

May 10, 2016

**Buy Around:** ₹ 537-539  
**SL:** ₹ 509  
**Target:** ₹ 575-580  
**Upside:** 7.50%  
**Horizon:** 1 Month

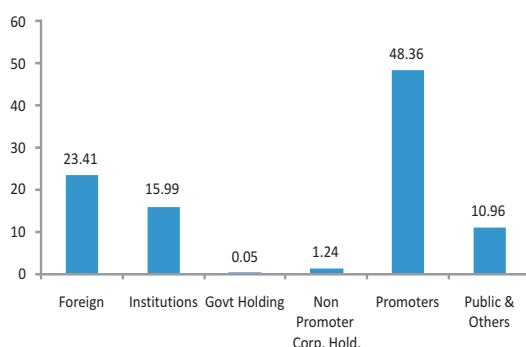
### VALUE PARAMETERS

Current Mkt.Price (₹)	542.60
Face Value (₹)	10.00
52 Week High/Low	622.05/282.20
M.Cap (₹Cr.)	14269.84
EPS (₹)	67.45
P/E Ratio (times)	8.04
P/B Ratio (times)	0.55
Dividend Yield (%)	1.47
Stock Exchange	BSE

### STOCK DATA

BSE Code	500390
NSE Symbol	RELINFRA
Reuters	RLIN.BO
Bloomberg	RELI IN

### SHAREHOLDING PATTERN (MARCH 2016)



Reliance Defence, a wholly owned subsidiary of REL INFRA and Rafael Advanced Defence Systems have decided to set up a Joint Venture company in India in the highly specialized areas of air to air missiles, air defence systems and large aerostats, which would give further strength to the company. Moreover, with an eye to turn Reliance Infrastructure debt-free on a standalone basis by 2017, the company's management has been actively pursuing a series of asset sales. Recently, the cement business of the company has sold for almost about ₹5,000 crore and now the company is in the process of sale of its road project as part of company's efforts to pare debt and expand its new defense manufacturing business. According to the management company's debt stood at ₹ 24,000 crore.

### INVESTMENT ARGUMENTS

- Reliance Infrastructure's consolidated net profit rose 2.3% to ₹462.67 crore on 10.6% decline in net sales to ₹3877.98 crore in Q3 December 2015 over Q3 December 2014.
- Currently the Mumbai Metro is running a train for every 4 min and to increase in demand can be meeting by cutting down the frequency by a minute by maximum that is 3 minutes a train and increasing coaches per train. When demand pickups the company has to make up capital investment of another ₹500 crore on rolling stocks (for about 44 coaches).
- With more focus on EPC on the part of Government, the company is also strongly focused on this segment and looks to build up an order book of ₹30000 crore at the earliest. Order book of EPC business as end of December 2015 stood at ₹3660 crore. The company is actively looking for external projects in verticals such as smart cities, solar, Transmission & Distribution and Metro. Hope to start seeing order book built up soon.
- Management expects that new high-growth opportunities in the defence sector, arising from Make in India and Skill India initiatives serve vital national priorities and have several attractive features. The board said these include relatively low capital intensity, a lower gestation period, minimal regulatory uncertainties, higher job creation and the potential for better return on equity

### BUSINESS PROFILE

Reliance Infrastructure Ltd (REL INFRA) is one of the largest infrastructure companies, developing projects through various Special Purpose Vehicles (SPVs) in several high growth sectors within the infrastructure space such as Power, Roads, Metro Rail, Cement and Defence. REL INFRA is also a leading utility company having presence across the value chain of power businesses.

## TECHNICAL TRENDS



We recommend a buy in the stock of REL INFRA from a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low ₹282.20 and 52 week high of ₹622.05. Buy around at 537-539 with a closing below stop loss of ₹509 levels for the target of ₹575-580.

**Note:**

- Follow Strict Stop Loss.

## SMC Research Desk

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