

IL&FS Transportation Networks

Performance Highlights

Quarterly highlights - Consolidated

Y/E March (₹ cr)	2QFY16	1QFY16	2QFY15	% chg (yoy)	% chg (qoq)
Net sales	1,872	1,644	1,502	24.7	13.8
EBITDA	659	530	616	7.1	24.3
Reported PAT	69	3	99	(30.1)	nmf

Source: Company, Angel Research; nmf- Not Meaningful

IL&FS Transportation Networks (ITNL)' consolidated revenues for 2QFY2016 were up 24.7% yoy to ₹1,872cr, reflecting a 38.7% increase in Construction business income to ₹1,223cr. During the quarter, ITNL's revenues benefitted from ₹135.6cr of compensation claim. On adjusting for the same, adj. revenues were up 15.6% yoy to ₹1,736cr. Higher contribution from the low margin Construction business led to a 578bp yoy decline in EBITDA margin to 35.2%. Despite a 7.1% yoy EBITDA growth, higher interest and depreciation expenses led to a 30.1% decline in PAT to ₹69cr. On adjusting for compensation claims, ITNL would have reported adj. losses of ₹66cr.

ITNL reported an order backlog of ₹15,023cr at 2QFY2016-end, which gives revenue visibility for the construction segment for over the next 36 months.

The consolidated debt stood at ₹26,213cr, reflecting a D/E ratio of 4.5x (vs. D/E ratio of 3.7x at 2QFY2015-end, when debt stood at ₹21,177cr).

ITNL's incremental equity requirement towards BOT projects for the next 2-3 years is at ~₹495cr. 8 of the ongoing BOT projects are expected to report Date of Completion (CoD) in the next 12 months, in-turn contributing to FY2016-17E Toll/ Annuity Income.

Outlook and Valuation: Despite ITNL's robust order backlog and strong execution capabilities, we are concerned about its higher consol. D/E ratio, which is eating into profits. Even though ITNL successfully raised ₹740cr through the rights issue recently, we sense this would not be enough to address the Balance sheet concerns, and we believe more needs to be done. The Management continues to pursue strategic initiatives which should lead to debt reduction; however, we believe containing debt within comfortable levels would take more time than is being anticipated by the Management. This could possibly lead to continued pressure on the stock. To capture high leverage and delays in strategic initiatives, we revise down our estimates. We now expect ITNL to report 18.3% top-line and negative 17.6% bottom-line (owing to higher interest expenses) CAGR during FY2015-17E. Using SoTP based valuation methodology, we arrive at FY2017E based price target of ₹97. **Given the limited upside potential from the current levels, we maintain our Neutral rating on the stock.**

Key financials (Consolidated)

Y/E March (₹ cr)	FY13	FY14	FY15E	FY16E	FY17E
Net Sales	6,645	6,587	6,304	7,360	8,825
% chg		(0.9)	(4.3)	16.8	19.9
Net Profit	520	463	444	218	301
% chg		(11.0)	(4.2)	(50.8)	38.1
EBITDA (%)	27.7	28.7	30.8	34.0	35.9
EPS (₹)	29	19	14	7	9
P/E (x)	3.0	4.8	6.2	13.5	9.8
P/BV (x)	0.5	0.4	0.4	0.4	0.4
RoE (%)	14.9	10.6	7.5	3.2	3.7
RoCE (%)	9.7	8.3	6.7	7.3	7.9
EV/Sales (x)	2.4	3.1	4.0	3.8	3.6
EV/EBITDA (x)	8.5	10.8	12.8	11.0	10.1

Source: Company, Angel Research; CMP as of 13 Nov, 2015

NEUTRAL

CMP	₹89
Target Price	-

Investment Period	-
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Stock Info	
Sector	Infrastructure
Market Cap (₹ cr)	2,941
Net debt (₹ cr)	22,736
Beta	1.0
52 Week High / Low	223/84
Avg. Daily Volume	68,265
Face Value (₹)	10
BSE Sensex	25,611
Nifty	7,762
Reuters Code	ILFT.BO
Bloomberg Code	ILFT@IN

Shareholding Pattern (%)	
Promoters	70.8
MF / Banks / Indian Fls	2.5
FII / NRIs / OCBs	7.9
Indian Public / Others	18.8

Abs. (%)	3m	1yr	3yr
Sensex	(8.8)	(8.7)	38.6
ITNL	(23.5)	(51.0)	(49.1)

3-Year Daily Price Chart



Source: Company, Angel Research

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Exhibit 1: Quarterly Performance (Consolidated)

Particulars (₹ cr)	2QFY16	1QFY16	% chg (qoq)	2QFY15	% chg (yoy)	1HFY16	1HFY15	% chg (yoy)
Net Sales	1,872	1,644	13.8	1,502	24.7	3,516	2,922	20.4
Total Expenditure	1,213	1,114	8.8	886	36.9	2,327	1,886	23.4
Cost of materials consumed	67	72	(6.9)	34	96.1	138	60	130.0
Construction Contract Cost	709	677	4.8	499	41.9	1,386	1,124	23.3
Employee benefits Expense	126	109	15.7	118	6.1	234	231	1.2
Other Expenses	311	257	21.1	234	33.1	569	471	20.8
EBITDA	659	530	24.3	616	7.1	1,189	1,036	14.9
EBITDA %	35.2	32.2		41.0		33.8	35.4	
Depreciation	59	58	2.4	43	37.2	117	91	29.0
EBIT	600	472	27.0	572	4.8	1,072	945	13.5
Interest and Financial Charges	585	560	4.6	494	18.4	1,145	946	20.9
Other Income	88	93	(6.0)	71	23.0	181	299	(39.5)
PBT before Exceptional Items	103	6	nmf	150	(31.5)	109	298	(63.5)
Exceptional Items	0	0		0		0	0	
PBT after Exceptional Items	103	6	nmf	150	(31.5)	109	298	(63.5)
Tax Expenses/ (credit) (note)	48	15	221.0	62	(21.7)	63	81	(22.3)
% of PBT	47.0	244.8		41.1		58.2	27.4	
PAT	54	(9)	nmf	88	(38.3)	45	216	(79.0)
Share of profit of Associates (net)	1	(1)	nmf	3	nmf	0	4	nmf
Loss/ (Profit) to Minority Interest	(14)	(13)	nmf	(8)	nmf	(26)	(17)	nmf
PAT after MI, profit share of Associates	69	3	nmf	99	(30.1)	72	237	(69.6)
PAT %	3.7	0.2		6.6		2.0	8.1	
Dil. EPS	1.84	0.84	119.0	3.20	(42.5)	1.00	8.01	(87.5)

Source: Company, Angel Research; Note: nmf- Not Meaningful

Consolidated Business Review

Execution during the quarter gains momentum

Led by stronger execution, ITNL reported a 24.7% yoy increase in its consolidated revenues to ₹1,872cr.

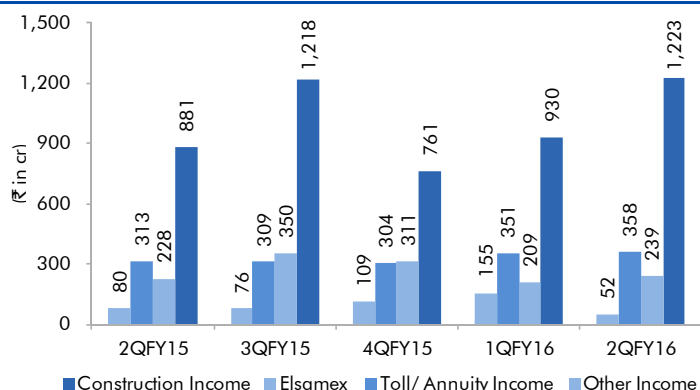
Construction segment revenues during the quarter reported a 38.7% yoy increase to ₹1,223cr. Construction revenues booked during the quarter include compensation claim of ₹135.6cr; adjusting for the same, the segment's revenues grew 23.4% yoy. Construction segment revenues during the quarter were booked from SBEL, CNTL, and BAEL projects.

Elsamex reported 5.0% yoy increase in revenues to ₹239cr, during the quarter. This is against the previous quarter's 6.2% yoy revenue de-growth (owing to forex loss).

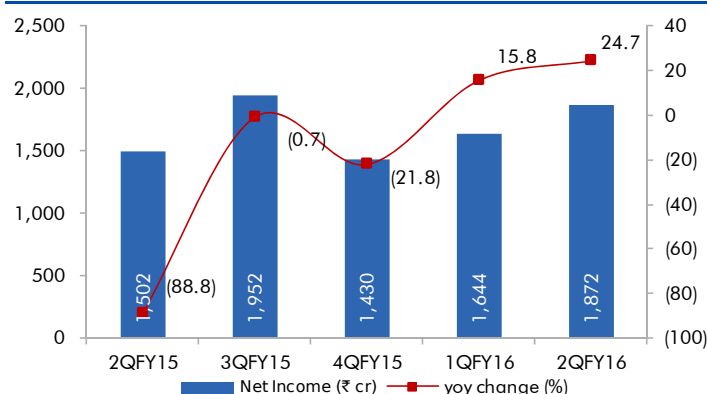
Notably, Toll/ Annuity business reported a 14.6% yoy increase in revenues to ₹358cr.

Also, during the quarter, ITNL reported a 103.7% yoy increase in fee income on account of higher fee bookings from ACEL, FSEL, KNCCL and GRBDCL projects.

On adjusting for compensation claim of ₹135.6cr, 2QFY2016 adj. revenues grew 15.6% yoy to ₹1,736cr.

Exhibit 2: Quarterly Income Split


Source: Company, Angel Research

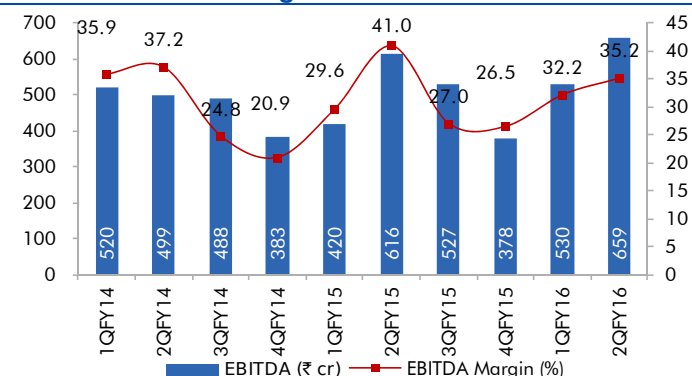
Exhibit 3: Quarterly Net Revenue movement


Source: Company, Angel Research

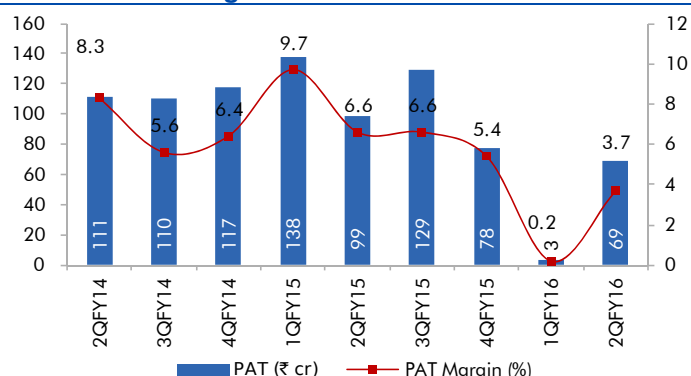
Commencement of Moradabad-Bareilly (MBEL) and Warora Chandrapur (WCBTRL) BOT-Toll projects contributed to 14.6% yoy increase in 2QFY2016 Toll income. The quarter's Toll & Annuity Income also benefitted from (1) 25.8% increase in toll income from Barwa Adda (to avg. per day toll of ₹0.15cr), (2) 22.6% increase in toll income from Baleshwar-Kharagpur (to avg. per day toll of ₹0.15cr), (3) 13.6% increase in toll income from Ahmedabad Mehsana (to avg. per day toll of ₹0.22cr) and (4) 13.0% increase in toll income from Pune-Solapur (to avg. per day toll of ₹0.20cr). These 4 BOT-Toll projects together contributed 16% of the total 2QFY2016 toll income.

EBITDA margins decline to 35.2%

Shift in revenue mix, where higher contribution of the low margin Construction business was seen during the quarter, led to 578bp yoy EBITDA margin contraction to 35.2%. On adjusting for compensation claim, the EBITDA margin of the company in 2QFY2016 stood at 28%. EBITDA margin contraction on a yoy basis was owing to a 23.4% rise in material expenses which grew 96.1% (to ₹67cr), and with Construction expenses growing 41.9% (to ₹709cr).

Exhibit 4: EBITDA margins decline to 35.2%


Source: Company, Angel Research

Exhibit 5: PAT margins decline to 3.7%


Source: Company, Angel Research

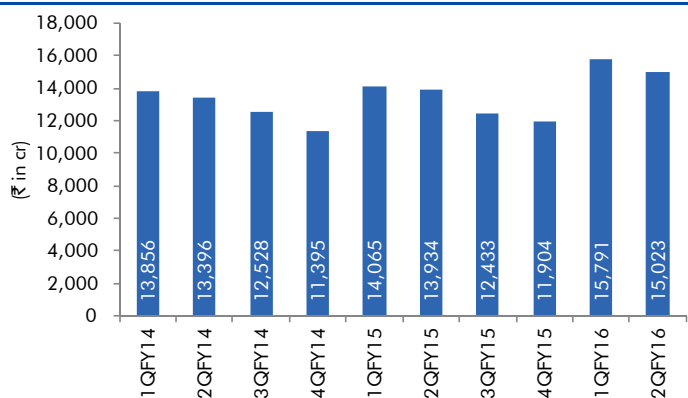
Higher interest & depreciation exp. led to yoy PAT decline

Despite 7.1% yoy EBITDA growth, the reported PAT declined sharply from ₹99cr in 2QFY2015 to ₹69cr in 2QFY2016, mainly on account of higher interest (up 18.4% yoy to ₹585cr) and depreciation (up 37.2% yoy to ₹59cr) expenses. PAT margins declined from 6.6% in 2QFY2015 to 3.7% in 2QFY2016. On adjusting for compensation claim, ITNL incurred losses of ₹66cr. Further, increase in yoy interest expense is owing to draw-down of already sanctioned debts towards the projects under construction. Increase in yoy depreciation expense is due to commencement of operations at MBEL, WCBTRL, and some of the check-posts at MPBCDCL.

Strong Order backlog of ₹15,023cr gives better revenue visibility

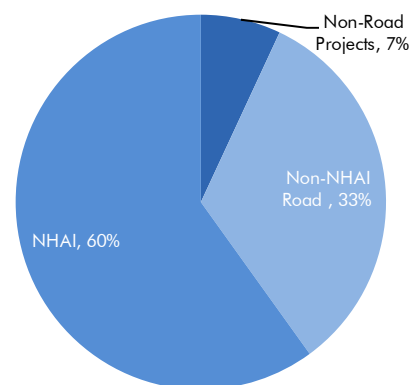
ITNL at 2QFY2016-end reported an order backlog of ₹15,023cr, which gives revenue visibility for the Construction segment for over the next 36 months.

Exhibit 6: Order Book



Source: Company, Angel Research

Exhibit 7: Order Book Split at 2QFY2016-end (in %)



Source: Company, Angel Research

ITNL to-date in FY2016 has reported 4 BOT project order wins. These include:

- 4-laning of 141kms stretch between Fagne-Gujarat/ Maharashtra Border (Package-III, NH-6) on BOT (Toll) basis.
- 4-laning of 194kms stretch between Amravati-Chikhli (Package-I, NH-6) on BOT (Toll) basis.
- 6-laning of 23.5kms stretch between Ranchi Ring Road, section VII from Kathitanr to Karma on BOT basis.
- Upgrade 2 road projects, (i) Bandri-Jaruwakheda, Nirtala-Mandi-Bamora and Damoh-Hindoriya-Patera section covering 76.23 kms, (ii) Pachawali-Rannod, Rannod-Pichhore, Bhasula-Chainpur, Vijaypur-Dhanrawad and Ashok Nagar-Thubon section on performance based contract.

Also, ITNL indicated healthy bid-pipeline of ~₹15,018cr, with a major ~₹11,569cr of it being at RFQ stage. Notably, ~66% of the bid pipeline highlighted by the company is from NHAI.

Exhibit 8: 1QFY2016E Bid Pipeline details

Particular (₹ cr)	RFP Stage	RFQ Stage
NHAI Projects	3,170	6,748
State Highway Projects	280	4,821
MoRTH Projects	0	0
NHAI EPC Projects	0	0
Metro Transportation Corp. Project	0	0
Total Bid Pipeline	3,450	11,569

Source: Company, Angel Research

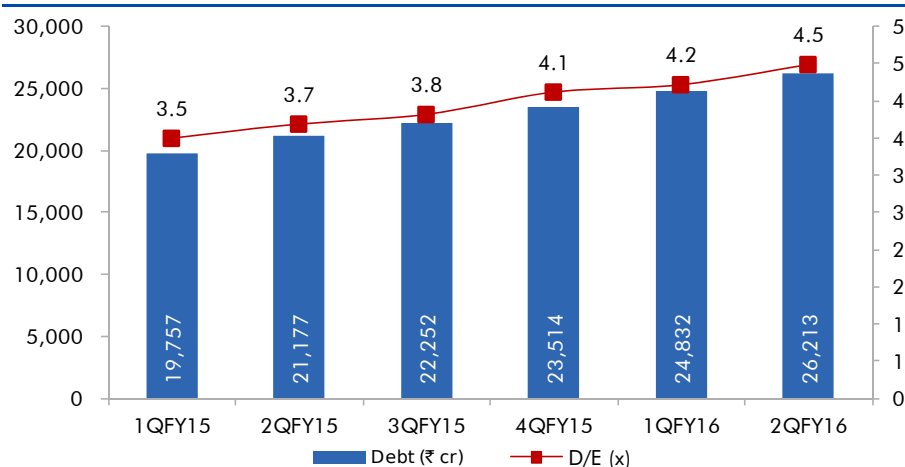
Update on BOT Projects

ITNL in YTD FY2016 has reported receipt of Provisional Completion Certificate (CC)/ Commercial Operations Date (CoD) for 8 stretches of the MP Border check post project, including, (1) Sagar-Lalitpur Border check post, (2) Nawgaon-Jhansi Checkpost (S-4) Border check post, (3) Venkatnagar (SS-2) Border check post, (4) Sendhwa-Khetia Border check post, (5) Ujjain-Jhalawar Border check post, (6) Balaghat-Gondia Border check post. With these stretches getting operational, the total count of operational stretches has gone up to 2 Central Control Facility and 19 Border Checkpost (of the total 20 check posts).

SBHL has received provisional completion certificate as on Oct 10, 2015. JSEL has applied for Completion Certificate.

Financial Health of the company

ITNL reported consolidated debt of ₹26,213cr, reflecting D/E ratio of 4.5x (vs. D/E ratio of 3.7x at 2QFY2015-end with debt of ₹21,177cr). ~5% surge in qoq D/E ratio is owing to draw-down of already sanctioned debt towards projects under construction.

Exhibit 9: Consolidated Debt & D/E Ratio


Source: Company, Angel Research

ITNL reported interest coverage ratio at 1.2x (vs 1.3x reported in 2QFY2015). Such lower interest coverage ratio is owing to longer gestation of BOT projects executed and many of them being under the investment phase.

As of 2QFY2016-end, ITNL needs ₹495cr as equity investment towards BOT projects in its pipeline (to-date equity invested in BOT projects stands at ~₹5,218cr). In addition, new project wins (where FC is yet to be done), would further add to the above-mentioned equity requirements.

The Management is working on the following strategic initiatives to raise equity for BOT projects in the pipeline, (1) raise preference equity (passed board resolution to raise ₹750cr), (2) sell stake in some of the operational BOT projects, and (3) securitize some of the operating BOT projects.

Even though ITNL's Management indicated that these initiatives would unfold by Mar-2016, we expect possible delays in some of the targeted events unfolding. In Nov-2015, ITNL successfully raised ₹740cr through a Rights issue. The Management highlighted that money raised from the rights issue would be majorly used towards debt repayment. On considering the Management's strategic initiatives, and debt draw-down plan for SPVs, we expect debt to continue to be at current levels by FY2016-end. Despite the fund raising exercise, we sense that ITNL would experience near-term pain, as high leverage would continue to eat into their profitability. On the whole, we expect a majority of the funding issues to be addressed in FY2017E, thereby leading to alleviation in Balance Sheet stress, going forward.

Future Funding requirements

ITNL's Management highlighted that additional equity requirement towards existing BOT projects are to the tune of ~₹495cr (majorly to be invested in next 2-3 years).

8 of the ongoing BOT projects are expected to get Date of Completion (CoD) in the next 12 months, thereby adding to the Toll/ Annuity income in FY2016/2017E.

Exhibit 10: BOT Projects Scheduled CoD

BOT Projects	Scheduled CoD
BAEL	Sep-2016
TRDCL III	Nov-2015
CNTL	May-2016
MPBCDCL	Jan-2016
RIDCOR III	Jun-2016
SBEL	Nov-2015
KSEL	Aug-2016
KNC	Nov-2016

Source: Company, Angel Research

Outlook & Valuation

A major part of the ₹740cr raised through the Rights issue recently, would be majorly used towards debt repayment. Considering (1) equity requirements of ₹495cr towards existing projects (currently being met through the standalone entity debt), (2) additional financing requirements towards recently won projects, and (3) 8 more projects expected to commence operations in the next 12 months, there probably exists requirement for incremental debt as well as equity requirements.

Anticipating future funding requirements, ITNL in its recent board meeting passed resolution to (1) increase the borrowing limits of the company (from ₹9,000cr to ₹11,000cr), and (2) allow issuance of ₹750cr of preference shares. Considering projects in the pipeline and their current funding requirements (unless the strategic initiatives highlighted by the Management gain traction), the company should continue to face near term funding issues, which will continue to keep the balance sheet under stress. On capturing the impact of the recent rights issue, we increase our FY2016/17E PAT estimates by 541.2% and 142.7%, respectively.

Exhibit 11: Earnings Revision

Y/E March (₹ cr)	FY2016E			FY2017E		
	Old	New	Chg (%)	Old	New	Chg (%)
Net Sales	7,360	7,360	0.0	8,825	8,825	0.0
EBITDA	2,503	2,503	0.0	3,168	3,168	0.0
<i>EBITDA Margins (%)</i>	34.0	34.0		35.9	35.9	
PAT	34	218	541.2	124	301	142.7
<i>PAT Margins (%)</i>	0.5	3.0		1.4	3.4	

Source: Angel Research

Maintain Neutral view on ITNL with revised price target of ₹97

Despite ITNL's robust order backlog and strong execution capabilities, we are concerned about its higher consol. D/E ratio, which is eating into profits. Even though money raised from the rights issue has been used to repay debt, new projects would require debt funding, which should again lead to increase in debt levels. The Management is working on strategic initiatives to reduce debt, which in our view could take a few quarters to materialize. Till then, ITNL's profitability would be impacted due to higher interest expenses, given their levered balance sheet status.

With more visibility from the order book, we view that any news flow on order wins would not lead to upward re-rating of the stock. It is more of actions taken by the Management in de-levering the balance sheet which should lead to upwards re-rating of the stock. Till the time more visibility comes on the Balance Sheet de-leveraging process, we expect the stock to remain under pressure.

We have used sum-of-the-parts (SOTP) valuation method to arrive at a target price for ITNL. Considering increase in leverage, we have valued the construction business at an EV/EBITDA of 4x FY2017E EBITDA, and the BOT projects (inclusive of YuHe Expressway & Metro Rail) on FCFE basis at a Cost of Equity of 16%. Also, we have valued Elsamex, and their Surface Transportation Projects (other than road projects) using P/BV multiple. On adding up all the projects' value, we arrive at a SOTP-based target price of ₹97. **Given that all the positives are captured in the current stock price, we maintain our NEUTRAL rating on stock.**

Exhibit 12: Derivation of SOTP-based target price for ITNL (FY2017E)

Particulars	Segment	FY17E Std. EBITDA (₹ cr)	Target Multiple	Target Value (₹ cr)	Value/ share (₹)	% of SoTP	Basis
ITNL's construction business	Construction	747	4	2,987	91	93.3	EV/EBITDA of 4x
Total				2,987	91	93.3	
Particulars	Proj. Type	Discounted FCFE (₹ cr)	Project Stake	Adj. FCFE Value (₹ cr)	Value/ share (₹)	% of SoTP	Basis
Road BOT projects							
Noida Toll Bridge	Toll	552	25%	138	4	4.3	NPV at CoE of 16%
Gujarat Toll Roads	Toll	770	42%	323	10	10.1	NPV at CoE of 16%
West Gujarat Expressway	Toll	197	100%	197	9	9.6	NPV at CoE of 16%
RIDCOR Phase-I & II	Toll	1,683	50%	842	26	26.3	NPV at CoE of 16%
Beawar-Gomti	Toll	400	100%	400	12	12.5	NPV at CoE of 16%
Pune Sholapur	Toll	59	100%	59	2	1.8	NPV at CoE of 16%
Moradabad Bareilly	Toll	840	100%	840	26	26.2	NPV at CoE of 16%
Chandrapur Warora	Toll	273	35%	96	3	3.0	NPV at CoE of 16%
Narkatpally Addanki	Toll	289	50%	144	4	4.5	NPV at CoE of 16%
Kiratpur Ner-Chowk	Toll	1,073	100%	1,073	33	33.5	NPV at CoE of 16%
Sikar Bikaner	Toll	200	100%	200	6	6.3	NPV at CoE of 16%
Baleshwar Kharagpur	Toll	13	100%	13	0	0.4	NPV at CoE of 16%
North Karnataka Expressway	Annuity	163	94%	153	5	4.8	NPV at CoE of 16%
Thiruvananthapuram Phase - I & II	Annuity	(7)	50%	(4)	(0)	(0.1)	NPV at CoE of 16%
AP Expressway	Annuity	(2)	100%	(2)	(0)	(0.1)	NPV at CoE of 16%
Hyderabad Ring Road	Annuity	124	26%	32	1	1.0	NPV at CoE of 16%
East Hyderabad Expressway	Annuity	88	74%	65	2	2.0	NPV at CoE of 16%
Hazaribagh Ranchi Expressway	Annuity	110	74%	81	2	2.5	NPV at CoE of 16%
Jharkhand roads Ph-I & II	Annuity	679	100%	679	21	21.2	NPV at CoE of 16%
Chenani Nashri	Annuity	793	100%	793	24	24.8	NPV at CoE of 16%
Jorabat Shillong	Annuity	237	50%	118	4	3.7	NPV at CoE of 16%
Total		8,642		6,350	193	198.3	
Elsamax		295	1.0	295	9	9.2	Valued at 1x its BV
YuHe Expressway	Toll	177	49%	87	3	2.7	NPV at CoE of 16%
Vansh Nimay Infraprojects		16	1.0	16	0	0.5	Valued at 1x its BV
Metro Rail Gurgaon	FCFE	326	59%	194	6	6.0	NPV at CoE of 16%
MP Entry Point project		203	51%	103	3	3.2	Valued at 1x its BV
Other Investments		145	1.0	145	4	4.5	Valued at 1x its BV
Net Debt- FY2016E				(6,975)	(212)	(217.9)	Standalone Net Debt
Grand Total				3,201	97	100.0	
No. of shares					33		
Upside					9%		
CMP					89		

Source: Company, Angel Research

Investment arguments

Market leader in the growing BOT space: ITNL is a surface transport player, with an established track record of successfully bidding, developing and operating road BOT projects on a commercial basis. ITNL was one of the first movers in the road development segment. The company bagged Noida Toll bridge project in 1998. Since then, it has come a long way and has built sizeable portfolio currently. The company has one of the largest BOT portfolios in India, encompassing 31 road projects covering 14,667 lane kms spread across 16 states. Their 2QFY2016 order book at ₹15,023cr, gives construction segments revenue visibility for over the next 36 months.

Pan-India presence: ITNL has 31 BOT Road projects well spread across 16 states in India. The company has decent exposure to state highways, which differentiates it from peers. The one major advantage that state highway projects enjoy over national highways is that they can be bundled with land, making the projects viable. Such diversification strategy prevents the company from any fluctuation in the revenue stream given its limited exposure to any one region or project.

Hedged revenue stream: We believe ITNL has a hedged road BOT asset portfolio currently, as it is bifurcated into toll and annuity projects in revenue terms, thereby reducing its dependence on traffic-related revenue inflow. Recent project win from Kenyan BOT-Annuity project strengthens our view that going forward too, ITNL would continue to have a balanced revenue mix of Annuity and Toll.

ITNL's levered BS puts it in a tough spot: ITNL is currently sitting on a consol. D/E ratio of 4.5x (reflecting debt of ₹26,213cr). On considering, (1) equity requirement of ₹495cr towards existing BOT projects, (2) 8 BOT projects expected to commence operations in the next 12 months, and (3) their levered Balance Sheet status, we are of view that the growth for the company would not flow down entirely to the PAT level, as higher interest expenses would eat into the EBITDA. Hence, till the time more visibility emerges on the Balance Sheet de-leveraging process, we expect the profitability to be under pressure.

Key concerns

Even though expectations are high for allocation towards Roads and Highways vertical in the upcoming budget, any slowdown in the award activity from NHAI could affect road-focused players such as ITNL.

ITNL has faced execution delays across few projects. Prolonged delays in project execution beyond the time schedule could act as risk to our estimates.

BOT projects are inherently highly-levered projects. Hence, delays in the correction of interest rates than our expectations could be a risk to our assumptions.

The Management has highlighted plans to pursue fund raising / strategic initiatives which should materialize in the next 2-3 quarters. Any delays beyond that could act as a risk to our estimates.

Company background

ITNL promoted by IL&FS was incorporated in Nov 2000. Over the years, ITNL emerged as the largest Surface Transportation Infrastructure Company in Indian. ITNL is involved in the development, operations and maintenance of surface transportation infrastructure projects encompassing national and state highways, roads, tunnels, flyovers and bridges. The company performs a range of project development activities from project conceptualization to commissioning and commencement of commercial operations. ITNL has presence in various surface transportation sub-sectors, such as urban transportation, railways, border check posts and parking complexes.

Profit & Loss Statement (Consolidated)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16E	FY17E
Net Sales	6,645	6,587	6,304	7,360	8,825
% Chg		(0.9)	(4.3)	16.8	19.9
Total Expenditure	4,807	4,697	4,362	4,858	5,657
Cost of Materials Consumed	156	227	242	221	247
Construction Contract Cost	3,423	2,984	2,599	3,202	3,733
Employee benefits Expense	382	414	459	449	525
Other Expenses	846	1,072	1,063	986	1,152
EBITDA	1,838	1,890	1,941	2,503	3,168
% Chg		2.8	2.7	28.9	26.6
EBITDA %	27.7	28.7	30.8	34.0	35.9
Depreciation	94	151	152	238	401
EBIT	1,743	1,739	1,789	2,265	2,767
% Chg		(0.3)	2.9	26.6	22.2
Interest and Financial Charges	1,119	1,471	1,833	2,391	2,735
Other Income	144	215	525	383	306
PBT	768	483	481	256	337
Tax	227	27	80	54	78
% of PBT	29.6	5.5	16.7	21.0	23.0
PAT before Extraordinary item	541	457	400	202	260
Extraordinary item	0	0	0	0	0
PAT before Minority Interest	541	457	400	202	260
Minority Interest	(25)	1	(29)	(24)	(49)
Share of Profit/ (Loss) of Associates	5	5	15	(8)	(7)
PAT after MI, profit share from Assoc.	520	463	444	218	301
% Chg		(11.0)	(4.2)	(50.8)	38.1
PAT %	7.8	7.0	7.0	3.0	3.4
Diluted EPS	29	19	14	7	9
% Chg		(36.5)	(23.2)	(53.7)	38.1

Balance Sheet (Consolidated)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16E	FY17E
Sources of Funds					
Equity Capital	194	571	623	705	705
Reserves Total	3,446	4,433	5,096	6,068	6,487
Networth	3,640	5,004	5,719	6,773	7,192
Minority Interest	358	459	291	291	291
Total Debt	14,359	18,817	23,514	25,994	30,394
Deferred Tax Liability	243	199	108	108	108
Total Liabilities	18,599	24,478	29,632	33,166	37,985
Application of Funds					
Gross Block	10,190	14,282	17,438	18,630	21,690
Accumulated Depreciation	580	795	947	1,185	1,587
Net Block	9,610	13,487	16,491	17,444	20,103
Capital WIP	48	50	70	60	50
Investments	687	469	663	708	743
Goodwill	523	575	581	581	581
Current Assets					
Inventories	17	17	14	20	23
Sundry Debtors	752	988	1,126	1,109	1,257
Cash and Bank Balance	420	671	777	1,295	1,225
Loans, Advances & Deposits	1,417	2,076	2,377	2,660	3,045
Other Current Asset	7,105	8,782	10,838	12,510	14,362
Current Liabilities	1,991	2,655	3,323	3,240	3,424
Net Current Assets	7,720	9,879	11,808	14,353	16,488
Deferred Tax Asset	11	18	20	20	20
Total Assets	18,599	24,478	29,632	33,166	37,985

Cash Flow Statement (Consolidated)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16E	FY17E
Profit before tax	768	483	481	256	337
Depreciation & Amortization Exp.	109	161	164	253	417
Other non-Cash Expenses	(91)	(119)	(58)	165	(375)
Change in Working Capital & Oth. Adj.	1,320	1,522	(1,628)	(1,724)	(1,443)
Cash Generated from Operations	2,106	2,048	(1,042)	(1,050)	(1,063)
Direct taxes paid	(158)	(251)	(155)	(211)	(142)
Net Cash Flow from Operations	1,947	1,797	(1,197)	(1,261)	(1,205)
(Inc)/ Dec in Fixed Assets	(3,057)	(3,196)	(3,176)	(1,182)	(3,050)
(Inc)/ Dec in Investments	(234)	(60)	(193)	(45)	(35)
(Inc)/ Dec in Other Investing Cash Flows	(1,806)	(868)	(231)	(250)	(150)
Cash Flow from Investing	(5,097)	(4,123)	(3,600)	(1,477)	(3,235)
Issue/ (Buy Back) of Equity	0	746	525	740	0
Inc./ (Dec.) in Loans	2,813	1,509	4,697	2,480	4,400
Dividend Paid (Incl. Tax)	(91)	(94)	(116)	(110)	(175)
Other Financing Cash Flows	507	276	(144)	145	145
Cash Flow from Financing	3,230	2,437	4,963	3,255	4,370
Inc./ (Dec.) in Cash	80	111	166	517	(70)
Opening Cash balance & Oth. Adj.	278	500	611	777	1,295
Closing Cash balances	358	611	777	1,295	1,225

Key Ratios (Consolidated)

Y/E March	FY13	FY14	FY15E	FY16E	FY17E
Valuation Ratio (x)					
P/E (on FDEPS)	3.0	4.8	6.2	13.5	9.8
P/CEPS	2.7	3.6	4.0	6.7	4.4
Dividend yield (%)	2.1	2.7	2.4	2.1	2.5
EV/Sales	2.4	3.1	4.0	3.8	3.6
EV/EBITDA	8.5	10.8	12.8	11.0	10.1
EV / Total Assets	0.8	0.8	0.8	0.8	0.8
Per Share Data (₹)					
EPS (fully diluted)	29.4	18.7	14.3	6.6	9.2
Cash EPS	32.7	24.6	22.4	13.4	20.1
DPS	4.0	5.1	4.0	3.5	4.0
Book Value	187	203	232	206	219
Returns (%)					
RoCE (Pre-tax)	9.7	8.3	6.7	7.3	7.9
Angel RoIC (Pre-tax)	9.7	7.3	6.1	6.9	7.4
RoE	14.9	10.6	7.5	3.2	3.7
Turnover ratios (x)					
Asset Turnover (Gross Block) (X)	0.2	0.2	0.1	0.1	0.2
Inventory / Sales (days)	1	1	1	1	1
Receivables (days)	41	48	61	55	49
Payables (days)	84	90	109	95	95
Leverage Ratios (x)					
D/E ratio (x)	3.9	3.8	4.1	3.8	4.2
Interest Coverage Ratio (x)	1.6	1.2	1.0	0.9	1.0

Note- nmf- Not meaningful

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Disclosure of Interest Statement

	ITNL
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

Ratings (Based on expected returns over 12 months investment period):	Buy (> 15%)	Accumulate (5% to 15%) Reduce (-5% to -15%)	Neutral (-5 to 5%) Sell (< -15)
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