received an International Naval Contract to build two Offshore Patrol Vessels (OPVs) for a West African client. We are happy to be entrusted with this responsibility that will further increase the utilization of our world class infrastructure which will remain a key objective for us over the next few years.

We continue to build on our strong operating performance and now have all the building blocks in place for a robust FY13."

Performance Review – Q1 FY2013



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Rs. Million					
	Q1 FY2013			Q4 FY2012	Q1 FY2012
		QoQ	YoY		
Total Income	5,814.72	-6.9%	68.6%	6,242.47	3,449.04
Expenditures	4,509.57	-7.5%	66.0%	4,876.39	2,717.38
EBITDA	1,305.15	-4.5%	78.4%	1,366.08	731.67
<i>Operating Income Margin</i>	22.4%	2.6%	5.8%	21.9%	21.2%
Depreciation	300.48	2.8%	67.6%	292.21	179.29
Profit Before Interest and Tax	1,004.67	-6.4%	81.9%	1,073.87	552.38
Finance Costs	977.10	18.0%	127.0%	828.33	430.47
Profit Before Tax	27.58	-88.8%	-77.4%	245.54	121.91

Performance Review – Q1 FY2013



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REVENUES



68.6%

YoY

At

₹ 5,814.7 Mn

- Improvement in production and utilization of facilities.

EBITDA



78.4%

YoY

At

₹ 1,305.2 Mn

- Significant efficiencies have been achieved over the last one year and the same has led to reduction in overall production cost and improvement in EBITDA.
- EBITDA margin stands at 22.4% in Q1 FY13 as compared 21.2% in Q1 FY12

PBT

At

₹ 27.6 Mn

- Profit of Rs. 27.6 Mn in Q1FY13 compared to Rs. 121.9Mn in Q1FY12.

Section III

OUTLOOK

Media Highlights



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India inducts 3rd indigenous stealth frigate
Seven more in the pipeline, says Defence Minister
Ajay Banerjee/TNS

Mumbai, July 21

Source: The Tribune

India clears \$2.4 billion plan to buy cargo planes for Air Force

Published Tuesday, Jul 24, 2012, 0:55 IST
Place: New Delhi Agency: IANS

Source: DNA

Navy to get 7 more indigenous stealth frigates

Kalyan Ray, Mumbai, July 21, 2012, DHNS:

Source: Deccan Herald

Burdened defence shipyards embrace private sector

Source: Business Standard

Pipavav-Mazagon Defence Joint Venture gets Govt Nod

Source: The Economic Times

Indian Navy to commission INS Sahyadri on July 21

PTI Jul 10, 2012, 09:39PM IST

Source: The Economic Times

Pipavav, France's DCNS join hands to build warships

The partnership is expected to boost India's drive for self-reliance in the field of defence manufacturing, create local jobs

Press Trust of India / New Delhi Jun 11, 2012, 18:56 IST

Source: Business Standard

Pipavav wins ₹1,192-cr global orders

PTI ■ Mumbai

Source: Business Standard

India | Posted on Jul 08, 2012 at 09:59am IST

Karwar base: Navy plans Rs 10000 crore worth expansion

Source: CNN IBN

Indian navy about to finalize \$9 billion stealth frigate deal

July 10, 2012 at 13:44 Sahil

Source: IndianDefence.com

US keen to boost defence trade with India

Last Updated: Saturday, July 28, 2012, 11:32

Source: Zee News

HYDERABAD, July 17, 2012

DCNS seeks Indian partners for Scorpene project

Source: The Hindu

Defence budget hiked by 17.6 pc

1 Sat Mar 17 2012, 00:18 hrs

Source: The Indian Express

Defence offsets set to zoom past \$4bn mark

TNN May 05, 2012, 04:35AM IST

Source: The Times of India

Boeing eyes India as US cuts defence spending

Ajai Shukla / Seattle/USA Jul 30, 2012, 00:25 IST

Source: Business Standard

Urgent Need to Build Defence Capabilities: Panel

PTI | NEW DELHI | APR 20, 2012

Source: Outlook India

Largest Maritime Facility in India



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Infrastructure

Spread across
492 acres of
land on the
Gujarat coast

India's largest
and one of the
world's largest
dry docks

Expansion Project
(Phase II) under
implementation.

Existing facility
can
accommodate
400,000 DWT
vessel

Modular ship
building facility
significantly
reduces
production time

Connectivity

286 km long private rail

20 km 4 Lane expressway from State Highway to
Pipavav

Defence

- **Expenditure -** Government spending in defence has increased year on year
- **DPP –** Encouraging Indigenization and self dependency



Defence expenditure expected to increase further. Union Budget (2012-13) allocates Rs. 1,93,407 crore to the defence segment.

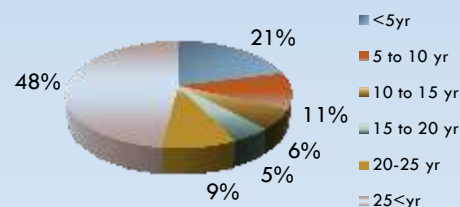
Growth of 17.6% in y-o-y budget.

Defence PSUs are overbooked. Significantly higher participation is required from private sector shipyards to meet defense acquisition targets of the Government.

Defence Outlook for PDOC

- The Company is aiming to augment suitable infrastructure to tap a significant opportunity in catering to the requirements of the Indian Armed Forces
- Strategic partnership signed with Airbus Industry, France will allow the Company to cater to the Aerospace segment as well, both for civilian and military applications

Age Profiles of OSVs



- More than 75% of existing rigs were constructed before 1985, suggesting that within the next few years, many rigs will need either replacement or refurbishing and revamping.
- Significant increase in demand for OSVs since the currently aging fleet (almost 50% of ships are older than 25 years) cannot adequately service deep water rigs and platforms.



Offshore

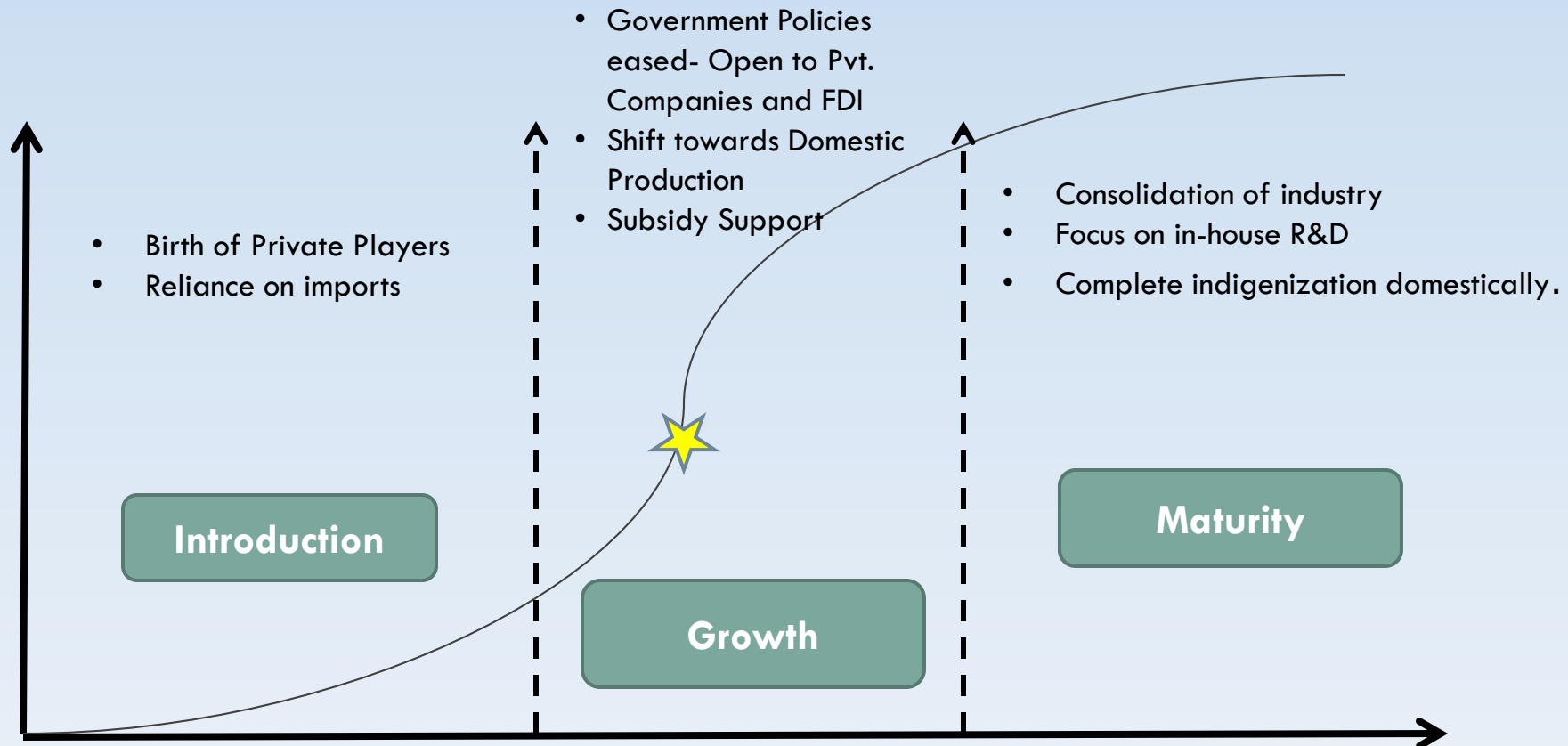
- Demand for petroleum and liquid fuels to reach 95 million barrels per day by 2015 and 118 million barrels a day by 2030
- Investment in the development of O&G assets expected to reach USD 45 billion in 2011
- Energy demand expected to grow fourfold in the next two decades

The Company stands to gain from specialized and sophisticated orders that require world class infrastructure and modern fabrication. The demand scenario in Offshore and Defence is bright. Demand for high value added vessels in the Offshore and Defence segment, such as drill ships, floating production storage platform, and LPDs will provide significant sources of revenue going forward.

Outlook – Industry Growth Cycle

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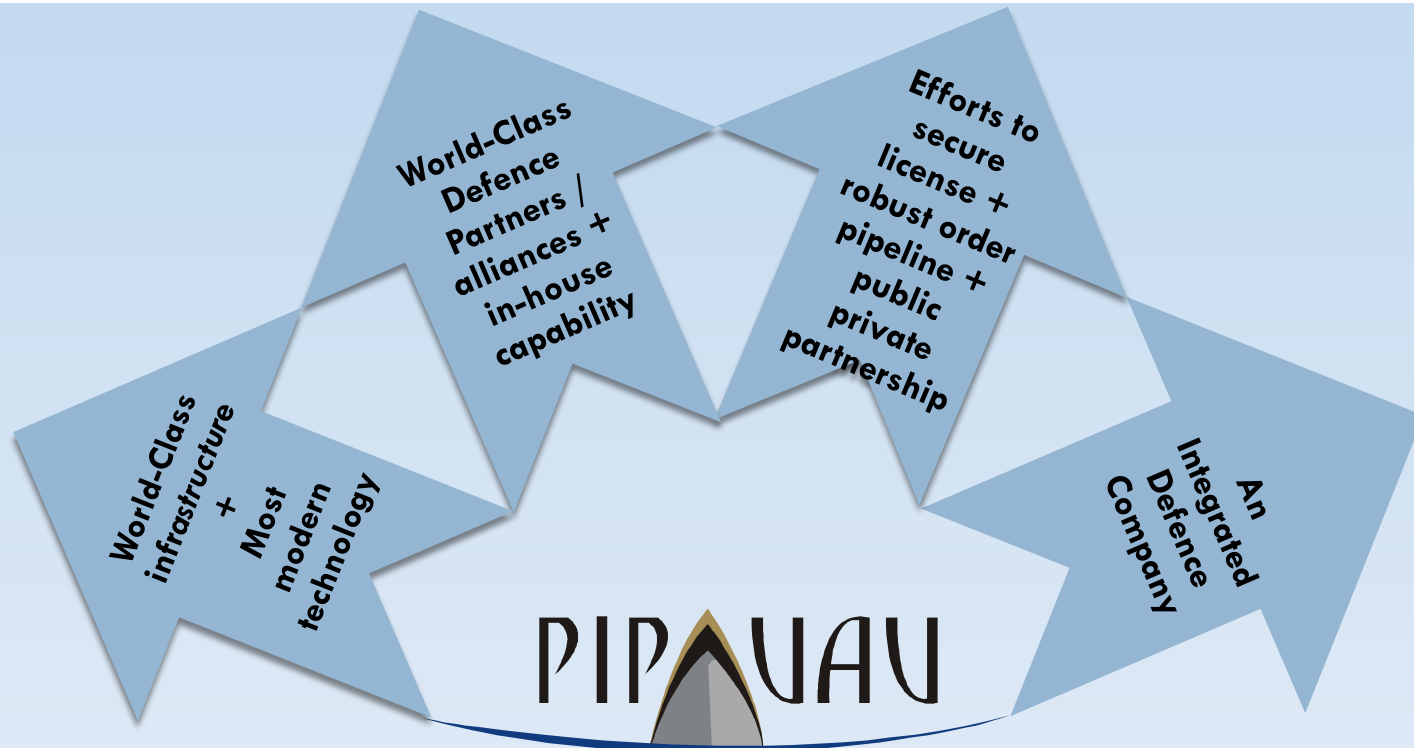
PDOC is currently growing at a healthy and robust pace. With an increasing thrust towards creating public-private partnerships, the Government of India is fully supportive of the indigenization of defence technology and infrastructure in India.



PDOC – A winning Combination



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As a first mover in the defence industry (first to secure the license, first to receive an order) and following the JV with Mazagon Dock, PDOC is well positioned to deliver long term value in the defence sector.

Combined with the most modern technology and the best in-class infrastructure, equipped with its own R&D outfit, and supported by the top global defence majors, PDOC aims to provide indigenous technology and defence infrastructure of the best caliber.

For further information, please visit www.pipavavdoc.com

Thank You

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