

**RELIANCE** Reliance Infrastructure Ltd. is the largest infrastructure company developing projects through various Special Purpose Vehicles in several high growth areas in Infrastructure sector i.e. Roads, Metro rail, Airports, etc. The Company is also leading utility company having presence across the value chain of power businesses i.e. Generation, Transmission, Distribution, EPC and Trading. The Company is developing two metro rail projects in Mumbai and operating Airport Metro Express in Delhi; awarded eleven road projects with total length of 968 kms; operate and maintain five airports in Maharashtra.

**Lalit Jalan, CEO & Whole time Director, Reliance Infrastructure Ltd** joined Reliance Industries Limited as Chief Executive Officer, Polypropylene Business in 1995. His areas of expertise include policy & planning, finance and logistics across the Infrastructure, Engineering – Procurement – Construction (EPC) and Energy sectors. Jalan did his MBA in Finance from the prestigious Wharton School and MS in Computer Science from Moore School, University of Pennsylvania, 1982. Prior to that he did his BTech from IIT, Kanpur in 1979.



Replying to **Yash Ved** of **IIFL**, Lalit Jalan says, "RInfra will continue to invest Rs. 20 – Rs. 22bn every year as equity in various infrastructure SPVs."

#### **What are the plans for EPC business? How much of revenue comes from EPC?**

We are currently executing the EPC order book of Rs. 280bn as on June 30, 2011 which will be executed over the next 2-3 years. Our EPC order book includes 13 projects across Power, Roads and Transmission sectors.

We achieved EPC revenues of approximately Rs. 34bn in FY11. Our EPC revenue for Q1 FY12 was Rs. 17.54bn.

#### **What are your plans for road projects?**

Infra will target to achieve a market share of 10% in all the projects awarded this year. Thus, we expect our portfolio to rise by Rs. 65bn and 800 kms in FY12. Four of RInfra's road projects are operational and another six will be revenue generating by FY12.

Significant amount of work is completed in Trichy Karur (TK), Trichy Dindigul (TD), Salem Ulenderpet (SU) & Gurgaon Faridabad (GF) projects.

We are very selective while bidding for projects. We prefer bidding for those projects which are more than Rs. 15bn. RInfra is targeting domestic projects rather than international ones, as RInfra foresees humongous opportunity in India.

RInfra has been a pioneer in innovative financing of roads, including ECBs which has helped us in reducing our cost of funds.

Today, we have 11 projects totaling 970 kms with an order book of Rs. 120bn. In FY10, we bagged 5 projects in different regions, diversifying our portfolio in terms of geographical presence. Our focus has shifted from four laning to six laning projects.

#### **Comment on your Capex plan for FY12?**

RInfra has a total portfolio of 27 projects with total outlay of Rs. 450bn. Till FY11, the company has done total capex of ~Rs 110bn, out of which the company has contributed Rs. 48.50bn as equity infusion in various infrastructure SPVs. RInfra will continue to invest Rs. 20bn to Rs. 22bn every year as equity in various infrastructure SPVs.

#### **Brief us about your current and upcoming projects?**

Reliance Infra has made rapid progress in infrastructure space and is now amongst the largest infrastructure companies in India on an ownership basis. It is developing 27 projects with total project outlay of around Rs. 450bn. It focuses on developing and owning road projects, urban infrastructure projects such as metros, sealink & airports, cement plants and specialty real estate projects.

**Power Distribution**

Reliance Infra serves 2 out of 3 homes in India's two premier cities, Mumbai and Delhi electrifying over 5.4 million consumers. With national average Aggregate Technical & Commercial (AT&C) losses in the range of 18% to 62% in various states in India, performance of the company's Mumbai distribution has been commendable with its AT&C losses amongst the lowest in the country at less than 11% with 99.98% reliability. The company has also managed to substantially reduce AT&C losses from over 55% to less than 20% since taking over Delhi distribution in 2002.

**Power Generation**

R Infra currently generates over 941 MW of electricity through its power stations located in Maharashtra, Andhra Pradesh, Kerala, Karnataka and Goa. Its power generation units continue to demonstrate significant improvements across major operational, environmental and safety performance parameters. For example, the Dahanu Power Station has been running at plant load factor (PLF) of about 100% from last seven years. It plans to expand its power generation portfolio through Reliance Power where it has 38.4% stake. R Power has well diversified portfolio consisting of Coal, Gas & Hydroelectric power projects totaling to ~35 GW of power projects

**Power Transmission**

R Infra is the largest private player in the transmission sector developing 5 transmission projects with project cost of around Rs. 66bn which includes 2 ultra mega transmission projects (UMTPs) secured through competitive bidding. Recently company commissioned first independent privately owned transmission line i.e WRSS in India.

**EPC**

R Infra is amongst the leading Engineering, Procurement and Construction (EPC) players in India with order book of Rs. 280bn as on June 30, 2011. The company is currently developing 9,900 MW of power projects, transmission project and 570 kms of road projects which is under various stages of construction. EPC division is looking to expand its footprint beyond the power sector by developing competencies in metro, mono rails, cement etc.

**Infrastructure****Roads**

R Infra is amongst the largest private concessionaire in the road sector in India with a portfolio of 11 projects totaling length of 970 km at project outlay of about Rs. 120bn. Further the company is amongst the largest developer of 6 laning NHAI road projects with 3 projects totaling 380 km in its portfolio. Four road projects are already generating revenue and additional six road projects are expected to start generate revenue within FY12.

**Metros**

R Infra is the leading private player in metro rail projects in India with a portfolio of 3 metro rail projects in Delhi and Mumbai at project outlay of around Rs. 16,000 crore. The Delhi Airport Express Link is already operational and Mumbai Metro Line 1 is expected to be operational in FY12.

**Sea link**

R Infra has won the first sea link project of the country "Western Freeway Sea link" which involves operation and maintenance of Bandra to Worli sea Link and development of Worli to Haji Ali sea link with a total project cost of Rs. 4,550 crore for a concession period of 40 years.

**Airports**

The company is currently operating five regional brown-field airports in Maharashtra i.e Yavatmal, Nanded, Latur, Osmanabad and Baramati for a lease period of 95 years. All airports have commenced operations and currently have over 100 commercial flights operating/month and 6000 passengers are traveling per month. In addition, all five airports have 30 chartered flights operating/month.

**Cement**

R Infra through its subsidiary Reliance Cementation Private Limited is developing 10 mtpa capacity comprising of 5 mtpa each in Madhya Pradesh and Maharashtra. The company's foray into cement is

seen as a natural extension of its interests in power and infrastructure businesses that would give it a strategic advantage in the cement sector.

**When do you intend to start Metro Rail on Versova-Ghatkopar line?**

We expect Versova-Ghatkopar line to start by the end of 2012.

**Have you started work on Charkop-Bandra Metro line?**

We will commence work as soon as we receive the land for depot and casting yard.

**What is the order book size for infrastructure projects?**

Our current infrastructure portfolio comprises 27 projects worth Rs. 450bn. These projects in Metro Rail, Roads and other sectors will be executed over the next 2-3 years

**Brief us about your financials?**

As on June 30, 2011, the company has a consolidated networth of Rs. 240bn and Rs. 130bn of consolidated debt. RInfra is conservatively financed with Debt: Equity of 0.55.

We have stable cash generating Mumbai Distribution business and now the revenue has started flowing in from the infrastructure portfolio.

Our Balance sheet strength provides us the comfort to fund our existing projects and participate in future opportunities within the sector.

**How many customers have you added during this quarter in power distribution?**

We have added 22,223 customers during April to June 2011.

**What is the revenue mix?**

In FY11, 64% of the revenues came from our power distribution business, followed by 34% from EPC business. Only 2% came from infrastructure business.

Going forward, there would be a shift in this revenue mix as more and more infrastructure projects would become operational.

**What is your debt equity ratio?**

Our debt: equity ratio is 0.55 as on June 30, 2011.