



Banhem Securities Pvt. Ltd

Infrastructure



Opportunities
&
Challenges

15 December 2012



Banhem Securities Pvt. Ltd

Presented by:

Ramesh C. Sadhwani

Head – Global Wealth Management
& Business Development, Banhem Securities Pvt. Ltd.

At:

Seminar on Investment Analysis for Important Industries-Capital Market Perspective

By:

Western India Regional Council of ICAI

Prepared by:

Hedley Albuquerque

Research Analyst
Banhem Securities Pvt. Ltd.



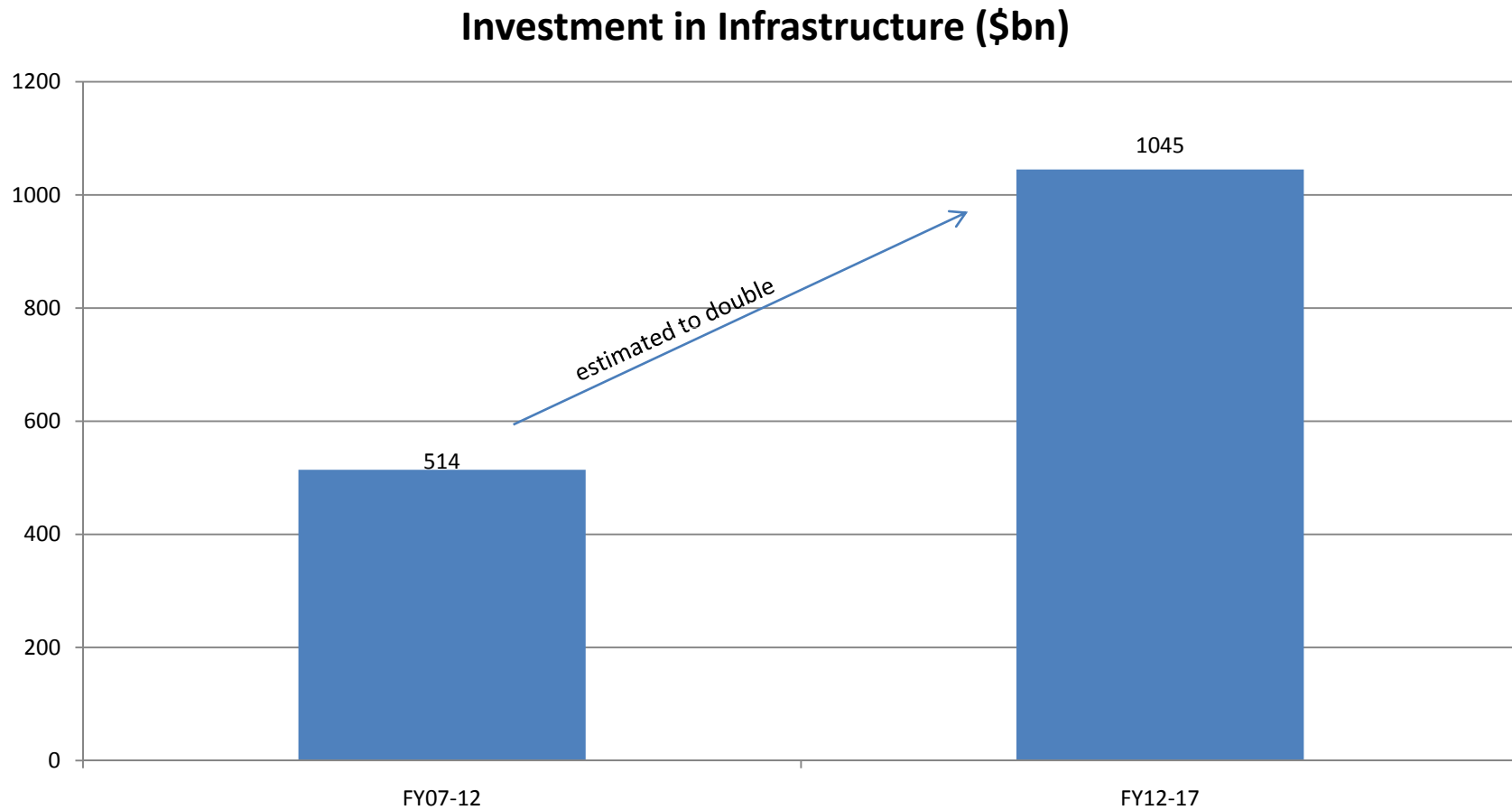
Infrastructure

- *a wide domain*

Roads	Ports	Metros	Warehousing	Marine
Railways	Airports	In-land water transport	Ports	Potable water Supply
Irrigation	Transportation	Education	Hospitals	Energy / pipelines
Sanitation Facilities	Power	Waste Management	Broadband Access	Cold storage
Renewable Energy	Low cost Housing	Urban Infra	Tourism	Bridges
Rain water harvesting	Food Processing	Industrial parks/ clusters	Freight Corridors	& Several more



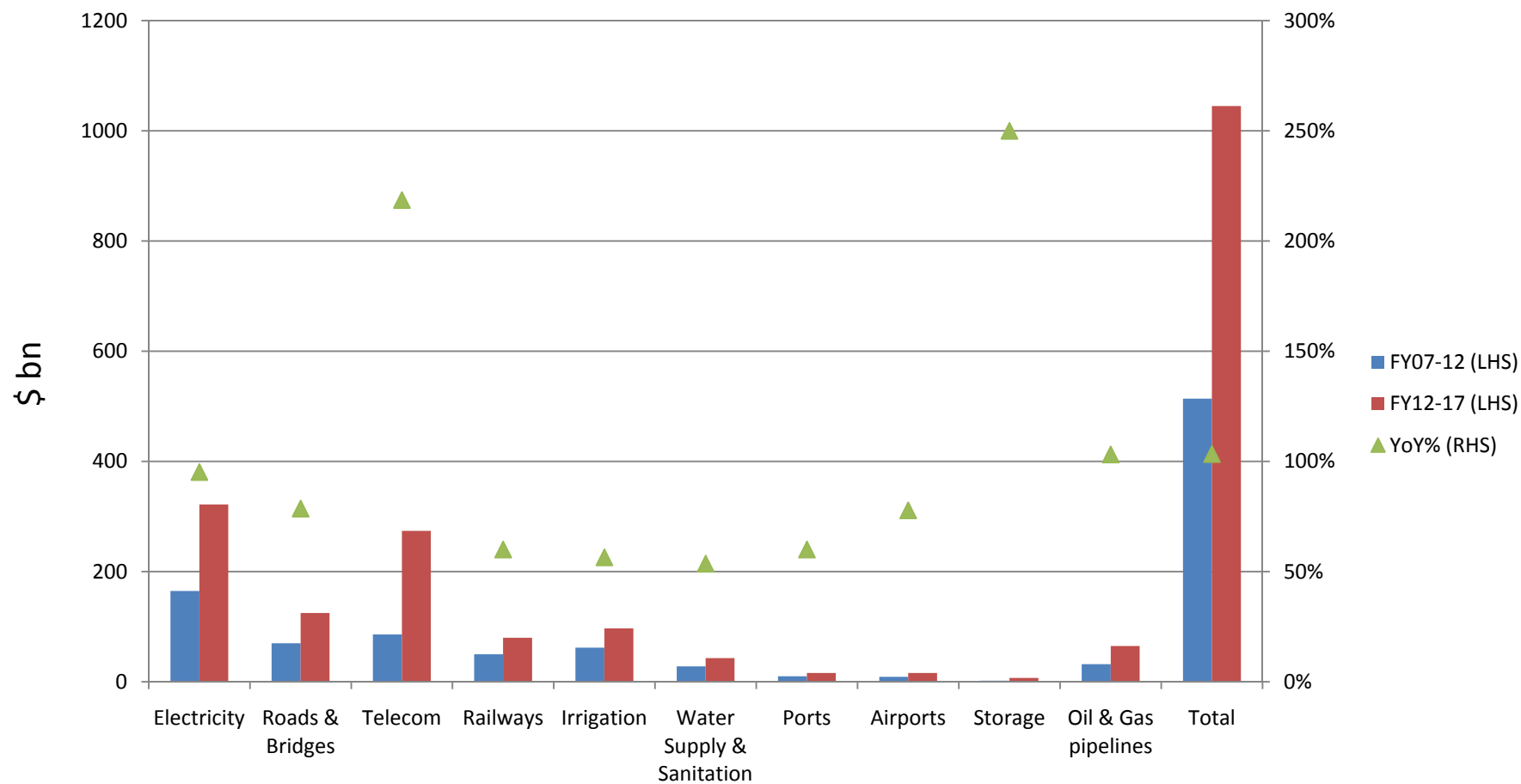
Opportunity size



Source: Planning commission, Banham Research



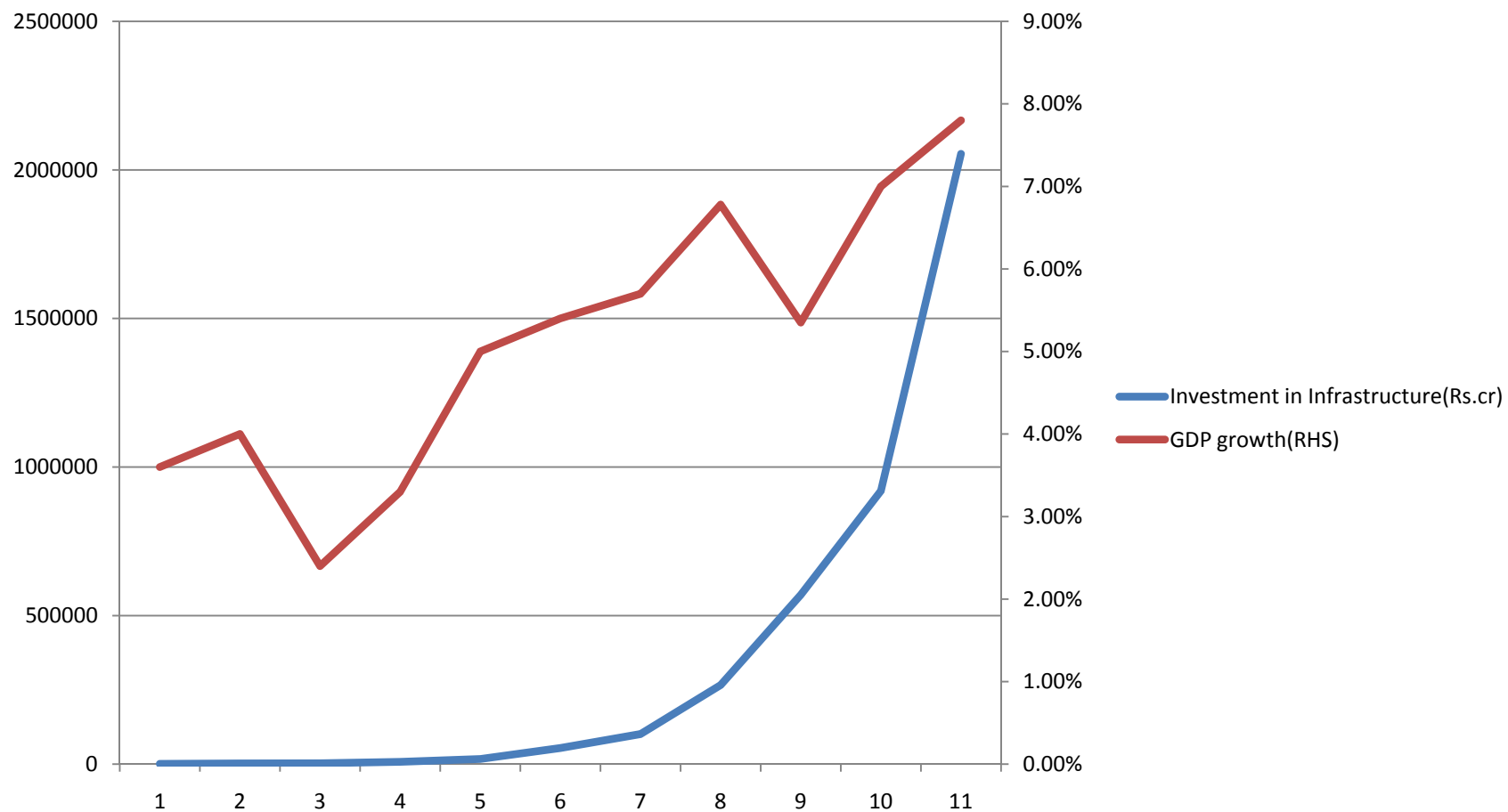
Investment : Sector-wise (\$ bn)



Source: Planning commission, Banham Research





5 year Plans



Source: Banhem Research





India vs. China

		
Roadways	33,20,410 km	38,60,800 km
Railways	63,974 km	86,000 km
Airports	352	502
Major Ports	13	28
Pipelines	29,684 km	75,742 km

Source: CIA ,Banhem Research



Quality Matters

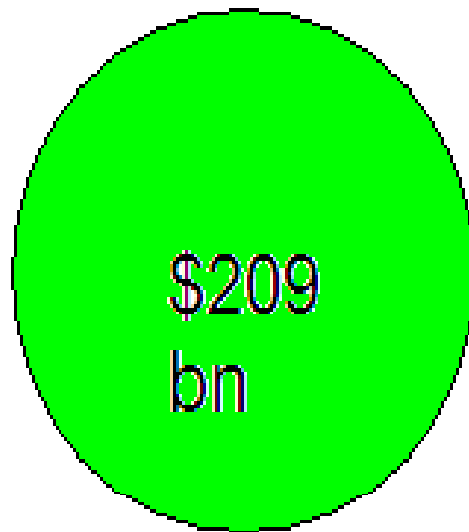
		
Expressways	200 km	65,000 km
Airports with Paved runways	251	452
Electrified Railways	18927 km	36000 km
Turnaround time at ports	3 days	8 hrs

Logistics costs India 12-13 percent of GDP vs. world average of 3-4 percent



Revenue opportunity

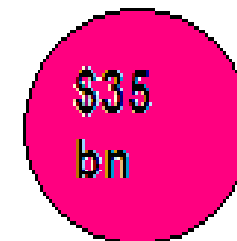
Infrastructure Spend
per year



PPP Share



Current Turnover
of Domestic
Infrastructure
firms





Industry environment

- Strong revenue potential
- Excellent execution capabilities
- Availability of high quality labor force
- Proportionate rise in raw material capacity
- Favorable tax incentives
- 100% FDI permitted in automatic route
- Viability Gap Funding (VGF)



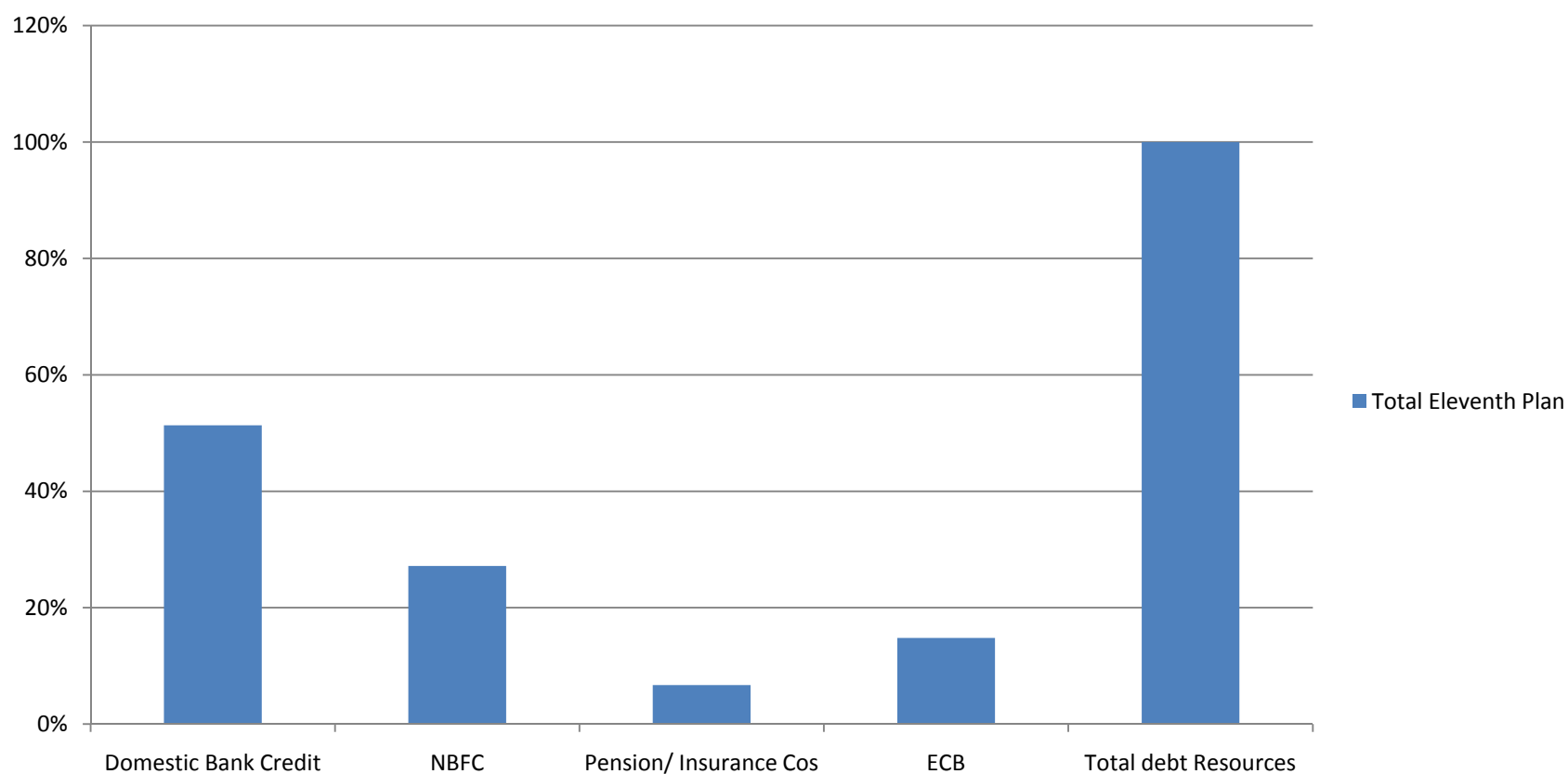
Challenges

- Delay in tendering projects
- Land acquisition problems
- Financial closure hard to achieve
- High interest costs
- Slower traffic growth hurting project viability
- Rise in uncertainty due to corruption scandals/ PILs etc



Banks risk Asset Liability mis-match

Sources of funds- 11th 5Yr Plan



Source: Planning Commission, Banham Research



Recommendation

- No ambiguity in land acquisition method
- Development of long term finance institutions / insurance/ pension sector funding as banks perennially under ALM mismatch concern
- Higher urgency in awarding projects
- Improve depth in corporate bond market
- Timely implementation

Disclaimer

The information herein is on the basis of publicly available information and sources believed to be reliable however we make no representation that it is accurate or complete. However we are under no obligation to update the information and do not accept any responsibility / liability for any actions undertaken as per the contents of the information provided in the report. All opinions expressed are personal and analysts hereby declare that no part of their compensation present or future is dependent on the recommendation mentioned in the report. The information herein is not intended as an offer or solicitation for the purchase or sell of any financial instrument. We may have or intend to have business from the companies mentioned in the report as on the date of this report or in the past. Banhem securities its affiliates, directors, its proprietary trading and investment businesses may, from time to time, make investment decisions that are inconsistent with or contradictory to the recommendations expressed herein. Views as per technical analysis may contradict with views expressed through fundamentals analysis due to different methodologies of study. Past performance is not a guarantee of future returns. Neither Banhem Securities Private Ltd. nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

BANHEM is a boutique financial services company, which provides variety of advisory services to individual – resident Indians, NRIs, HNIs as well as public and private corporations.

Our services include

Stock Broking and Investments

In Stock Broking and Investments – we take care of your investments from introduction to execution.

Our qualified analysts advise our clients on equities – when to buy, sell and how long to hold.

We cover variety of subjects, themes, sectors, industries and companies. We issue tactical (short term) and strategic (long term) recommendations to suit all kinds of clientele.

Corporate Finance

In Corporate Finance – we pride on arranging finance at the best rate with swift execution and that is our HALLMARK.

Our resources and contacts in the field of corporate finance are unparalleled. We handle all kinds of mandates from introduction and advisory to execution. There are over 20 different types of services that we can offer in this segment.

Portfolio Management Service

Highly disciplined investment strategy, vast experience of over 3 decades of global portfolio management and dedicated team. Our prudent and cautious approach to portfolio management, has beaten the benchmark with superior performance.

Please contact:

For Share Investment & Trading: Mr. Vishal Bohra

For Corporate Finance: Mr. Mayuresh Deodiwale

For Portfolio Management Service: Mr. Ramesh Sadhwani

BANHEM SECURITIES PRIVATE LIMITED

Veena Chambers, 21, Dalal Street, Mumbai 400 001 (India)

T: 22-2262-2200

F: 22-2261-2493

W: www.banhem.in

NSE Registration Number INB230653634; INF230653634