

## IL&FS Transportation Networks (ITNL)

### Performance Highlights

#### Quarterly highlights - Consolidated

Y/E March (₹ cr)	1QFY17	1QFY16	% chg (yoy)
Net sales	937	905	3.6
EBITDA	30	56	(47.0)
Reported PAT	18	(19)	nmf

Source: Company, Angel Research; nmf- Not Meaningful

IL&FS Transportation Networks (ITNL) in 1QFY2017 has not reported consol. numbers as it is in process of migrating to Ind-AS. Despite strong execution, sharp decline in yoy Fee and O&M income led ITNL report 3.6% increase in standalone revenues. High contribution of low margin construction business was seen during in 1QFY2017 (construction/ material expenses reported 19.5/11% yoy increase). As a result, yoy EBITDA margins contracted 302bps to 3.2%. Despite 47% yoy EBITDA decline, reported PAT turned-around on yoy basis to ₹18cr profit in 1QFY2017, owing to strong other income (up 75.9% yoy to ₹344cr). Other income benefitted from ₹102cr of profit booked from 15% stake sale in Gujarat Road & Infrastructure Company Ltd. (GRICL).

ITNL reported order backlog of ₹13,758cr at 1QFY2017-end, which gives construction segment revenue visibility for 36+ months. Consolidated debt in our view stood at ₹28,650cr, reflecting D/E of 4.4x. ITNL's equity requirement towards BOT projects for FY2017-18E stands at ~₹673cr. 3 BOT projects are to report Date of Completion (CoD) in next few months, in-turn contributing FY2017-18E Toll/ Annuity Income.

**Outlook and Valuation:** In recent time we have seen management offloading stake in 2 operational BOT projects. ITNL management announced that they intend to offload 3-4 BOT projects, worth ₹5,000cr in to an Infrastructure Investment Trust (InvIT). As per a recent board meeting outcome, ITNL would issue ₹5,000cr of Non-Convertible Debentures (NCDs), where current 12% debt cost would be re-financed sub-10% levels, thereby saving ~300bps on interest expenses level. All these initiatives would de-leverage Balance sheet and improve the profitability. We earlier upgraded ITNL to BUY with price target of ₹93, in anticipation of lowering of consol. BS stress and likely improvement in interest coverage ratio. Since our BUY recommendation, ITNL stock has run-up and our price target is attained. **In absence of ITNL's consolidated financials, we downgrade to NEUTRAL view on the stock.**

#### Key financials (Consolidated)

Y/E March (₹ cr)	FY14	FY15	FY16	FY17E	FY18E
Net Sales	6,587	6,304	7,947	8,946	10,017
% chg	(0.9)	(4.3)	26.1	12.6	12.0
Net Profit	463	444	232	266	299
% chg	(11.0)	(4.2)	(47.7)	14.5	12.6
EBITDA (%)	28.7	30.8	30.8	31.0	31.6
EPS (Rs)	19	14	7	8	9
P/E (x)	4.9	6.4	13.0	11.3	10.1
P/BV (x)	0.5	0.4	0.4	0.4	0.4
RoE (%)	10.6	7.5	4.3	4.2	5.0
RoCE (%)	8.3	6.7	6.8	6.8	7.2
EV/Sales (x)	3.1	3.9	3.7	3.7	3.4
EV/EBITDA (x)	10.8	12.8	12.2	11.8	10.7

Source: Company, Angel Research; CMP as of 14 Sep, 2016

## NEUTRAL

CMP	₹91
Target Price	-

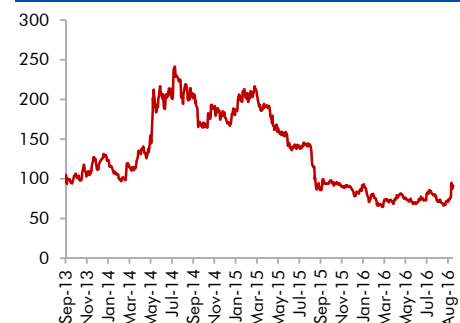
Investment Period	-
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Stock Info	
Sector	Infrastructure
Market Cap (₹ cr)	3,008
Net debt (₹ cr)	26,768
Beta	0.8
52 Week High / Low	102/64
Avg. Daily Volume	973,974
Face Value (₹)	10
BSE Sensex	28,372
Nifty	8,727
Reuters Code	ILFT.BO
Bloomberg Code	ILFT@IN

Shareholding Pattern (%)	
Promoters	73.2
MF / Banks / Indian FIs	0.7
FII / NRIs / OCBs	7.2
Indian Public / Others	18.9

Abs. (%)	3m	1yr	3yr
Sensex	7.0	9.3	43.7
ITNL	20.0	(4.1)	(12.8)

#### 3-Year Daily Price Chart



Source: Company, Angel Research

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**Exhibit 1: Quarterly Performance (Standalone)**

Particulars (₹ cr)	1QFY17	1QFY16	% chg (yoy)
<b>Net Sales</b>	<b>937</b>	<b>905</b>	<b>3.6</b>
<b>Total Expenditure</b>	<b>908</b>	<b>849</b>	<b>6.9</b>
Cost of materials consumed	15	13	11.0
Construction Contract Cost	780	653	19.5
Employee benefits Expense	15	12	23.8
Other Expenses	99	172	(42.4)
<b>EBITDA</b>	<b>30</b>	<b>56</b>	<b>(47.0)</b>
EBITDA %	3.2	6.2	
Depreciation	2	2	(6.6)
<b>EBIT</b>	<b>27</b>	<b>54</b>	<b>(48.9)</b>
Interest and Financial Charges	331	281	17.9
Other Income	344	196	75.9
<b>PBT before Exceptional Items</b>	<b>40</b>	<b>(32)</b>	<b>nmf</b>
Exceptional Items	0	0	
<b>PBT after Exceptional Items</b>	<b>40</b>	<b>(32)</b>	<b>nmf</b>
Tax Expenses/ (credit) (note)	22	(13)	nmf
% of PBT	55.5	41.6	
<b>PAT</b>	<b>18</b>	<b>(19)</b>	<b>nmf</b>
PAT %	1.9	(2.1)	
Comprehensive Income	0	1	nmf
<b>Total Comprehensive Income</b>	<b>18</b>	<b>(18)</b>	<b>nmf</b>
Dil. EPS	0.54	(0.76)	nmf

Source: Company, Angel Research; Note: nmf- Not meaningful; \*Reported as per Ind AS, FY2016 numbers & other remaining quarters continue to be reported as per Indian GAAP; It needs to be noted that yoy growth for FY2017E is not comparable as FY2016 continues to be reported under Indian GAAP

## Update on Consolidated business

ITNL in 1QFY2017 has not reported consolidated numbers as it is in the process of migrating to Ind-AS (Accounting Standards). Management indicated that it would report consolidated numbers from 4QFY2017E onwards.

## Update on Standalone business

### Despite strong execution, low Fee income restricts yoy sales growth

ITNL reported standalone numbers which are in compliance with the new Ind-AS. Weak Fee income led ITNL report just 3.6% yoy increase in revenues to ₹937cr. Reported 1QFY2017 revenues are below our estimate. Construction income grew 22.1% yoy to ₹884cr, with revenues booked from CNTL, KSEL, RMGSL and BAEL projects.

ITNL reported sharp yoy decline in fee income to ₹18cr (vs ₹156cr in 1QFY2016). Higher O&M income was seen in 1QFY2016 on a/c of overlaying activities. In absence of such works in 1QFY2017, ITNL witnessed sharp fall in O&M income.

### EBITDA margins decline to 3.2%

Shift in revenue mix, where high contribution of low margin Construction business was seen during the quarter, led to 302bp yoy EBITDA margin contraction to 3.2%. EBITDA margin contraction on yoy basis was owing to 19.5% rise in construction contract expenses (to ₹780cr), and 11% increase in material expenses (to ₹15cr). Increase in yoy construction expenses is owing to ongoing works at BAEL, CNTL and RMGSL, amongst other project.

### High other income led to yoy PAT turn-around

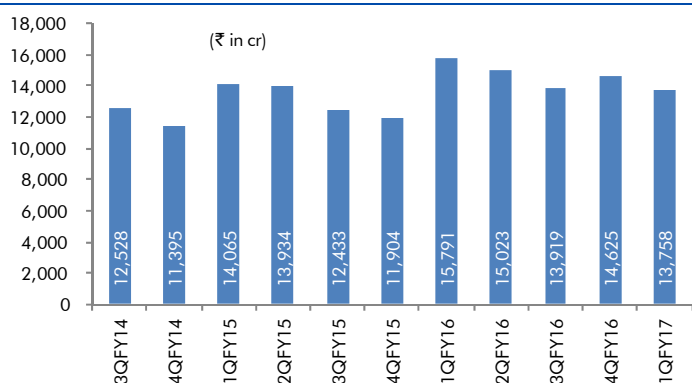
Despite 47.0% yoy EBITDA decline, PAT turned-around on yoy basis from ₹19cr loss in 1QFY2016 to ₹18cr profit in 1QFY2017, owing to strong other income (up 75.9% yoy to ₹344cr). ITNL reported PAT margins of 1.9% in 1QFY2017 (vs. 2.1% loss margins in 1QFY2016). Other income in 1QFY2017 benefitted from ₹102cr of profit booked from 15% stake sale in Gujarat Road & Infrastructure Company Ltd. (GRICL), an operational BOT road project. Increase in yoy Loans & Advances (at ~₹3,200cr) also contributed to higher other income numbers in 1QFY2017.

Notably, interest expenses of ITNL increased 17.9% yoy to ₹331cr, reflecting increase in standalone debt. Standalone debt increased 15.5% yoy from ₹8,052cr in 1QFY2016 to ₹9,296cr in 1QFY2017.

### Strong Order backlog of ₹13,758cr gives better revenue visibility

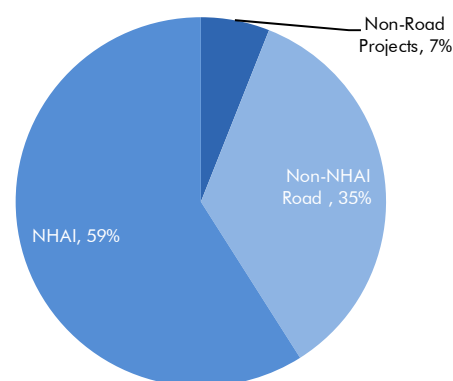
ITNL at 1QFY2017-end reported order backlog of ₹13,758cr, which gives Construction segment revenue visibility for over 36+ months.

**Exhibit 2: Order Book stands at ₹13,758cr**



Source: Company, Angel Research

**Exhibit 3: Order Book Split at 1QFY2017-end...**



Source: Company, Angel Research

ITNL to-date has reported 6 Infrastructure project wins since FY2016 beginning. Details of these projects are as follows:

- 4-laning of 141km stretch between Fagne-Gujarat/ Maharashtra Border (Package-III, NH-6) on BOT (Toll) basis.
- 4-laning of 194km stretch between Amravati-Chikhli (Package-I, NH-6) on BOT (Toll) basis.
- 6-laning of 23.5km 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 76.2km, (ii) Pachawali-Rannod, Rannod-Pichhore, Bhasula-Chainpur, Vijaypur-Dhanrawad and Ashok Nagar-Thubon section on performance based contract.
- Development of Commercial Area and Automated Car Park of approx. 1200 car spaces on DBFOT Basis including right to collect revenue from the project for a period of 30 years in the Middle East.
- Ethiopian Roads Authority has awarded ITNL and Elsamex (a wholly owned subsidiary of ITNL) joint venture Design, Improvement Works and Management and Maintenance Services of (i) Nekempte-AngerGutin-Andhode Road Section (86.1km), (ii) Agamsa-Bure Road Section (84.6km) on an Output and Performance Based Road Contract (OPRC) for approx. contract value of ₹1,524.7cr. This project is for a period of 8 years.

ITNL indicated healthy bid-pipeline of ~₹45,990cr, with a major ~₹30,768cr of it being at RFP stage. Notably, ~29% of bid pipeline highlighted is from NHAI.

#### Exhibit 4: 1QFY2017 Bid Pipeline details

Particular (₹ cr)	RFP Stage	RFQ Stage
NHAI Projects	5,990	7,523
State Highway Projects	14,212	6,264
MoRTH Projects	9,090	0
NHAI EPC Projects	0	0
Metro Transportation Corp. Project	1,476	1,435
<b>Total Bid Pipeline</b>	<b>30,768</b>	<b>15,222</b>

Source: Company, Angel Research

#### Update on per day income of the BOT Projects

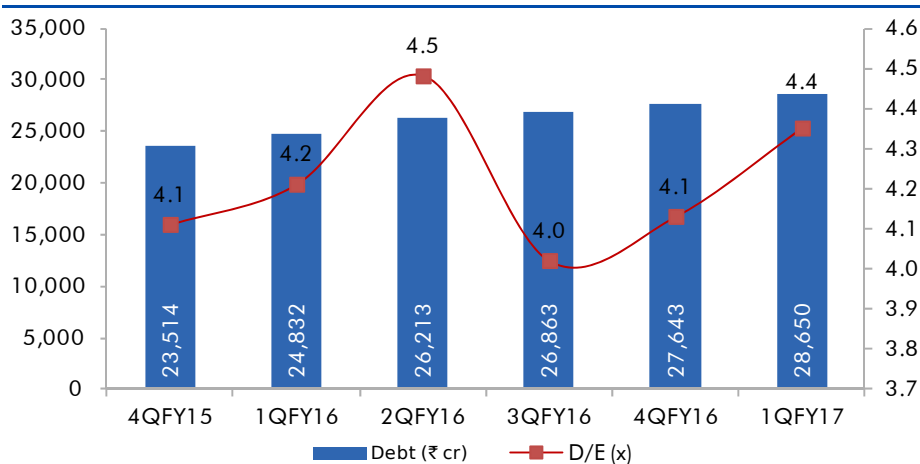
Cumulative Toll income (on per day basis) of the road projects portfolio, reported 16.6% yoy increase in per day Toll income to ₹5.4cr. Notably 4 of them reported impressive yoy growth, inclusive of, (1) 41.6% increase in per day toll income at RIDCOR-Mega Highway project (to avg. per day toll of ₹0.98cr), (2) 14.1% increase in Baleshwar Kharagpur BOT project (to avg. per day toll of ₹0.17cr), (3) 38.9% yoy increase in Pune Solapur BOT project (to avg. per day toll of ₹0.30cr) and (4) 22.7% yoy increase in Barwa Adda BOT project (to avg. per day toll of ₹0.20cr). These 4 BOT-Toll projects together contributed 30% of total 1QFY2017 toll income.

1QFY2017 Annuity income per day benefitted from contribution of JSEL BOT project on yoy basis.

## Financial Health of the company

Management highlighted that ITNL has ended the quarter with similar debt levels as it was in the previous quarter. Considering the 3.4% qoq increase in 1QFY2017 standalone debt (to ₹9,296cr), we expect consol. debt to be at ₹28,650cr, reflecting consol. D/E ratio of 4.4x.

**Exhibit 5: Consolidated Debt & D/E Ratio**



Source: Company, Angel Research

As of 1QFY2017-end, ITNL management in concall highlighted that they require ₹1,007cr as equity investment towards BOT projects (to-date equity invested in BOT project stands at ~₹5,300cr). Of the required ₹1,007cr equity, ₹454cr is to be deployed in remaining 3 quarters of FY2017E and ₹219cr in FY2018E, and the balance ₹334cr thereafter in FY2019-21E.

## Projects Schedule

ITNL's Management highlighted that additional equity requirement of existing BOT projects are to the tune of ~₹1,007cr (majorly to be invested in next few years).

3 of the ongoing BOT projects are expected to get Date of Completion (CoD) in next few months, thereby adding to Toll/ Annuity income in FY2017E.

**Exhibit 6: BOT Projects Scheduled CoD**

BOT Projects	Scheduled CoD
BAEL	Oct-2016
KSEL	Oct-2016
CNTL	Oct-2016
KNC	Feb-2018
Jharkhand Road stretches	Aug-2018
SSTL	Apr-2020

Source: Company, Angel Research

Owing to the recent emergence of land acquisition issues (land owners are now demanding higher compensation for already sold land) at KNC, management has revised the scheduled CoD to Feb-2018.

### **Downgrade to Neutral as price target is achieved...**

Despite ITNL's robust order backlog and strong execution capabilities, we were concerned about its higher consol. D/E ratio, which was eating into its profits. The fund raising initiatives (rights issue), stake sale in 2 of the BOT projects, re-financing of high cost debt with low cost (by issuing ₹1,300cr of Non-Convertible Debentures), all these initiatives are in the right direction, to de-leverage the BS and improve the profitability. ITNL management announced that they are in the process of offloading 3-4 BOT projects worth ₹5,000cr in to an Infrastructure Investment Trust (InvIT). Also, as per their board meeting outcome, ITNL would issue ₹5,000cr of NCDs, where they intend to re-finance the high cost debt (of 12%) with low cost (at sub-10% levels), thereby saving ~200bps on interest expenses.

We earlier upgraded the ITNL stock to BUY with price target of ₹93, in anticipation of lowering of consol. BS stress and likely improvement in their interest coverage ratio. Since our BUY recommendation, ITNL stock has run-up and our price target is attained.

**In absence of ITNL's consolidated financials, we downgrade to NEUTRAL view on the stock.**

**Exhibit 7: 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	942	5.0	4,708	143	77.8	EV/EBITDA of 5x
<b>Total</b>				<b>4,708</b>	<b>143</b>	<b>77.8</b>	
Particulars	Proj. Type	Discounted FCFE (₹ cr)	Project Stake	Adj. FCFE Value (₹ cr)	Value/share (₹)	% of SoTP	Basis
<b>Road BOT projects</b>							
Noida Toll Bridge	Toll	728	26%	192	6	3.2	NPV at CoE of 14%
Gujarat Toll Roads	Toll	603	42%	253	8	4.2	NPV at CoE of 14%
West Gujarat Expressway	Toll	133	100%	133	4	2.2	NPV at CoE of 14%
RIDCOR Phase-I & II	Toll	1,249	50%	624	19	10.3	NPV at CoE of 14%
Beawar-Gomti	Toll	120	100%	120	4	2.0	NPV at CoE of 14%
Pune Sholapur	Toll	56	91%	51	2	0.8	NPV at CoE of 14%
Moradabad Bareilly	Toll	201	100%	201	6	3.3	NPV at CoE of 14%
Chandrapur Warora	Toll	118	35%	41	1	0.7	NPV at CoE of 14%
Narkatpally Addanki	Toll	613	50%	306	9	5.0	NPV at CoE of 14%
Kiratpur Ner-Chowk	Toll	1,185	100%	1,185	36	19.5	NPV at CoE of 14%
Sikar Bikaner	Toll	154	100%	154	5	2.5	NPV at CoE of 14%
Baleshwar Kharagpur	Toll	143	100%	143	4	2.4	NPV at CoE of 14%
North Karnataka Expressway	Annuity	311	100%	311	9	5.1	NPV at CoE of 14%
Thiruvananthapuram Phase - I & II	Annuity	375	100%	375	11	6.2	NPV at CoE of 14%
Hyderabad Ring Road	Annuity	123	26%	32	1	1.0	NPV at CoE of 14%
East Hyderabad Expressway	Annuity	22	74%	16	0	2.0	NPV at CoE of 14%
Hazaribagh Ranchi Expressway	Annuity	44	74%	32	1	2.5	NPV at CoE of 14%
Jharkhand roads Ph-I & II	Annuity	40	93%	37	1	21.2	NPV at CoE of 14%
Chenani Nashri	Annuity	625	100%	625	19	24.8	NPV at CoE of 14%
Jorabat Shillong	Annuity	172	50%	86	3	3.7	NPV at CoE of 14%
<b>Total</b>		<b>7,243</b>		<b>5,110</b>	<b>155</b>	<b>83.7</b>	
Elsamax		272	1.5	408	12	6.7	Valued at 1.5x its BV
YuHe Expressway	Toll	191	1.5	286	9	4.7	Valued at 1.5x its BV
Vansh Nimay Infraprojects		15	1.0	15	0	0.2	Valued at 1.0x its BV
Metro Rail Gurgaon	FCFE	385	34%	130	4	2.1	Valued at 1.0x its BV
MP Entry Point project		110	51%	56	2	0.9	Valued at 1.0x its BV
Other Investments		98	1.0	98	3	1.6	Valued at 1.0x its BV
Net Debt- FY2016E				(7,713)	(234)		Standalone Net Debt
<b>Grand Total</b>					<b>95</b>	<b>100.0</b>	
No. of shares					33		
<b>Upside</b>					<b>4%</b>		
CMP					91		

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 14,699 lane kms spread across 16 states. Their 1QFY2017 order book at ₹13,758cr, gives construction segment revenue visibility for 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 continues with its BS de-leveraging process:** ITNL is currently sitting on a consol. D/E ratio of 4.4x (reflecting debt of ₹28,650cr). It has sold 2 BOT projects, re-financing high cost debt with low cost debt, currently is in process of coming-out with an InvIT, 3 BOT projects would start operations in next few months, comfort us that ITNL should see the benefits of its Balance Sheet de-leveraging process, going forward.

## 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.

Management has highlighted plans to pursue strategic initiatives which should materialize in the next few 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)	FY14	FY15	FY16	FY17E	FY18E
<b>Net Sales</b>	<b>6,587</b>	<b>6,304</b>	<b>7,947</b>	<b>8,946</b>	<b>10,017</b>
% Chg	(0.9)	(4.3)	26.1	12.6	12.0
<b>Total Expenditure</b>	<b>4,697</b>	<b>4,362</b>	<b>5,497</b>	<b>6,177</b>	<b>6,847</b>
Cost of Materials Consumed	227	242	282	300	332
Construction Contract Cost	2,984	2,599	3,501	3,932	4,287
Employee benefits Expense	414	459	510	581	661
Other Expenses	1,072	1,063	1,203	1,364	1,568
<b>EBITDA</b>	<b>1,890</b>	<b>1,941</b>	<b>2,451</b>	<b>2,769</b>	<b>3,169</b>
% Chg	2.8	2.7	26.2	13.0	14.5
EBIDTA %	28.7	30.8	30.8	31.0	31.6
Depreciation	151	152	275	343	413
<b>EBIT</b>	<b>1,739</b>	<b>1,789</b>	<b>2,175</b>	<b>2,426</b>	<b>2,757</b>
% Chg	(0.3)	2.9	21.6	11.5	13.6
Interest and Financial Charges	1,471	1,833	2,531	2,796	2,859
Other Income	215	525	785	824	659
PBT	483	481	429	454	556
Tax	27	80	160	159	195
% of PBT	5.5	16.7	37.3	35.0	35.0
PAT before Extraordinary item	457	400	269	295	362
Extraordinary item	0	0	0	0	0
PAT before Minority Interest	457	400	269	295	362
Min Int. & Share of Profit/ (Loss) of Associates	6	(44)	37	30	63
<b>PAT after MI, profit share from Assoc.</b>	<b>463</b>	<b>444</b>	<b>232</b>	<b>266</b>	<b>299</b>
% Chg	(11.0)	(4.2)	(47.7)	14.5	12.6
PAT %	7.0	7.0	2.9	3.0	3.0
Diluted EPS	19	14	7	8	9
% Chg	(36.5)	(23.2)	(50.8)	14.5	12.6

Note: nmf- Not meaningful; \*Reported as per Ind AS, FY2016 numbers & other remaining quarters continue to be reported as per Indian GAAP; It needs to be noted that yoy growth for FY2017E is not comparable as FY2016 continues to be reported under Indian GAAP

**Balance Sheet (Consolidated)**

Y/E March (₹ cr)	FY14	FY15	FY16	FY17E	FY18E
<b>Sources of Funds</b>					
Equity Capital	571	623	705	705	705
Reserves Total	4,433	5,096	5,988	6,528	6,480
<b>Networth</b>	<b>5,004</b>	<b>5,719</b>	<b>6,693</b>	<b>7,234</b>	<b>7,185</b>
Minority Interest	459	291	474	521	588
<b>Total Debt</b>	<b>18,817</b>	<b>23,513</b>	<b>27,643</b>	<b>30,223</b>	<b>31,423</b>
Deferred Tax Liability	199	125	102	102	102
<b>Total Liabilities</b>	<b>24,478</b>	<b>29,648</b>	<b>34,912</b>	<b>38,080</b>	<b>39,298</b>
<b>Application of Funds</b>					
Gross Block	14,282	17,393	21,593	24,503	25,793
Accumulated Depreciation	795	827	1,140	1,483	1,896
<b>Net Block</b>	<b>13,487</b>	<b>16,566</b>	<b>20,453</b>	<b>23,020</b>	<b>23,897</b>
Capital WIP	50	19	66	56	56
<b>Investments</b>	<b>469</b>	<b>663</b>	<b>681</b>	<b>786</b>	<b>891</b>
Goodwill	575	582	598	598	598
<b>Current Assets</b>					
Inventories	17	14	87	51	47
Sundry Debtors	988	1,046	1,298	1,446	1,564
Cash and Bank Balance	671	939	875	461	370
Loans, Advances & Deposits	2,076	2,579	2,461	2,747	2,796
Other Current Asset	8,782	9,472	11,302	12,173	12,522
Current Liabilities	2,655	2,246	2,933	3,284	3,469
<b>Net Current Assets</b>	<b>9,879</b>	<b>11,803</b>	<b>13,090</b>	<b>13,594</b>	<b>13,830</b>
Deferred Tax Asset	18	16	23	25	25
<b>Total Assets</b>	<b>24,478</b>	<b>29,648</b>	<b>34,912</b>	<b>38,080</b>	<b>39,298</b>

**Cash Flow Statement (Consolidated)**

Y/E March (₹ cr)	FY14	FY15	FY16	FY17E	FY18E
Profit before tax	483	481	429	454	556
Depreciation & Amortization Exp.	161	162	293	343	413
Other non-Cash Expenses	(119)	1,358	1,883	2,050	2,350
Change in Working Capital & Oth. Adj.	1,522	(754)	440	(1,651)	(1,553)
Cash Generated from Operations	2,048	1,246	3,045	1,196	1,766
Direct taxes paid	(251)	(178)	(261)	(285)	(225)
<b>Net Cash Flow from Operations</b>	<b>1,797</b>	<b>1,068</b>	<b>2,784</b>	<b>911</b>	<b>1,541</b>
(Inc)/ Dec in Fixed Assets	(3,196)	(2,848)	(3,970)	(2,900)	(1,290)
(Inc)/ Dec in Investments	(60)	(43)	(3)	(105)	(105)
(Inc)/ Dec in Other Investing Cash Flows	(868)	(723)	(725)	(811)	(878)
<b>Cash Flow from Investing</b>	<b>(4,123)</b>	<b>(3,613)</b>	<b>(4,698)</b>	<b>(3,816)</b>	<b>(2,273)</b>
Issue/ (Buy Back) of Equity	746	520	734	0	0
Inc./ (Dec.) in Loans	1,509	4,730	4,481	2,580	1,200
Dividend Paid (Incl. Tax)	(94)	(160)	(220)	(255)	(275)
Other Financing Cash Flows	276	(2,450)	(3,190)	150	(244)
<b>Cash Flow from Financing</b>	<b>2,437</b>	<b>2,639</b>	<b>1,805</b>	<b>2,475</b>	<b>681</b>
Inc./ (Dec.) in Cash	111	94	(109)	(430)	(51)
<b>Opening Cash balance &amp; Oth. Adj.</b>	<b>500</b>	<b>596</b>	<b>700</b>	<b>591</b>	<b>161</b>
<b>Closing Cash balances</b>	<b>611</b>	<b>690</b>	<b>591</b>	<b>161</b>	<b>110</b>

**Key Ratios (Consolidated)**

Y/E March	FY14	FY15	FY16	FY17E	FY18E
<b>Valuation Ratio (x)</b>					
P/E (on FDEPS)	4.9	6.4	13.0	11.3	10.1
P/CEPS	3.7	4.1	5.5	4.7	3.9
Dividend yield (%)	2.7	2.4	2.1	2.5	2.5
EV/Sales	3.1	3.9	3.7	3.7	3.4
EV/EBITDA	10.8	12.8	12.2	11.8	10.7
EV / Total Assets	0.8	0.8	0.9	0.9	0.9
<b>Per Share Data (₹)</b>					
EPS (fully diluted)	18.7	14.3	7.1	8.1	9.1
Cash EPS	24.6	22.4	16.6	19.4	23.5
DPS	5.1	4.0	3.5	4.0	4.0
Book Value	203	232	203	220	218
<b>Returns (%)</b>					
RoCE (Pre-tax)	8.3	6.7	6.8	6.8	7.2
Angel RoIC (Pre-tax)	7.3	6.1	6.3	6.5	7.1
RoE	10.6	7.5	4.3	4.2	5.0
<b>Turnover ratios (x)</b>					
Asset Turnover (Gross Block) (x)	0.2	0.1	0.1	0.1	0.1
Inventory / Sales (days)	1	1	2	3	2
Receivables (days)	48	59	54	56	55
Payables (days)	119	91	92	93	91
<b>Leverage Ratios (x)</b>					
D/E ratio (x)	3.8	4.1	4.1	4.2	4.4
Interest Coverage Ratio (x)	1.2	1.0	0.9	0.9	1.0

Note- nmf- Not meaningful

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	ITNL
1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**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)