

# Reliance Infrastructure



**Current Price : 497.55(as of 30/04/2014)**

**52 Week High/ Low:744.45/308.2**

**Target Price : 950**

## **Industry Overview**

India's planning commission has projected an investment of US\$ 1 trillion for the infrastructure sector during the 12th Five Year Plan, with 40 per cent of the funds coming from the private sector. India's focus on infrastructure over the last decade made the country the second fastest growing economy in the world. India's constant growth gives investors a tremendous opportunity in the transportation and power segments. The required funds will be around Rs 80,000 crore (US\$ 12.9 billion). Up to Rs 54,000 crore (US\$ 8.7 billion) will be debt based on a 70:30 debt equity ratio. The World Bank has stated that it is keen on partially financing the debt requirement. An investment of Rs 50,000 (US\$ 806) on a rooftop solar plant will save the domestic electricity consumer Rs 9,200 (US\$ 148) a year — according to the Tamil Nadu government. The Tamil Nadu Energy Development Agency (TEDA), the renewable energy development arm of the State Government, has set the cost of a 1 kW solar rooftop system at Rs 100,000 (US\$ 1613). The investor needs to bring in only Rs 50,000 (US\$ 806) of that amount, with the rest being paid by the Indian government and the Tamil Nadu government. India's port sector is also poised to mark great progress in the coming years. It is projected that by the end of 2017, port traffic will amount to 943.06 million tons (mt) for India's major ports and 815.20 mt for its minor ports.

## **Company Overview**

Reliance infrastructure for Q4FY14 reported standalone PAT of INR5b, higher than our estimate of INR3.6b, led by tax write-back. At INR4b, PBT was lower than our estimate of INR4.8b, led by lower than estimated EBITDA of INR4.8b. EBITDA was below our estimate of INR5.5b, as at 17.7 percent, EBITDA margin was lower than our estimate of 19.7 percent, while revenue of INR27b was largely in-line. Consolidated revenue declined 24 percent Y-o-Y to INR47b, of which EPC revenue was INR8.8b, down 61 percent Y-o-Y. However, revenue from Infrastructure division increased 16 percent Y-o-Y to INR1.8b, led by commissioning of new projects. Consolidated EBITDA was INR6.7b, down 21 percent Y-o-Y. Other income grew 98 percent Y-o-Y, leading to PBT of INR4.3b, flat Y-o-Y. Reported PAT was INR5.1b. PAT after share of associates and minority interest was INR6.2b, down 14 percent Y-o-Y. This was owing to INR2b of tax write-back in 4QFY13.

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## Key Ratio's

	FY13	FY14	FY15(e)
EPS	53.10	60.50	54.40
P/E	12.30	11.80	13.10
ROE (%)	7.20	7.80	6.50
ROA (%)	7.10	7.40	8.50
P/BV	0.80	0.90	0.80

## Peer Comparison

Name	Market Cap (Rs. Cr.)	Sales Turnover	Net Profit	Total Assets	P/E	D/E	EPS	Market Cap/Sales Turnover
<b>NTPC</b>	<b>127,145.06</b>	<b>72,018.93</b>	<b>10,974.74</b>	<b>133,641.17</b>	<b>11.54</b>	<b>6.46</b>	<b>13.31</b>	<b>1.91</b>
NHPC	29,115.86	5,306.64	2,348.22	43,669.66	12.83	1.42	2.05	5.48
Reliance Infra	<b>18,711.74</b>	<b>11,356.93</b>	<b>1,587.94</b>	<b>30,523.98</b>	11.78	39.11	60.38	1.3063
Neyveli Lignite	15,955.02	5,590.07	1,459.75	15,462.02	9.8	2.039	9.67	3.26
JSW Energy	12,292.21	5,802.61	602.48	11,610.54	20.41	2.949	3.67	1.92

**Conclusion:** Buy With target price of Rs. 950

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