

IL&FS Transportation Networks

Company Update

Strong revenue & cash flow generation visibility: At 4QFY2016-end, IL&FS Transportation Networks Ltd (ITNL) reported gross Toll & Annuity income of ₹7.8cr/day (Toll Income at ₹5.4cr/day and Annuity Income at ₹2.9cr/day). 7 BOT projects (2 Annuity + 5 Toll) are expected to be operational in next few months. On being fully operational, all 5 Toll projects (BKEL, PSRDCL, BAEL, KNCL, KSEL) in FY2017E would contribute additional toll of ₹1.5cr/day. Further, there's strong visibility on assured revenues from Annuity projects. Of the 3 Annuity projects, JSEL, has already received provisional completion certificate and other 2, CNTL & TRDCL P-III are expected to be operational in 1Q/2QFY2017E. Annuity business insulated from traffic volumes is expected to generate assured gross revenue of ₹2.2cr/day in FY2017E (~58% of incremental revenues in FY2017E would be from the assured Annuity business).

Profit to grow 13.6% CAGR during FY2016-18E: Commencement of 7 BOT projects coupled with ongoing strategic initiatives such as asset sales, debt re-financing (across project levels), listing of InvITs, in our view would help ITNL PAT report 13.6% CAGR during FY2016-18E, to ₹915cr.

Attractive Valuation: In the backdrop of strong surge in profitability, ITNL stock price looks very attractive from valuation point of view. ITNL stock (on consol. basis) is trading at FY2018E P/E and P/BV multiple of 8.7x and 0.4x, respectively. Alternatively, we value construction business at EV/EBITDA of 5x FY2018E EBITDA and domestic Road BOT projects on FCFE basis at Cost of Equity of 14%. Also, we value Elsamex, YuHe Expressway, Metro and other Infra Projects (other than road projects) using Investment multiple. On adding up all the projects' value, we arrive at SOTP-based target price of ₹93. **Given the strong case of improvement in business outlook, we maintain BUY rating on the stock.**

Key financials (Consolidated)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16	FY17E	FY18E
Net Sales	6,645	6,587	6,304	7,947	8,946	10,017
% chg		(0.9)	(4.3)	26.1	12.6	12.0
Net Profit	520	463	444	232	266	299
% chg		(11.0)	(4.2)	(47.7)	14.5	12.6
EBITDA (%)	27.7	28.7	30.8	30.8	31.0	31.6
EPS (₹)	29	19	14	7	8	9
P/E (x)	2.7	4.2	5.5	11.2	9.8	8.7
P/BV (x)	0.4	0.4	0.3	0.4	0.4	0.4
RoE (%)	14.9	10.6	7.5	4.3	4.2	5.0
RoCE (%)	9.7	8.3	6.7	6.8	6.8	7.2
EV/Sales (x)	2.3	3.1	3.9	3.7	3.6	3.4
EV/EBITDA (x)	8.4	10.6	12.6	12.0	11.7	10.6

Source: Company, Angel Research; CMP as of 21 July, 2016

BUY

CMP	₹79
Target Price	₹93

Investment Period 12 Months

Stock Info

Sector	Infrastructure
Market Cap (₹ cr)	2,603
Net debt (₹ cr)	26,768
Beta	1.0
52 Week High / Low	148/64
Avg. Daily Volume	240,451
Face Value (₹)	10
BSE Sensex	27,711
Nifty	8,510
Reuters Code	ILFT.BO
Bloomberg Code	ILFT@IN

Shareholding Pattern (%)

Promoters	73.2
MF / Banks / Indian Fls	0.7
FII / NRIs / OCBs	7.2
Indian Public / Others	18.9

Abs. (%)	3m	1yr	3yr
Sensex	(1.2)	(2.8)	37.5
ITNL	7.2	(45.3)	(41.5)

3-Year Daily Price Chart



Source: Company, Angel Research

Yellapu Santosh

022 – 3935 7800 Ext: 6828
 santosh.yellapu@angelbroking.com

Toll & Annuity Income to report strong growth

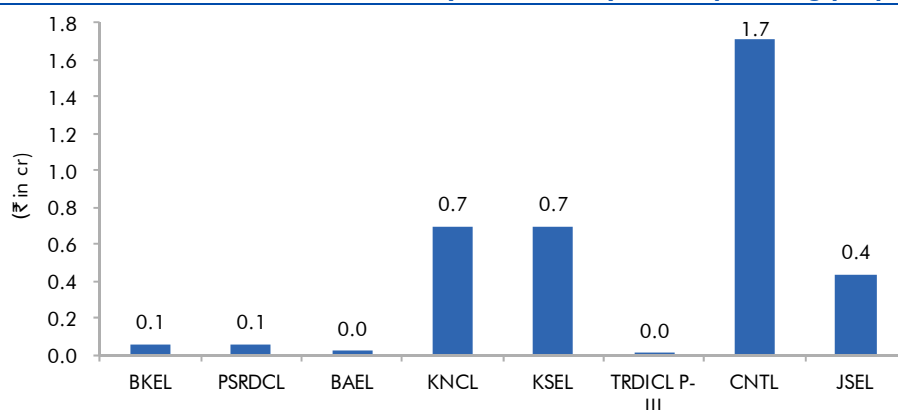
In 3Q/4QFY2016 ITNL reported gross Toll & Annuity Income of ₹7.1cr/day/ ₹7.8cr/day (includes toll income from YuHe Expressway and A4 Autovia). Of this 4Q Toll & Annuity Income, Toll Income was ₹5.4cr/day (69% of gross Toll & Annuity Income) and Annuity Income was ₹2.4cr/day (31% of gross Toll & Annuity Income).

Traffic growth across already operational projects and commencement of tolling at (1) Moradabad Bareilly (MBEL), (2) Warora Chandrapur (WCBTL), (3) Baleshwar Kharagpur (BKEL), (4) Pune Sholapur (PSRDCL, received provisional completion certificate), and (5) Sikar Bikaner (SBEL) BOT projects helped ITNL report 20% yoy increase in gross Toll Income in 4QFY2016. On same lines, commencement of new stretches/phases at (1) Jharkhand Road (JRPICL), (2) Thiruvananthapuram Roads (TRDCL), and (3) Jorbat Shillong (JSEL), helped ITNL report 26% yoy increase in gross Annuity Income in 4QFY2016.

Currently, 2 BOT's are partially operational, namely, (1) Barwa Adda (BAEL), and (2) BKEL; these are soon expected to be 100% operational. These 2 BOT projects coupled with PSRDCL getting 100% fully operational, in our view would lead to increase in toll income by ₹0.1cr/day (excludes organic toll income growth from the already operational stretches of these BOT projects).

Further, commencement of new Tolling & Annuity projects, like (1) Chenani Nashri (CNTL, in 2QFY2017), (2) Thiruvananthapuram Phase III (TRDCL, in 1QFY2017), (3) Khed Sinnar (KSEL, in 2QFY2017) and (4) Kiratpur-Ner Chowk (KNEL in 2QFY2017) would further add to the toll & annuity income.

Exhibit 1: Incremental Toll & Annuity Income/day from upcoming proj.



Source: Company, Angel Research

On being fully operational, all 5 BOT Toll projects (BKEL, PSRDCL, BAEL, KNCL, KSEL) would contribute toll of ₹1.5cr/day. Further, there's strong visibility on assured revenues from Annuity projects. Annuity business insulated from traffic volumes is expected to generate assured gross revenue of ₹2.2cr/day in FY2017E (~58% of incremental revenues in FY2017E would be from the assured Annuity business). On a whole, we expect ITNL's gross Toll & Annuity income to increase by ₹3.7cr/day during FY2017E, from current levels of ₹7.8cr/day and this estimation excludes organic traffic growth from already operational BOT Toll projects.

On a whole, commencement of 7 Toll & Annuity projects coupled with uptick in the traffic growth of already operational road projects, should lead to strong 34% Toll & Annuity Income growth during FY2016-18E to ₹2,819cr.

Incremental projects to enhance overall financials

Over the last few quarters ITNL's consol. interest coverage ratio has been hovering at ~0.9x (on excluding profits from the sale of assets/ investments), which tells that company is undergoing tough phase. But going forward, with 7 BOT projects likely to commence operations, we expect the scenario to change. We sense that once 7 BOT projects commence operations, overall financials of the company would see sharp improvement. This when coupled with interest re-financing across SPVs should help ITNL report strong turn-around in its operating performance, going forward. We expect ITNL's consol. interest coverage ratio to improve to 1.4x in FY2017E and 1.5x in FY2018E, thus projecting favorable operational scenario for the company than is currently prevalent.

Exhibit 2: Incremental Financials of 8 BOT projects (includes JSEL)

Particulars (₹ cr)	FY2017E	FY2018E
Inc. Net Revenues	1,177	518
EBITDA/ Cash Profit	1,091	456
Interest	772	339
Interest Coverage Ratio (x)	1.4x	1.5x

Source: Company, Angel Research

Debt raised takes care of the 'stop-gap' funding requirements

As of 4QFY2016-end, ITNL had consolidated debt of ₹27,643cr, reflecting D/E ratio of 4.13x. With 7 projects at latter stages of the construction cycle and some of the o/s non-convertible debentures (NCDs) maturing, ITNL has been compelled to go for short-term stop-gap funding. As a result, the company issued NCDs of ₹1,300cr in tranches. Management highlighted that the funds raised would be used to repay existing loans, towards lowering interest costs and for improving the short-term loan vs. long-term loans mix in terms of total debt.

On the whole, we expect ITNL to raise further debt to fund its ongoing BOT projects, in addition to addressing aforementioned debt constraints currently being faced. As a result, we expect the consol. debt to further increase by ~₹3,780cr. Given that majority of the company's ongoing projects would get commissioned in FY2017 itself, we are optimistic of debt repayment at SPV level to start from FY2018E itself (where full year impact for most of the SPVs would be seen).

Accordingly, we sense that this balance sheet stress is bottoming out and it is a near-term phenomenon for the company. We expect the pain to gradually start subsiding from FY2018E onwards.

Strategic initiatives to help ITNL get back its growth momentum

Given that ITNL is currently having a consol. D/E ratio of 4.13x, in our view it's left with no option but to pursue strategic initiatives as there would be higher equity and debt requirements towards financing projects in pipeline. Media reports as well as, management's quarterly concalls have highlighted that it is pursuing

strategic initiatives such as stake sales, securitization of projects, Invlt listing and equity issuances.

ITNL has already done 2 rounds of Rights Issue; it raised ₹524cr in Apr-2014 and ₹740cr in Oct-2015. We now sense the company would not go for further rounds of Rights Issue in the near-term.

In the last few quarters, ITNL has sold stake in Gujarat Toll Roads (includes Ahmedabad-Mehsana and Vadodara Halol Road BOT projects) & in Rapid Metro in tranches, intending to utilize proceeds towards equity infusion in upcoming projects as it needs ₹1,407cr of incremental equity towards implementation of existing projects.

Further, in-line with management commentary, we expect ITNL to report sale of its Road Assets in FY2017E. Also, ITNL is expected to transfer some of its Infra assets under new SPV and get the SPV listed as an Invlt. Our view gets substantiated from recent media articles, suggesting that ITNL's Management has already started working on \$400-500mn (₹2,600-3,250cr) Invlt and many of the operational BOT projects would get transferred to this trust with the same being listed. We sense that an Invlt listing would release much required funds for ITNL, which could be utilized towards equity requirements of new projects, which would also lower the D/E ratio.

Given that we are still at least few quarters away from any such listing; till then, ITNL's levered balance sheet should continue to put pressure on its profitability, mainly owing to higher interest expenses. Till then, we expect ITNL to explore asset sales and debt re-financing alternatives.

Low Interest rates to lead to improved cash flow cycle

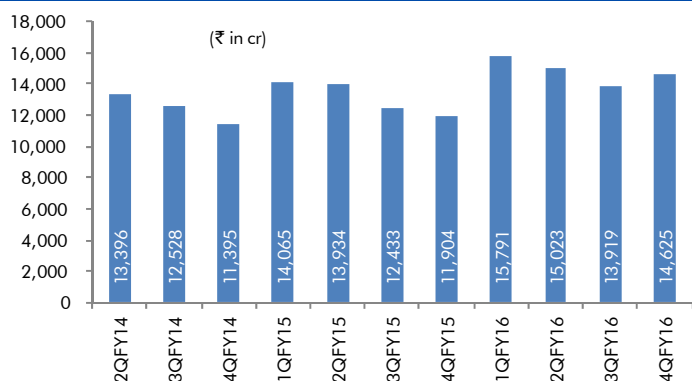
Between Jan-2015 to Apr-2016, RBI has cut interest rates by a cumulative ~150bp and the same has not yet been commensurately passed on to borrowers. With the ongoing rate cut cycle, we expect debt dependent companies like ITNL and its SPV subsidiaries to avail the benefits of rate re-sets.

Recently ITNL raised NCDs worth ₹1,300cr in tranches, with one tranche carrying coupon rate of 9.4%, which is lower than the company's consol. borrowing rate of 11-12%. Recently, GRICL (in which ITNL has 42% stake) announced issuance of ₹300cr of NCDs where the high cost debt carrying 15.5% interest rate has been re-financed by lower cost debt carrying 9% interest rate.

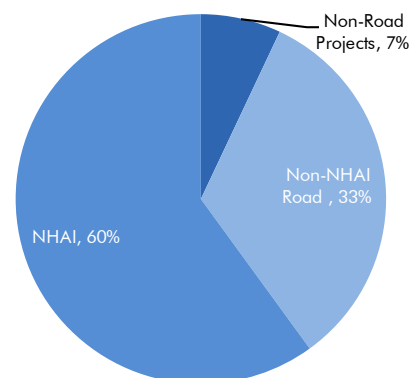
Accordingly, we see potential for further refinancing of high cost debt. For an o/s debt of ₹27,643cr (as of 4QFY2016) for the company, for every 100bp decline in the interest rate, the interest expenses of the company would decline by ₹276cr on an annualized basis. Savings on interest expenses (on account of rate re-sets), in our view would be mitigated up to certain extent by further increase in near-term funding requirements towards the 4 upcoming BOT projects, as a result consol. income statement would not majorly benefit from interest savings. However, these interest rate re-sets should lead to improved SPV level cash flows.

Strong Order backlog of ₹14,625cr gives better revenue visibility

ITNL, as of 4QFY2016-end, reported an order backlog of ₹14,625cr, which gives revenue visibility for the Construction segment for over the next 36 months.

Exhibit 3: Order Book


Source: Company, Angel Research

Exhibit 4: Order Book Split as of 4QFY2016-end (in %)


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 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.
- Upgrading of 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.
- 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 - Anger Gutin-Andhode Road Section (86.10 km) and (ii) Agamsa-Bure Road Section (84.56 km) on an Output and Performance Based Road Contract (OPRC) for approx. contract value of ₹1,524.76cr. This project is for a period of 8 years.

ITNL indicated a healthy bid-pipeline of ~₹35,867cr, with a major ~₹18,563cr of it being at the RFP stage. Notably, ~68% of the bid pipeline highlighted by the company is from NHAI.

Exhibit 5: 4QFY2016 bid-pipeline details

Particular (₹ cr)	RFP Stage	RFQ Stage
NHAI Projects	17,253	7,248
State Highway Projects	749	9,350
MoRTH Projects	561	706
NHAI EPC Projects	0	0
Metro Transportation Corp. Project	0	0
Total Bid Pipeline	18,563	17,304

Source: Company, Angel Research

Update on BOT projects

ITNL to-date has reported receipt of Provisional Completion Certificate (CC)/ Commercial Operations Date (CoD) for 2 Central Control facilities at Gwalior and 18 stretches of the Madhya Pradesh border check post project, including (1) Agra-Mumbai, (2) Indore-Ahmedabad, (3) Shivpuri-Kota, (4) Betul-Nagpur, (5) Indore-Icchapur, (6) Mhow-Neemuch, (7) Jabalpur-Jaipur, (8) Seoni-Nagpur, (9) Chindwara-Nagpur, (10) Kabir-Chabtura, (11) Sagar-Kanpur, (12) Ujjain-Jhalapur, (13) Sendhwa-Khetiya, (14) Venkatnagar, (15) Naugaon-Jhansi, (16) Sagar-Lalitpur, (17) Balaghat-Gondia, and (18) Rewa-Mirazpur. Works on the remaining check posts is expected to get completed in FY2017E.

SBHL has received provisional completion certificate as on Oct-2015. ITNL reported receipt of Provisional Completion Certificate for JSEL in Jan-2016 and Certificate of Commercial Operations for PSRDCL in Feb-2016. Also, ITNL announced receipt of Completion Certificate for BKEL in Mar-2016.

Exhibit 6: BOT Projects Scheduled CoD

BOT Projects	Scheduled CoD
TRDCL P-III	1QFY2017
MPBCDCL	1QFY2017
CNTL	2QFY2017
RIDCOR III	2QFY2017
KSEL	2QFY2017
BAEL	2QFY2017
KNCL	2QFY2017

Source: Company, Angel Research

We expect all the above-mentioned BOT projects to be fully operational in next few months and full benefits of these new road projects to be seen in FY2018E on a full year basis.

Outlook & Valuation

A major part of the ₹1,300cr raised through NCDs recently would be used to repay high cost debt and replace it with low cost debt. We expect similar type of debt re-financing initiatives to be seen across SPVs, going forward. As a result, we

expect the company to potentially save interest expenses of ~₹276cr for every 100bp of re-financing on the consol. balance sheet debt.

On revising our 2017E estimates and rolling FY2018E estimates, and considering the benefit from sale of assets, PAT is expected to report 13.6% CAGR during FY2016-18E.

Exhibit 7: Earnings Revision

Y/E March (₹ cr)	FY2017E			FY2018E
	Old	New	Change (%)	
Net Sales	8,825	8,946	1.4	10,017
EBITDA	3,168	2,769	(12.6)	3,169
<i>EBITDA Margins (%)</i>	35.9	31.0		31.6
PAT	301	266	(11.6)	311
<i>PAT Margins (%)</i>	3.4	3.0		3.1

Source: Angel Research

Maintain BUY with price target of ₹93

Despite ITNL's robust order backlog and strong execution capabilities, we had remained concerned about its high consol. D/E ratio, which was eating into its profits. Recent fund raising initiatives in our view would be majorly used towards debt repayment. With 7 projects expected to commence tolling/annuity in the next few months, we expect debt repayment cycle at the SPV level for these 7 projects to commence, which should further ease consol. Balance Sheet and cash flow cycles. Till then we expect some near-term pain from the Balance Sheet perspective.

In addition to the 4 BOT project wins in FY2016, ITNL recently reported Ethiopian & Dubai based O&M Road & Car parking projects on BOT basis, respectively. In the backdrop of strong visibility on the order book front, any news flow on commencement of new BOT projects, re-financing of BOT projects and outcome of any strategic initiatives should lead to further re-rating from here-on. Thus, with better visibility on these initiatives, we expect the stock to get re-rated from here-on.

To arrive at a target price for ITNL, we have used the sum-of-the-parts (SOTP) valuation method. Considering high leverage and stronger execution capabilities, we have valued the construction business at an EV/EBITDA of 5x FY2018E EBITDA, and the domestic Road BOT projects on FCFE basis at a Cost of Equity of 14%. Also, we have valued Elsamex, YuHe Expressway, Metro and other infrastructure projects (other than road projects) using the P/BV multiple. On adding up all the projects' values, we arrive at a SOTP-based target price of ₹93. **Given the strong case of improvement in the business outlook, we upgrade our rating on the stock to BUY.**

Exhibit 8: Derivation of SOTP-based target price for ITNL

Particulars	Segment	FY18E 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
Total				4,708	143	77.8	

Particulars	Proj. Type	Discounted FCFE (₹ cr)	Project Stake	Adj. FCFE Value (₹ cr)	Value/share (₹)	% of SoTP	Basis
Road BOT projects							
Noida Toll Bridge	Toll	728	26%	192	6	3.1	NPV at CoE of 14%
Gujarat Toll Roads	Toll	603	42%	253	8	4.1	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	10.1	NPV at CoE of 14%
Beawar-Gomti	Toll	120	100%	120	4	1.9	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	19.2	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	2.3	NPV at CoE of 14%
Khed Sinnar	Toll	311	100%	311	9	5.0	NPV at CoE of 14%
Barwa Adda Panagarh	Toll	375	100%	375	11	6.1	NPV at CoE of 14%
North Karnataka Expressway	Annuity	175	94%	164	5	2.7	NPV at CoE of 14%
Thiruvananthapuram Phase - I & II	Annuity	54	50%	27	1	0.4	NPV at CoE of 14%
AP Expressway	Annuity	(35)	100%	(35)	(1)	(0.6)	NPV at CoE of 14%
Hyderabad Ring Road	Annuity	123	26%	32	1	0.5	NPV at CoE of 14%
East Hyderabad Expressway	Annuity	22	74%	16	0	0.3	NPV at CoE of 14%
Hazaribagh Ranchi Expressway	Annuity	44	74%	32	1	0.5	NPV at CoE of 14%
Jharkhand roads Ph-I & II	Annuity	40	93%	37	1	0.6	NPV at CoE of 14%
Chenani Nashri	Annuity	625	100%	625	19	10.1	NPV at CoE of 14%
Jorabat Shillong	Annuity	172	50%	86	3	1.4	NPV at CoE of 14%
Total		7,208		5,075	154	82.3	
Elsamax		272	1.5	408	12	6.6	Valued at 1.5x its investment
YuHe Expressway	Toll	191	1.5	286	9	4.6	Valued at 1.5x its Investment
Vansh Nimay Infraprojects		15	1.0	15	0	0.4	Valued at 1.0x its Investment
Metro Rail Gurgaon		385	34%	130	4	3.2	Valued at 1.0x its Investment
MP Entry Point project		110	51%	56	2	1.4	Valued at 1.0x its Investment
Other Investments		98	1.0	98	3	1.6	Valued at 1.0x its Investment
Net Debt				(7,713)	(234)		Standalone Net Debt
Grand Total		9,198		3,063	93	100.0	
No. of shares					33		
Upside					18%		
CMP					79		

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. It was one of the first movers in the road development segment. The company bagged the Noida Toll Bridge project in 1998. Since then, it has come a long way and has built a sizeable portfolio. The company has one of the largest BOT portfolios in India, encompassing 31 road projects covering 14,680 lane kms spread across 16 states. Their 4QFY2016 order book at ₹14,625cr gives the Construction segment 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. The recent project win of Ethiopian & Dubai based project strengthens our view that going forward too, ITNL would continue to have a balanced revenue mix of annuity and toll.

ITNL's strategic initiatives to lead to Balance Sheet de-leveraging: ITNL is currently sitting on consol. D/E ratio of 4.1x (reflecting debt of ₹27,643cr). On considering, (1) equity requirement of ₹1,407cr towards its BOT projects, (2) 7 BOT projects expected to commence operations in the next few months, and (3) levered Balance Sheet status, we are of view that profitability growth is restricted due to high interest expenses. We expect their strategic initiatives to materialize in next few quarters, which should lead to the stock getting re-rated.

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 faced execution delays across few of its 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 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 India. ITNL is involved in the development, operation 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	FY16	FY17E	FY18E
Net Sales	6,645	6,587	6,304	7,947	8,946	10,017
% Chg		(0.9)	(4.3)	26.1	12.6	12.0
Total Expenditure	4,807	4,697	4,362	5,497	6,177	6,847
Cost of Materials Consumed	156	227	242	282	300	332
Construction Contract Cost	3,423	2,984	2,599	3,501	3,932	4,287
Employee benefits Expense	382	414	459	510	581	661
Other Expenses	846	1,072	1,063	1,203	1,364	1,568
EBITDA	1,838	1,890	1,941	2,451	2,769	3,169
% Chg		2.8	2.7	26.2	13.0	14.5
EBIDTA %	27.7	28.7	30.8	30.8	31.0	31.6
Depreciation	94	151	152	275	343	413
EBIT	1,743	1,739	1,789	2,175	2,426	2,757
% Chg		(0.3)	2.9	21.6	11.5	13.6
Interest and Financial Charges	1,119	1,471	1,833	2,531	2,796	2,859
Other Income	144	215	525	785	824	659
PBT	768	483	481	429	454	556
Tax	227	27	80	160	159	195
% of PBT	29.6	5.5	16.7	37.3	35.0	35.0
PAT before Extraordinary item	541	457	400	269	295	362
Extraordinary item	0	0	0	0	0	0
PAT before Minority Interest	541	457	400	269	295	362
MI & Share of Profit/(Loss) of Asso.	(21)	6	(44)	37	30	63
PAT after MI, profit sh. from Asso.	520	463	444	232	266	299
% Chg		(11.0)	(4.2)	(47.7)	14.5	12.6
PAT %	7.8	7.0	7.0	2.9	3.0	3.0
Diluted EPS	29	19	14	7	8	9
% Chg		(36.5)	(23.2)	(50.8)	14.5	12.6

Balance Sheet (Consolidated)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16	FY17E	FY18E
Sources of Funds						
Equity Capital	194	571	623	705	705	705
Reserves Total	3,446	4,433	5,096	5,988	6,528	6,480
Networth	3,640	5,004	5,719	6,693	7,234	7,185
Minority Interest	358	459	291	474	521	588
Total Debt	14,359	18,817	23,513	27,643	30,223	31,423
Deferred Tax Liability	243	199	125	102	102	102
Total Liabilities	18,599	24,478	29,648	34,912	38,080	39,298
Application of Funds						
Gross Block	10,190	14,282	17,393	21,593	24,503	25,793
Accumulated Depreciation	580	795	827	1,140	1,483	1,896
Net Block	9,610	13,487	16,566	20,453	23,020	23,897
Capital WIP	48	50	19	66	56	56
Investments	687	469	663	681	786	891
Goodwill	523	575	582	598	598	598
Current Assets						
Inventories	17	17	14	87	51	47
Sundry Debtors	752	988	1,046	1,298	1,446	1,564
Cash and Bank Balance	420	671	939	875	461	370
Loans & Advances	1,417	2,076	2,579	2,461	2,747	2,796
Other Current Asset	7,105	8,782	9,472	11,302	12,173	12,522
Current Liabilities	1,991	2,655	2,246	2,933	3,284	3,469
Net Current Assets	7,720	9,879	11,803	13,090	13,594	13,830
Deferred Tax Asset	11	18	16	23	25	25
Total Assets	18,599	24,478	29,648	34,912	38,080	39,298

Cash Flow Statement (Consolidated)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16	FY17E	FY18E
Profit before tax	768	483	481	429	454	556
Dep. & Amortization Exp.	109	161	162	293	343	413
Other non-Cash Expenses	(91)	(119)	1,358	1,883	2,050	2,350
Change in WC & Oth. Adj.	1,320	1,522	(754)	440	(1,651)	(1,553)
Cash Generated from Opera.	2,106	2,048	1,246	3,045	1,196	1,766
Direct taxes paid	(158)	(251)	(178)	(261)	(285)	(225)
Net Cash Flow from Operations	1,947	1,797	1,068	2,784	911	1,541
(Inc)/ Dec in Fixed Assets	(3,057)	(3,196)	(2,848)	(3,970)	(2,900)	(1,290)
(Inc)/ Dec in Investments	(234)	(60)	(43)	(3)	(105)	(105)
(Inc)/ Dec in Other Investing Cash Flows	(1,806)	(868)	(723)	(725)	(811)	(878)
Cash Flow from Investing	(5,097)	(4,123)	(3,613)	(4,698)	(3,816)	(2,273)
Issue/ (Buy Back) of Equity	0	746	520	734	0	0
Inc./ (Dec.) in Loans	2,813	1,509	4,730	4,481	2,580	1,200
Dividend Paid (Incl. Tax)	(91)	(94)	(160)	(220)	(255)	(275)
Other Financing Cash Flows	507	276	(2,450)	(3,190)	150	(244)
Cash Flow from Financing	3,230	2,437	2,639	1,805	2,475	681
Inc./ (Dec.) in Cash	80	111	94	(109)	(430)	(51)
Opening Cash balance & Oth. Adj.	278	500	596	700	591	161
Closing Cash balances	358	611	690	591	161	110

Key Ratios (Consolidated)

Y/E March	FY13	FY14	FY15	FY16	FY17E	FY18E
Valuation Ratio (x)						
P/E (on FDEPS)	2.7	4.2	5.5	11.2	9.8	8.7
P/CEPS	2.4	3.2	3.5	4.8	4.1	3.4
Dividend yield (%)	2.1	2.7	2.4	2.1	2.5	2.5
EV/Sales	2.3	3.1	3.9	3.7	3.6	3.4
EV/EBITDA	8.4	10.6	12.6	12.0	11.7	10.6
EV / Total Assets	0.8	0.8	0.8	0.8	0.8	0.9
Per Share Data (₹)						
EPS (fully diluted)	29.4	18.7	14.3	7.1	8.1	9.1
Cash EPS	32.7	24.6	22.4	16.6	19.4	23.5
DPS	4.0	5.1	4.0	3.5	4.0	4.0
Book Value	187	203	232	203	220	218
Returns (%)						
RoCE (Pre-tax)	9.7	8.3	6.7	6.8	6.8	7.2
Angel RoIC (Pre-tax)	9.7	7.3	6.1	6.3	6.5	7.1
RoE	14.9	10.6	7.5	4.3	4.2	5.0
Turnover ratios (x)						
Asset Turnover (Gross Block) (X)	0.2	0.2	0.1	0.1	0.1	0.1
Inventory / Sales (days)	1	1	1	2	3	2
Receivables (days)	41	48	59	54	56	55
Payables (days)	84	119	91	92	93	91
Leverage Ratios (x)						
D/E ratio (x)	3.9	3.8	4.1	4.1	4.2	4.4
Interest Coverage Ratio (x)	1.6	1.2	1.0	0.9	0.9	1.0

Research Team Tel: 022 - 39357800

E-mail: research@angelbroking.com

Website: www.angelbroking.com

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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)