

INFRA- STRUCTURE



Capital
— SPROUT —

NEWSLETTER – MAY 24

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Greetings from Capital Sprout!

I am pleased to share the May 24 issue of Capital Sprout's Wealth Bulletin with you. Shri Narendra Modi-led NDA Government has returned to power with no major surprises in Cabinet portfolio allocation. **"Old Wine in Old Bottle theory"** indicates consistency and continuity in Government policy, not affecting ongoing projects. The government wants to carry on the economic policy that it left before the election which is a matured indicator.

What can be a better topic for this month's bulletin than **the Infrastructure Sector** which has remained close to our PM?

Infrastructure is the backbone of the economy. It is very difficult to achieve comprehensive economic growth without good-quality infrastructure. One of the most crucial reasons countries like the **USA, China, Singapore, and the UAE** have been able to attract significant capital investment is the world-class infrastructure they offer.

The role of Infrastructure in an economy is like a "Kidney function" in human organs. **The presence of kidney function might not be felt directly in the human body its absence directly affects the human body function, likewise, advantages of good infrastructure might not be felt directly, but poor infrastructure has a direct impact on economic development.**

We can expect a stronger emphasis on infrastructure development as the Shri Narendra Modi-led NDA government returns to power for a third term.

In this analysis, you will find a review of the core components of infrastructure development in India over the past decade and its impact on the capital market.

I hope that readers will find this bulletin valuable.

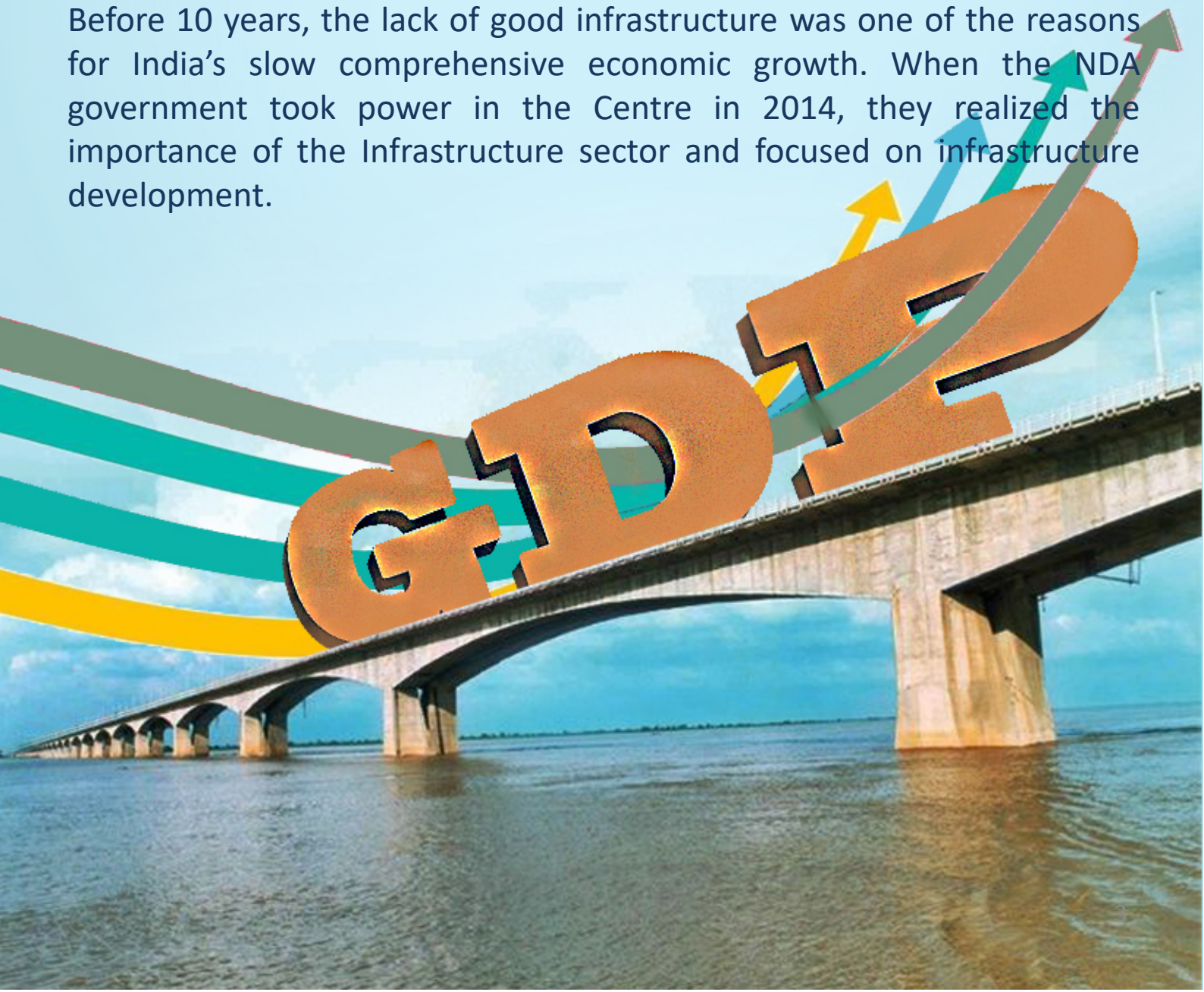
CA DR Rajesh Khandol

Importance of infrastructure in economic development

Infrastructure is the most crucial growth driver of the economy. Infrastructure is the key triggering factor, which fuels economic growth.

Many industrialized nations have experienced major advancements as a result of the huge expansion of their economic and social infrastructure. A robust infrastructure makes the working process easier which boosts productivity. Countries that have developed robust infrastructures have benefited largely over the other countries in terms of attracting investments may it be Manufacturing, Tourism, Healthcare, Agriculture, etc.

The effects of poor infrastructure directly affects the growth of Economic development of the country. Poor infrastructure is a serious obstacle to the development of communities and economic progress. Before 10 years, the lack of good infrastructure was one of the reasons for India's slow comprehensive economic growth. When the NDA government took power in the Centre in 2014, they realized the importance of the Infrastructure sector and focused on infrastructure development.



Infrastructure story of India

The pandemic has significantly impacted the growth of global infrastructure development, with the Russia-Ukraine war further derailing its momentum. Additionally, soaring inflation and borrowing costs have compounded the challenges. However, India has emerged as an exception. Since 2020, India's infrastructure spending has shown steady growth despite the global pandemic, geopolitical tensions, and other uncertainties.

Infrastructure has remained the top priority sector of the present NDA Government ever since it took power Central in the year 2014. There can be no better time to analyze how India's infrastructure has changed in the last 10 years.

Core Infrastructure components are analyzed with the help of, facts & figures.

We have divided Infrastructure sector in following

- (1) Construction
- (2) Power & Energy
- (3) Roads, Rail Transportation;
- (4) Ports and airports
- (5) IT & Communication infrastructure

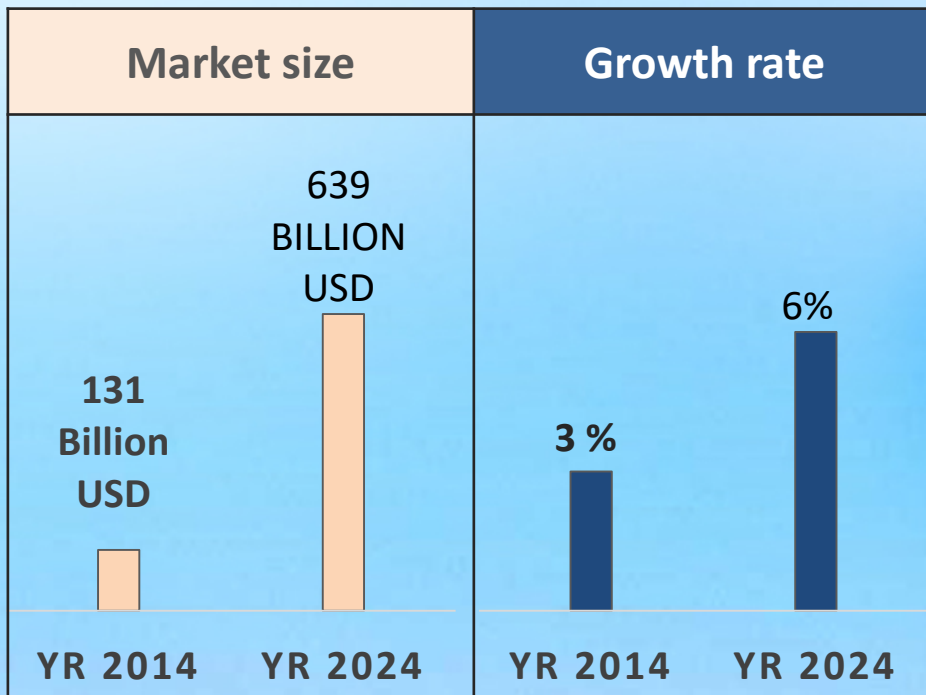
Sector wise analysis is as under:



(1) Construction

The construction industry plays a major role in the economic growth of a nation and occupies a pivotal position in the nation's development plans.

India's construction industry employs a workforce of nearly **32 million** and its market size is worth about **Rs. 53.04 Lakh crores**. It is the 2nd largest contributor to the **GDP** after the agricultural sector.





at Gandhinagar



- It is a pre-eminent, futuristic city built on the foundation of sustainability
- Witness the fruition of a vision to create an epicenter for Indian and global financial and IT businesses.
- GIFT City is an emerging global financial and IT services hub, a first of its kind in India, designed to be at or above par with globally benchmarked business districts
- Geographical area : 15.50 SQ KM
- GIFT City is a project of national importance and has become an integral part of the India's growth story
- **Targeted Sectors**
 - Banking, Finance, IT, Fintech, Capital Market, Biotech, Insurance, Automobiles, Engineering, Pharmaceuticals.



(2) Road Networks

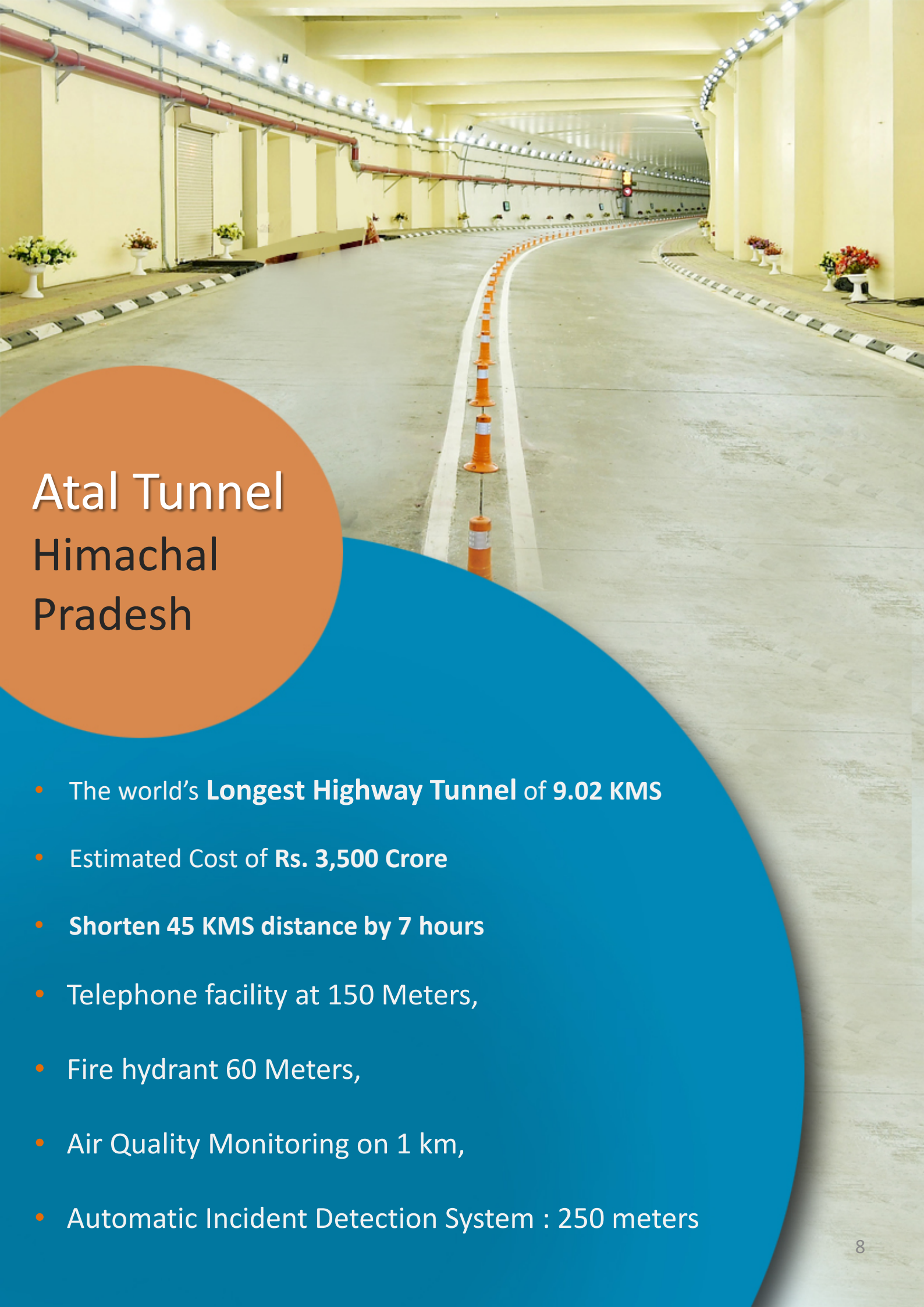
Particulars	2014	2024	
Road network	54.02 Lakh km	63.32 Lakh km	
National highways	91,287 km	1,46,145 km	60 % growth
Out of above 4 lanes	18,371 km (20%)	46,179 km (32%)	2.50 Times
Express highways (4 lanes to 16 lanes)	1,021 km	5,930 km	
Pace of national highway construction	12 km per day	34 km per day	

Where India stands ?

2nd

Largest road network globally





Atal Tunnel Himachal Pradesh

- The world's **Longest Highway Tunnel** of **9.02 KMS**
- Estimated Cost of **Rs. 3,500 Crore**
- **Shorten 45 KMS distance by 7 hours**
- Telephone facility at 150 Meters,
- Fire hydrant 60 Meters,
- Air Quality Monitoring on 1 km,
- Automatic Incident Detection System : 250 meters

Atal Setu Bridge at Mumbai

The Longest Sea Bridge of
the country having length
of **22Kms**



- Estimated Cost of **Rs. 17,840 Crore**
- Distance between Mumbai & Navi Mumbai will be **reduced by 15 Kms** | travel time will come down **by 1.50 hrs**
- Construction involved several technologies that were used first time in India.
- Most Advanced Traffic Management system which can detect Fog, Low Visibility, Stipulated Vehicle speeds
- Regarded as “Engineering Marvels” by USA & DUBAI



Under Sea Tunnel at Mumbai

The world's first ever
Under Sea Tunnel

- Length 10.50 Kms
- Estimated Cost of Rs. 13,983 Crore
- Coastal Road between Marine Drive and Worli
- Travel time reduce from 60 Minutes to 10 Minutes
- The undersea tunnel that has **111 hectares of land** reclaimed will have **70 hectares** of recreational open and green spaces.
- The recreational spaces will consist of jogging and cycle tracks, a butterfly garden and a play area for children.

(2) Rail Networks

Where India stands Globally ?

4th

Largest rail way system in the world



Particulars	2014	2024
Railway Track Length	65,8058 Km	1,28,305 Km
Electrification	19,989 Km	63,456 Km
Vande Bharat Trains(hi-speed Fully Automated Train, In-house Manufacturing Under “Make In India”	0	100
No. Of Daily Passenger Trains	9,250	13,523
No. Of Daily Freight Trains	7,230	9,146
Metro Network	248 Km	945 Km
City Covered Under Metro	5	21



Vande Bharat Hi-speed Trains

- More than 100 Vande Bharat Trains are operational.
- 100% manufacturing of India under “**Make-in-India**”
- A revolution in Railway infrastructure.
- Enhanced safety features, faster acceleration, improved passenger amenities
- **Hi-speed up to 160 KM**



Chenab Railway Bridge

Above Chenab River
Jammu & Kashmir

The Highest Railway Bridge in the world. (Taller than the Eiffel Tower)

At the height of **1,178 feet (359 meters)**

- Estimated Cost of Rs. 14,000 Crore
- Arch Engineering Marvel
- High Steel strength structure – withstands powerful winds & heavy snowfall.
- A big boost to Tourism in Jammu & Kashmir



Modernization Of Railway Infrastructure

Modernization of
1,318 Railway Stations
with world-class
facilities under the
“**Amrit Bharat Station
Scheme**”.

- **697 KMS** Metro Rail
- Metro line under construction in 26 cities. **47 City** will have Cost-effective World class Public transport system



- Electrification 94%
Broad gauge Route
KMS



(3) Air Ways

Where India
stands Globally ?

3rd
Aviation market

The civil aviation industry in India has emerged as one of the fastest-growing industries in the country during the last three years. A rising proportion of middle-income households, healthy competition amongst Low-Cost Carriers, infrastructure built up at leading airports and supportive policy framework has given a positive push to the aviation sector.

Particulars	2014	2024
No. Of airports	74	158
International air ports	12	33
No. Of domestic passengers	60 million	154 million
Number of daily flights		
➤ Domestic	2,452	3,051
➤ International	402	1,144



(4) Power, Energy

4th Where India stands Globally ?
Largest Power producer in the world

Particulars	2014	2024
Power Units Generation	1,020.20 Billion Units	1,624.15 Billion Units
Total Installed Capacity	245.25 Gw	417.67 Gw
Renewable Energy Installed Capacity	4.10 Gw	18.48 Gw
Power Deficit / Surplus	Power Deficit Of 15%	Surplus Power

- Spread in 14,000 Acres (56 Square KMS)
- Installed Capacity: 2,245 GW.

“Bhadla” solar park at Rajasthan is the largest solar park of the world





Top Indian Listed Companies In Infrastructure Industry

Name Of Company	FY 2022-23		Capital market data (As Of 18-06-2024)		
	Turnover [Amt In INR Crore]	Net Profit Amt In INR Crore]	Current Price	Market Cap [Amt In INR Crore]	P/ E Ratio
Larsen & Toubro Limited	221,113	15,547	3,689	5,07,250	39.30
Rail Vikas Nigam Limited	21,733	1,463	396	82,630	56.50
GMR Airports Infra. Limited	8,755	-828	97.8	59,068	0.00
IBR Infrastructure Limited	7,409	606	66.6	40,244	66.40
NBCC (India) Ltd	10,433	414	158	28,469	53.40
Ircon International Limited	12,331	930	274	25,780	27.70
Waaree Renewable Technologies Limited	876	148	2,023	21,074	142.00
HFCL Ltd	4,465	338	124	17,939	54.40
Rites Limited	2,453	495	710	17,055	37.40
GR Infraprojects limited	8,980	1,323	1,708	16,530	15.20



Top 5 Infrastructure Sector Mutual Funds

Name Of Fund	Aum (In Crore)		Net Inflow (In Crore)	Historical CAGR Return (IN %)			
	May-21	May-24		1Yr	3Yr	5Yr	10Yr
Nippon India Power & Infra Fund	1,438.09	5,697.01	4,258.92	79.42	39.91	29.52	17.08
ICICI Prudential Infrastructure Fund	1,516.05	5,034.14	3,518.09	68.3	39.58	29.33	17.4
Quant Infrastructure Fund	26.36	3,564.61	3,538.25	79.88	36.52	37.51	20.33
SBI Infrastructure Fund	623.25	3,087.55	2,464.30	64.94	33.94	27.13	17.73
HSBC Infrastructure Fund	100.08	2,620.55	2,520.47	70.21	36.53	26.51	18.25
Total			16,300.03				

Rs. 16,300 crore fresh funds have been invested in above only 5 Mutual Funds schemes in the last 3 years. CAGR returns generated by the above infrastructure funds are also an indicator of how the infrastructure sector is performing.

Conclusion

India stands as a paramount example of rapid economic growth, with its vast population, diverse culture, and strategic global positioning. But to sustain and accelerate this momentum, robust infrastructure development is crucial. There can be no better place than India in the world to invest in Infrastructure Sector. Last 10 years have just unleashed India's infrastructure potential may it be Construction, Road & Rail network, Air & Water network, Power & Infra, IT & Digital infrastructure and what's not.

Like any opportunity, infrastructure comes with its challenges. It is one of the most complex sectors of the economy, facing more obstacles than many others. Political and regulatory risks, land acquisition issues, environmental impacts, and the need for huge capital investments are some of the challenges the infrastructure sector faces. However, some players perform best in adverse circumstances. India is one such player, showing the world that despite the global challenges of the past five years, it has not only been resilient but has also emerged as a leader.

So what future lies ahead for India in Infrastructure!! In one sentence, THE JOURNEY OF INFRASTRUCTURE HAS JUST BEGUN IN INDIA. Whatever we have seen in last 10 years in was just a TRAILOR. Infrastructure sector in India has got what it is required, "Pro Infra Government Policy. Infra supportive Government & Infrastructure are like best life partners. India will definitely achieve dream of our Prime Minister of becoming the Developed economy by 2047 if it is supported by current speed of Infrastructure Development.



Performances



Equity Market

Indices	01 st May, 2024	31 st May, 2024	High	Low
BSE S&P SENSEX	74,391.73	73,961.31	76,009.68	71,866.01
NIFTY 50	22,567.85	22,530.70	23,110.80	21,821.05

Mutual Fund

AUM Data of Mutual Fund for the Month of May 2024

(INR. In Lakh Crore)

Particulars	AUM As On 30-04-2024	Fresh Fund Mobilize During May- 24	Redemption During May-24	AUM As On 31-05-2024
Total AUM of all mutual funds scheme	57.53	9.89	8.77	58.65
AUM of equity oriented (growth) schemes	25.06	0.71	0.37	25.40

Source: Association of Mutual Fund of India (AMFI)

Performances

SIP Contribution

(INR. In Crore)

Year	SIP Contribution	SIP AUM
May-2024	20,904	11,52,801

FII & DII Inflow/Outflow Position

FII's selling in the month of May-24 is 0.42 Lakh.

DII's Buying in the month of May-24 is 0.56 Lakh.

Inflow/Outflow position in the month of May 2024

(INR. In Crore)

FII /DII	Gross Purchase	Gross Sale	Net
FII	3.81 Lakh	4.24 Lakh	(0.42)Lakh
DII	2.91 Lakh	2.36 Lakh	0.56 Lakh

