

IL&FS Transportation Networks

Performance Highlights

Y/E March (₹ cr)	2QFY12	2QFY11	% chg(yoy)	1QFY12	% chg(qoq)
Net Sales	1,255.5	883.3	42.1	1,093.1	14.9
Op. Profit	356.7	261.5	36.4	331.2	7.7
Net Profit	116.2	107.5	8.2	115.7	0.5

Source: Company, Angel Research

For 2QFY2012, on a consolidated basis, IL&FS Transportation Networks (ITNL) posted strong numbers on the top-line front, however the marginal fall in EBITDAM and high interest cost led to modest bottom-line growth. Robust revenue growth came from pick-up in the execution of under construction projects. We believe ITNL is well placed to leverage on the upcoming opportunities in the road sector on account of being a leader with a robust order book and diversified portfolio. Further, we like the conservative bidding strategy of ITNL (the company has refrained itself from aggressive bidding unlike its peers), which ensures that the quality of BOT projects is not diluted. **Hence, we maintain our Buy recommendation on the stock.**

Robust performance continues: The company's revenue for the quarter came at in ₹1,256cr (₹883cr), registering 42.1% yoy/14.9% qoq growth, primarily due to higher revenue of the C&EPC segment (up 73.2% yoy). EBITDA margin for the quarter stood at 28.4% vs. 29.6% in 2QFY2011, down 120bp, mainly on account of increased contribution from the relatively low-margin C&EPC segment, as expected. ITNL's interest cost during the quarter grew by 72.3% yoy/18.8% qoq to ₹169.4cr (₹98.3cr). This resulted in modest bottom-line growth of 8.2% yoy to ₹116.2cr (₹107.5cr).

Outlook and valuation: ITNL has not bagged any order (from NHAI) since the last few quarters, owing to the aggressive bidding witnessed in the road sector. Management believes that this prolonged aggressive bidding will continue for couple of more quarters, and management would not change its conservative strategy given decent share of work in hand (OB of 5.2x FY2011 C&EPC revenue). Against this backdrop, we have revised order inflow targets for FY2012. We have valued ITNL on an SOTP basis by assigning 6x EV/EBITDA to its standalone business and have valued its investments on DCF/Mcap/BV basis on FY2013E to arrive at a target price of ₹260/share, implying an upside of 27.9% from current levels. We maintain our Buy recommendation on the stock.

Key financials (Consolidated)

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
Net sales	2,403	4,049	5,169	6,609
% chg	96.1	68.5	27.7	27.9
Adj. net profit	344.4	433.5	474.8	500.0
% chg	1,212.8	25.9	9.5	5.3
FDEPS (₹)	17.7	22.3	24.4	25.7
EBITDA margin (%)	33.1	28.5	27.5	23.7
P/E (x)	11.5	9.1	8.3	7.9
RoAE (%)	26.2	21.8	19.2	17.4
RoACE (%)	17.9	16.4	13.8	11.4
P/BV (x)	2.3	1.7	1.5	1.3
EV/Sales (x)	2.8	2.2	2.3	2.1
EV/EBITDA (x)	8.5	7.7	7.7	8.7

Source: Company, Angel Research

BUY

CMP	₹203
Target Price	₹260

Investment Period	12 Months
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Stock Info	
Sector	Infrastructure
Market Cap (₹ cr)	3,977
Beta	0.6
52 Week High / Low	328/170
Avg. Daily Volume	21,746
Face Value (₹)	10
BSE Sensex	17,362
Nifty	5,221
Reuters Code	ILFT.BO
Bloomberg Code	ILFT@IN

Shareholding Pattern (%)	
Promoters	71.2
MF / Banks / Indian Fls	6.1
FII / NRIs / OCBs	15.1
Indian Public / Others	7.6

Abs. (%)	3m	1yr	3yr
Sensex	3.0	(17.1)	64.8
#ITNL	7.6	(36.3)	-

*Note: Since listing in March 2010

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Exhibit 1: 2QFY2012 performance (Consolidated)

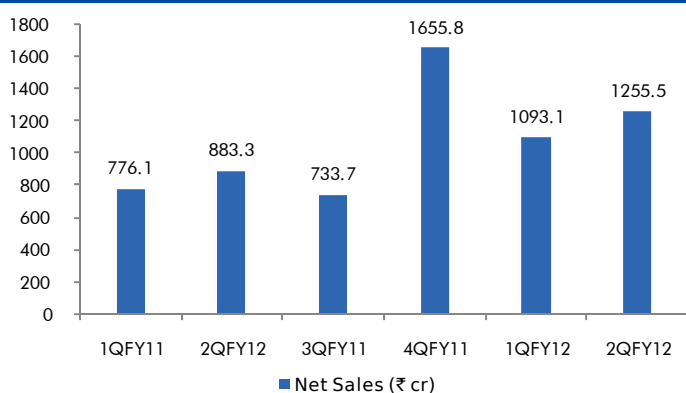
Y/E March (₹ cr)	2QFY12	2QFY11	% chg (yoy)	1QFY12	% chg (qoq)	1HFY12	1HFY11	% chg
Income from Operations	1,255.5	883.3	42.1	1,093.1	14.9	2,348.7	1,659.4	41.5
Total Expenditure	898.9	621.8	44.6	761.9	18.0	1,660.7	1,136.4	46.1
Operating Profit	356.7	261.5	36.4	331.2	7.7	687.9	522.9	31.5
OPM (%)	28.4	29.6	(120)bp	30.3	(190)bp	29.3	31.5	(220)bp
Interest	169.4	98.3	72.3	142.6	18.8	312	203.7	53.1
Depreciation	16.0	14.2	12.9	16.1	(0.4)	32	27.2	17.8
Non Operating Income	26.2	18.7	40.2	22.5	16.5	49	35.9	35.8
Nonrecurring items/Div from SPV's	-	-	-	-	-	-	-	-
Profit Before tax	197.5	167.7	17.8	195.1	1.2	392.6	327.8	19.8
Tax	65.2	56.5		76.6	(14.9)	142	110.6	28.1
PAT	132.4	111.2	19.0	118.5	11.7	250.9	217.2	15.5
Share of Profits/ (Losses) of Asso.	(13.4)	2.3	-	(2.4)	-	(16)	1.6	-
Share of Profits/ (Losses) of MI	(2.7)	(6.1)	-	(0.4)	-	(3)	(6.8)	-
PAT after MI and Share of Assoc.	116.2	107.5	8.2	115.7	0.5	231.9	212.1	9.3
PAT (%)	9.3	12.2	(290)bp	10.6	(130)bp	9.9	12.8	(290)bp
FDEPS (₹)	6.0	5.5	8.2	6.0	0.5	11.9	10.9	9.3

Source: Company, Angel Research

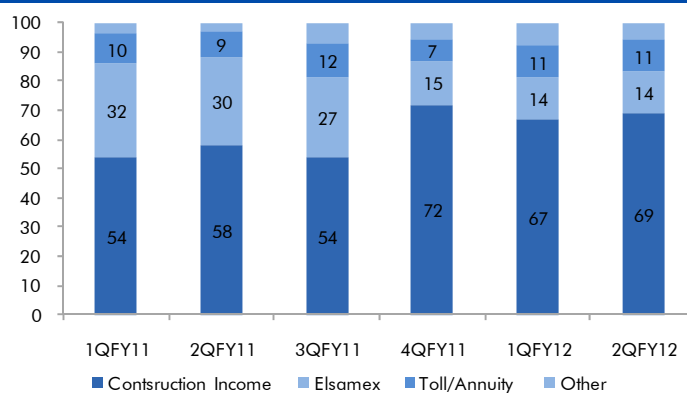
Stellar top-line performance due to increased C&EPC revenue

For 2QFY2012, ITNL reported 42.1% yoy/14.9% qoq growth in its top line to ₹1,256cr (₹883cr). During the quarter, revenue from Elsamex came in at ~₹345cr. The strong increase in the consolidated top line can mainly be attributed to robust C&EPC revenue of ₹887.5cr (₹512.3cr), a whopping jump of 73.2% yoy, and increased toll and annuity income during 2QFY2012.

Going ahead, management is confident of winning 1-2 BOT projects on the back of a large bidding pipeline of ~₹68,500cr/9,500km. Hence, for FY2012, we have factored in order inflow of ₹2,500cr (₹4,000cr earlier).

Exhibit 2: Robust consolidated revenue growth


Source: Company, Angel Research

Exhibit 3: Construction income forms a major share (%)


Source: Company, Angel Research

Standalone performance: ITNL's standalone revenue, representing C&EPC revenue and fee income, witnessed stunning growth of 73.8% yoy to ₹648.3cr (₹373.0cr). C&EPC revenue contributed majorly (₹508.8cr) to the standalone revenue, owing to ramp-up in execution of under construction projects; and the balance was contributed by fee income (₹124.7cr) from Jharkhand road project and other under construction projects.

Operational BOT projects update

During 2QFY2012, ITNL's toll collection from Ahmedabad Mehsana, Vadodra Halol, Beawer Gomti and Rajkot-Jetpur grew by 3.9%, 7.1%, 4.5% and 1.0% on a sequential basis, respectively. The RIDCOR project (Phase 1) witnessed a decline of 1.2% sequentially, after a stunning jump of 35.7% in 1QFY2012.

In 2QFY2012, average daily collection from toll and annuity projects stood at ₹1.8cr (₹1.6cr in 1QFY2012). For Rajkot Jetpur project, tariff revision will take place in 3QFY2012.

Exhibit 4: Decent growth in toll income across operational projects (₹ cr)

Operational Projects	2QFY12	1QFY12	qoq growth (%)	FY2011	FY2010	yoy growth (%)	FY2012E
Abad Mehsana	14.5	14.0	3.9	48.2	42.7	12.8	-
Vadodra Halol	10.9	10.2	7.1	36.9	31.4	17.4	93.5*
RIDCOR (Ph 1)	35.9	36.4	(1.2)	106.2	82.5	28.8	147.0
Rajkot to Jetpur	8.9	8.8	1.0	33.6	31.0	8.2	35.9
Beawer Gomti	4.1	4.0	4.5	15.7	-	-	20.0

Source: Company, Angel Research, Note: #Operational from August 25, 2010, * ₹93.5cr is for Ahmedabad Mehsana and Vadodra Halol projects

Under construction projects update

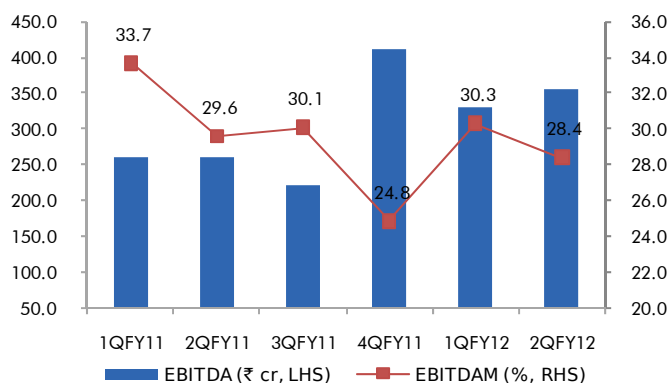
Pune Sholapur: ITNL has received the pending environment clearance for the project and is expecting appointed date from NHAI soon. As of 2QFY2012, ITNL has completed 15% work on this project.

Work completed: As of 2QFY2012, work completed by ITNL is as following – Jharkhand – 80%; Moradabad Bareilly – 35%; Hazaribaug Ranchi – 45%; and Chenani Nashri – 20%.

Lower EBITDAM and higher int. ⇒ Modest earnings performance

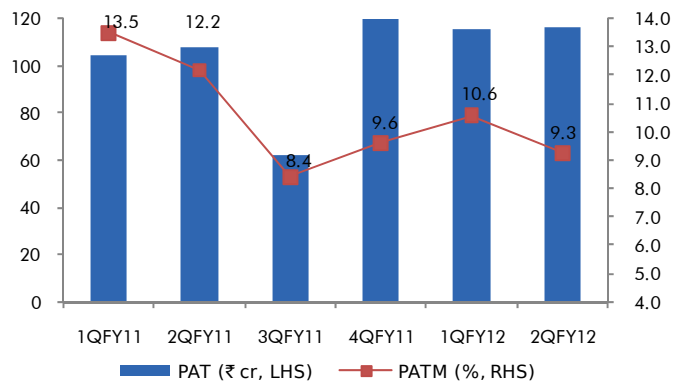
EBITDA margin for the quarter stood at 28.4% vs. 29.6% in 2QFY2011, down 120bp, mainly on account of increased contribution from the relatively low-margin C&EPC segment, as expected. ITNL's interest cost during the quarter grew by 72.3% yoy/18.8% qoq to ₹169.4cr (₹98.3cr). Higher interest cost can be attributed to increased debt level (increase of ₹1,420cr in 1HFY2012) and a high interest rate regime. Going ahead, management expects ITNL's debt level to continue to increase on the back of increased execution of under construction projects. For FY2012, debt level is expected to stand at ~₹8,000cr. The company's bottom line witnessed modest 8.2% yoy growth to ₹116.2cr (₹107.5cr) due to lower EBITDAM and higher interest cost during the quarter. EBITDAM for Elsamex improved to ~10% and PAT came in at ~₹10.2cr during 2QFY2012.

Exhibit 5: EBITDAM dips as expected



Source: Company, Angel Research

Exhibit 6: PATM to remain under pressure



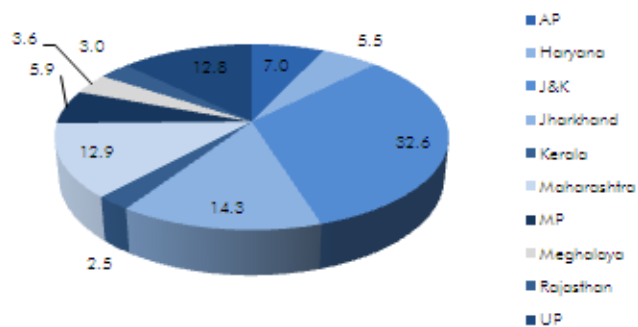
Source: Company, Angel Research

On a standalone basis, EBITDAM came in at 20.5% (36.2%), registering a phenomenal dip of 1,570bp yoy, owing to higher share of low-margin C&EPC revenue. Pressure on EBITDAM, higher interest cost (yoy jump of 83.9% to ₹60.9cr) and tax provisioning (38.2%) led to a 22.5% decline in earnings on a yoy basis to ₹60.9cr (₹78.6cr).

Order book

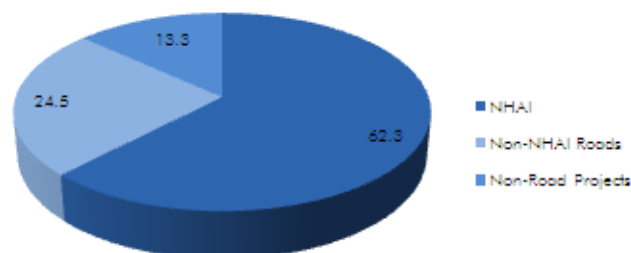
ITNL's outstanding order book currently stands at ₹8,900cr (5.2x FY2011 revenue), which lends decent revenue visibility over the next few years. During the quarter, ITNL bagged the ~₹160cr Outdoor Stadium project, Kerala – where ITNL was L1.

Exhibit 7: State-wise order book break-up (%)



Source: Company, Angel Research

Exhibit 8: Client-wise order book break-up (%)



Source: Company, Angel Research

Outlook and valuation

Owing to ITNL's good performance in 1HFY2012, we are tweaking our numbers upwards. We are factoring in revenue of ₹5,169cr (earlier ₹4,910cr) and ₹6,609cr (earlier ₹6,484cr) for FY2012 and FY2013, respectively, as construction revenue is expected to continue posting strong growth going ahead. We are factoring in higher interest cost for FY2012 and are estimating earnings of ₹474.8cr (earlier ₹463.4cr) and ₹500.0cr (earlier ₹490.8cr) for FY2012 and FY2013, respectively.

Exhibit 9: Change in estimates

	FY2012E			FY2013E		
	Earlier Estimates	Revised Estimates	Variation (%)	Earlier Estimates	Revised Estimates	Variation (%)
Revenue (₹ cr)	4,910.2	5,168.7	5.3	6,484.1	6,609.0	1.9
EBITDA margin (%)	27.5	27.5	-	23.7	23.7	-
PAT (₹ cr)	463.4	474.8	2.5	490.8	500.0	1.9

Source: Company, Angel Research

ITNL has not bagged any order (from NHAI) since the last few quarters due to aggressive bidding witnessed in the road sector. Management believes this prolonged aggressive bidding will continue for couple of more quarters, and management would not change its conservative strategy given the decent share of work in hand (OB of 5.2x FY2011 C&EPC revenue).

We have valued ITNL on an SOTP basis by assigning 6x EV/EBITDA to its standalone business and have valued its investments on DCF/Mcap/BV basis on FY2013E. **We continue to maintain our Buy recommendation on the stock with a target price of ₹260/share, implying an upside of 27.9% from current levels.**

Exhibit 10: DCF for BOT projects

Project	DCF Value (₹ cr)	ITNL's Stake (%)	ITNL's Share (₹ cr)	Value/Share (₹)	Implied P/BV (x)
North Karnataka Exp.	44.5	94.0	41.8	2.2	0.7
Thiruvananthapuram Road Develop. Phase 1 & 2	60.8	50.0	30.4	1.6	0.4
Andhra Pradesh Exp	15.9	100.0	15.9	0.8	0.7
Gujarat Toll Roads	959.9	84.0	806.3	41.5	7.6
RIDCOR, Rajasthan Phase 1 & 2	683.7	50.0	341.9	17.6	2.4
West Gujarat Exp	38.8	100.0	38.8	2.0	1.0
Hyderabad Ring Road	71.0	26.0	18.5	1.0	1.6
Beawar-Gomti	(258.7)	100.0	(258.7)	(13.3)	-
Jharkhand Road Dev. Phase 1 & 2	210.5	100.0	210.5	10.8	0.9
Chhattisgarh Road Dev. Phase -1,2,3	155.4	74.0	115.0	5.9	0.4
East Hyderabad Exp.	64.6	74.0	47.8	2.5	2.2
Hazaribaug Ranchi Exp.	6.2	74.0	4.6	0.2	0.1
Warora Chandrapur	316.9	35.0	110.9	5.7	5.1
Pune Sholapur	137.1	100.0	137.1	7.1	0.9
Moradabad Bareilly	968.4	100.0	968.4	49.8	4.4
Narketpalli Addanki	412.5	50.0	206.2	10.6	7.0
Jorbat Shillong	84.8	50.0	42.4	2.2	1.0
Chenani Nashri	(93.8)	100.0	(93.8)	(4.8)	(3.6)
Total Value	3,878.5		2,783.9	143.3	

Source: Company, Angel Research

Exhibit 11: SOTP break-up

	Method	Multiple	Value (₹ cr)	Value/ Share
Road BOT Proj. (exhibit 9)	NPV	-	2,783.9	143.3
Vansh Nimay	Investment	1.0	9.0	0.7
Gurgaon Metro	Investment	1.0	14.0	0.7
Noida Toll Bridge	10% Dis to Mkt. Cap.	-	105.1	5.4
Elsamex	Investment	1.0	320.5	16.5
MP Check Post	P/BV	1.0	328.2	1.7
Parent	EV/EBITDA	6.0	3,817.4	196.5
Net Debt at parent level			(2,043.9)	(105.2)
		Fair Value	5,612.6	260
		CMP		203
		Upside (%)		27.9

Source: Company, Angel Research

Exhibit 12: Angel EPS forecast vs. consensus

	Angel Forecast	Bloomberg Consensus	Variation (%)
FY2012E	24.4	24.6	(0.6)
FY2013E	25.7	28.8	(10.8)

Source: Company, Angel Research

Exhibit 13: Key assumptions – BOT segment

Project	Client	Rev.	Lane kms	Direct (%)	Beneficial (%)	ITNL's stake (%)	TPC SPV	Equity	Grant	Debt	ITNL's stake	Con. sign	Int. rate (%)	Toll inc (%)	Traffic inc (%)
Oper.															
North Kar. Exp.	NHAI	Ann.	472	75	19	94	600	101	-	499	564	Jul-02	8.5	-	-
Thiruvan. Ph 1	State	Ann.	51	50	-	50	110	30	-	80	55	May-04	9.5	-	-
AP Exp	NHAI	Ann.	328	49	51	100	863	34	-	829	863	Oct-06	8.6	-	-
Gujarat Toll	State	Toll	523	84	-	84	466	232	-	234	390	Jun-00	12.5	5	5
Noida Toll	State	Toll	60	25	-	25	589	331	-	258	147	Dec-98	10.0		
RIDCOR, Ph 1	State	Toll	2106	-	50	50	1,618	100	215	1,303	809	Jan-06	11.0	10 [#]	5
West Guj Exp	NHAI	Toll	389	49	51	100	276	40	18	218	276	Sep-05	12.8	5	5
Hyd Ring Road	State	Ann.	152	26	-	26	399	45	67	288	104	Nov-07	11.3	-	-
Beawar-Gomti	State	Toll	248	100	-	100	355	40	76	240	355	Apr-09	11.0	5	5
Under-Dev.															
Jharkhand Ph 1	State	Ann.	466	100	-	100	1,408	170	-	1,238	1,408	-	10.5	-	-
Chhattisgarh -1,2,3	State	Ann.	1368	-	74	74	2,347	353	-	1,994	1,737	-	10.0	-	-
Thiruvan Phase 2	State	Ann.	107	50	-	50	263	125	-	138	132	May-09	11.0	-	-
East Hyd Exp.	State	Ann.	173	74	-	74	428	29	78	321	317	Sep-07	12.0	-	-
Hazaribaug Ranchi	NHAI	Ann.	319	74	-	74	869	131	-	738	643	Aug-09	10.0	-	-
RIDCOR, Ph 2	State	Toll	698	0	50	50	750	186	46	518	375	Jun-10	10.0	10 [#]	5
Warora Chandrapur	State	Toll	275	35	-	35	700	176	176	348	245	Mar-10	10.0	5	5
Pune Sholapur	NHAI	Toll	571	100	-	100	1,403	160	285	958	1,403	Sep-09	10.5	8	8
Moradabad Bareilly	NHAI	Toll	522	100	-	100	1,984	222	443	1,319	1,984	Feb-10	10.8	5	5
Narketpalli Addanki	State	Toll	888	50	-	50	1,670	236	467	967	835	Jul-10	10.0	5	5
Jorbat Shillong	NHAI	Ann.	262	50	-	50	810	162	-	648	405	Jul-10	10.0	-	-
Chenani Nashri	NHAI	Ann.	38	100	-	100	3,740	748	-	2,992	3,740	Jun-10	10.0	-	-
Total							21,648	3,651	1,870	16,127	16,785				

Source: Company, Angel Research [#]Note: Once in two years

Exhibit 14: Key assumptions – ITNL Standalone

	FY2009	FY2010	FY2011	FY2012E	FY2013E
Order inflow	4,200	8,200	7,396	2,500	6,000
Revenue	171	845	1,701	2,521	3,633
Order backlog (Y/E)	2,645	10,000	9,290	9,291	11,756
OB/Sales (x)	15.5	11.8	5.5	3.7	3.3

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 the Noida toll bridge project in 1998. Since then, ITNL has come a long way and has a sizeable portfolio currently. The company has one of the largest portfolios in the country, encompassing ~9,458 lane kms. ITNL's experience and technical capability give it an edge over competition to bid for new projects.

Pan-India presence

ITNL has 22 road projects spread across the country. 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 prevents fluctuation in the company's revenue stream due to 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 bi-furcated equally into toll and annuity projects in revenue terms, thereby reducing its dependence on traffic-related revenue inflow. Going ahead as well, we expect the company to continue to have balanced revenue, considering its projects in the pipeline.

ITNL in a sweet spot

We believe ITNL, being a market leader, is well poised to leverage on the growing opportunities in the BOT space, owing to 1) strong parentage (belongs to the IL&FS Group), 2) experienced management at the helm of affairs (rich experience of over 22 years in the infrastructure business); and 3) unique business model (present across the value chain).

Key concerns

Interest rate: BOT projects are inherently high-leverage projects. Hence, ITNL's business model is vulnerable to interest rate fluctuations, and any hike in interest rates could increase the company's interest costs.

Commodity risks: Road players are facing pressures from the recent price inflation in commodities such as cement and steel, which directly affect margins.

Execution delays: ITNL has faced delay in the execution of few projects as the appointment date was not received by the NHAI due to pending environmental clearances.

Awarding from NHAI: Any slowdown in award activity from NHAI could affect road-focused players such as ITNL.

Exhibit 15: Recommendation summary

Company	CMP (₹)	TP (₹)	Rating	Top line (₹ cr)				EPS (₹)				Adj. P/E			OB/ Sales(x)
				FY11	FY12E	FY13E	CAGR (%)	FY11	FY12E	FY13E	CAGR (%)	FY11	FY12E	FY13E	
CCCL	21	17	Sell	2,199	2,362	2,646	9.7	2.5	(0.4)	2.4	(3.5)	8.3	-	8.9	2.7
HCC	28	-	Neutral	4,093	4,152	4,633	6.4	1.2	(1.0)	0.6	(25.8)	-	-	-	4.0
IRB Infra	167	193	Buy	2,438	3,024	3,980	27.8	13.6	12.5	14.0	1.5	5.5	5.9	5.3	-
IVRCL	39	60	Buy	5,651	5,798	6,994	11.2	5.9	4.2	6.1	1.6	3.6	5.0	3.5	4.2
JP Assoc.	78	85	Accu.	13,832	15,092	17,683	13.1	5.5	3.7	5.3	(1.8)	14.3	21.0	14.8	-
Punj Lloyd	56	-	Neutral	7,850	9,585	10,992	18.3	(5.4)	1.9	3.6	-	-	29.7	15.7	3.3
NCC	53	75	Buy	5,074	5,095	6,139	10.0	6.4	3.6	5.7	(5.2)	3.8	6.7	4.2	3.4
Sadbhav	137	165	Buy	2,209	2,602	2,768	11.9	8.0	9.1	9.8	11.1	7.6	6.6	6.2	2.8
Simplex In.	209	299	Buy	4,889	5,286	6,178	12.4	21.5	20.4	29.9	18.1	9.7	10.2	7.0	2.9
Patel Engg	95	-	Neutral	3,499	3,272	3,587	1.2	18.4	17.1	16.7	(4.7)	0.7	0.8	0.8	2.7
Madhucon	65	106	Buy	1,816	1,959	2,512	17.6	5.6	5.8	6.8	10.7	3.2	3.1	2.6	3.5
L&T	1,376	1,714	Buy	43,905	52,695	66,551	23.1	54.3	64.2	74.0	16.7	18.3	15.5	13.4	3.2
ITNL	203	260	Buy	4,049	5,169	6,609	27.8	22.3	24.4	25.7	7.4	1.5	1.4	1.3	5.2

Source: Company, Angel Research

Exhibit 16: SOTP break-up

Company	Core Const.		Real Estate		Road BOT		Invst. In Subsidiaries		Others		Total ₹
	₹	% to TP	₹	% to TP	₹	% to TP	₹	% to TP	₹	% to TP	
CCCL	17	100	-	-	-	-	-	-	-	-	17
HCC	4	9	23	54	16	37	-	-	-	-	44
IRB Infra	101	52	-	-	70	36	4	2	18	9	193
IVRCL	43	71	-	-	-	-	17	29	-	-	60
JP Assoc.	31	37	30	35	-	-	-	-	24	29	85
Punj Lloyd	71	100	-	-	-	-	-	-	-	-	71
NCC	46	62	2	3	8	11	-	-	18	25	75
Sadbhav	89	54	-	-	76	46	-	-	-	-	165
Simplex In.	299	100	-	-	-	-	-	-	-	-	299
Patel Engg	40	33	47	38	16	13	-	-	19	16	122
Madhucon	59	55	2	2	33	31	-	-	12	12	106
L&T	1,332	78	-	-	-	-	382	22	-	-	1,714
ITNL	91	35	-	-	143	55	-	-	25	10	260

Source: Company, Angel Research

Profit & loss statement (Consolidated)

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
Net Sales	362	1,225	2,403	4,049	5,169	6,609
Other operating income	-	-	-	-	-	-
Total operating income	362	1,225	2,403	4,049	5,169	6,609
% chg	91.6	238.9	96.1	68.5	27.7	27.9
Total Expenditure	179	1,032	1,609	2,893	3,750	5,040
Net Raw Materials	-	104	73	125	134	225
Other Mfg costs	76	172	531	1,790	1,909	2,769
Personnel	20	299	357	352	565	565
Other	83	457	648	626	1,141	1,482
EBITDA	183	193	794	1,156	1,419	1,569
% chg	89.6	5.6	310.8	45.5	22.8	10.5
(% of Net Sales)	50.6	15.8	33.1	28.5	27.5	23.7
Depreciation & Amortisation	8	35	60	61	86	139
EBIT	175	158	734	1,094	1,333	1,429
% chg	88.1	(9.9)	364.5	49.1	21.8	7.2
(% of Net Sales)	48.5	12.9	30.5	27.0	25.8	21.6
Interest & other Charges	107	174	294	498	675	749
Other Income	76	107	84	79	87	109
(% of PBT)	53	118	16	12	12	14
Recurring PBT	144	90	524	675	745	789
% chg	77.8	(37.4)	480.2	28.8	10.3	6.0
Extraordinary Expense/(Inc.)	10	10	-	-	-	-
PBT (reported)	134	80	524	675	745	789
Tax	47	48	186	224	264	279
(% of PBT)	35.0	60	35	33	35	35
PAT (reported)	87	32	338	450	481	510
Add: Share of earnings of asso.	7	(3)	9	(5)	9	9
Less: Minority interest (MI)	1	3	3	12	15	19
Prior period items	-	-	-	-	-	-
PAT after MI (reported)	93	26	344	434	475	500
ADJ. PAT	93	26	344	434	475	500
% chg	81.7	(71.9)	1,213	25.9	9.5	5.3
(% of Net Sales)	25.8	2.1	14.3	10.7	9.2	7.6
Basic EPS (₹) (Reported)	5	2	18	22	24	26
Fully Diluted EPS (₹)	5	1	18	22	24	26
% chg	81.7	(71.9)	1,213	25.9	9.5	5.3

Balance sheet (Consolidated)

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
SOURCES OF FUNDS						
Equity Share Capital	171	171	194	194	194	194
Preference Capital	35	35	35	35	35	35
Reserves & Surplus	744	715	1,474	2,045	2,440	2,861
Shareholder's Funds	951	921	1,704	2,274	2,670	3,090
Minority Interest	76	77	112	131	131	131
Adv - capital of Subsidiary	-	-	45	45	51	51
Total Loans	1,614	1,854	3,322	5,467	8,301	10,324
Deferred Tax Liability	52	65	78	144	144	144
Total Liabilities	2,693	2,963	5,260	8,068	11,297	13,740
APPLICATION OF FUNDS						
Gross Block	1,306	1,848	1,913	3,342	8,862	11,280
Less: Acc. Depreciation	222	263	295	365	451	590
Net Block	1,084	1,585	1,618	2,978	8,411	10,690
Capital Work-in-Progress	84	8	6	3	3	3
Goodwill on Consolidation		285	271	280	280	280
Investments	202	201	454	194	214	225
Toll receivable account		190	190	190	190	190
Current Assets	2,218	1,418	2,303	3,235	4,013	4,441
Inventories	20	25	29	78	109	174
Sundry Debtors	818	787	648	749	1,066	1,023
Cash	182	160	550	528	595	565
Loans & Advances	1,198	344	971	1,813	2,175	2,610
Other	-	103	105	68	68	68
Current liabilities	895	725	787	1,355	1,829	2,103
Net Current Assets	1,323	693	1,516	1,881	2,184	2,338
Misc. Exp. not written off	1	-	-	4	4	4
Total Assets	2,693	2,963	5,260	8,068	11,297	13,740

Cash flow statement (Consolidated)

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
Profit before tax	134	80	524	663	730	771
Depreciation	8	35	60	61	86	139
Change in Working Capital	(62)	132	301	387	236	184
Less: Other income	76	107	84	79	87	109
Direct taxes paid	53	57	190	224	264	279
Cash Flow from Operations	151	(74)	93	33	229	338
(Inc.)/ Dec. in Fixed Assets	(63)	34	(49)	(2,748)	(2,993)	(2,418)
(Inc.)/ Dec. in Investments	(43)	38	(9)	260	(19)	(11)
Other income	76	107	84	79	87	109
Cash Flow from Investing	(106)	72	(58)	(2,409)	(2,925)	(2,320)
Issue of Equity	119	-	590	-	-	-
Inc./(Dec.) in loans	166	190	1,262	2,145	2,834	2,023
Dividend Paid (Incl. Tax)	(19)	(38)	(25)	(79)	(80)	(80)
Others	(188)	(181)	(1,478)	287	9	9
Cash Flow from Financing	77	(29)	348	2,353	2,763	1,952
Inc./(Dec.) in Cash	123	(31)	383	(23)	67	(30)
Opening Cash balances	24	182	160	550	528	595
Closing Cash balances	182	160	550	528	595	565

Key Ratios

Y/E March	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
Valuation Ratio (x)						
P/E (on FDEPS)	42.3	150.3	11.5	9.1	8.3	7.9
P/CEPS	39.1	64.0	9.7	8.0	7.0	6.2
P/BV	4.1	4.3	2.3	1.7	1.5	1.3
Dividend yield (%)	1.0	0.6	1.5	1.7	1.7	1.7
EV/Sales	14.9	4.6	2.8	2.2	2.3	2.1
EV/EBITDA	29.4	29.2	8.5	7.7	8.2	8.7
EV / Total Assets	2.0	1.9	1.3	1.1	1.0	1.0
Order Book to Sales	-	15.5	11.8	5.5	4.3	3.6
Per Share Data (₹)						
EPS (Basic)	5.4	1.5	17.7	22.3	24.4	25.7
EPS (fully diluted)	4.8	1.4	17.7	22.3	24.4	25.7
Cash EPS	5.2	3.2	20.8	25.5	28.9	32.9
DPS	2.0	1.3	3.0	3.5	3.5	3.5
Book Value	48.9	47.4	87.7	117.1	137.4	159.1
DuPont Analysis						
EBIT margin	48.5	12.9	30.5	27.0	25.8	21.6
Tax retention ratio	0.6	0.4	0.6	0.7	0.6	0.6
Asset turnover (x)	0.2	0.5	0.6	0.7	0.6	0.6
ROIC (Post-tax)	5.2	2.4	12.6	11.9	9.4	7.7
Cost of Debt (Post Tax)	5.2	4.0	7.3	7.6	6.3	5.2
Leverage (x)	1.4	1.7	1.7	1.9	2.6	3.0
Operating ROE	5.3	(0.4)	21.6	20.4	17.4	15.4
Returns (%)						
ROACE (Pre-tax)	7.6	5.6	17.9	16.4	13.8	11.4
Angel ROIC (Pre-tax)	8.1	5.9	19.5	17.9	14.6	12.0
ROAE	10.8	2.8	26.2	21.8	19.2	17.4
Turnover ratios (x)						
Asset Turnover (Gross Block)	0.3	0.9	1.5	1.7	0.9	0.7
Inventory / Sales (days)	32	7	4	5	7	8
Receivables (days)	448	239	109	63	64	58
Payables (days)	1,070	286	172	135	155	142
W.cap cycle (ex-cash) (days)	1,025	249	114	105	104	93
Solvency ratios (x)						
Net debt to equity	1.5	1.8	1.6	2.2	2.9	3.2
Net debt to EBITDA	7.8	8.8	3.5	4.3	5.4	6.2
Interest Coverage	1.6	0.9	2.5	2.2	2.0	1.9

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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 (Returns):

Buy (> 15%)

Reduce (-5% to 15%)

Accumulate (5% to 15%)

Sell (< -15%)

Neutral (-5 to 5%)