

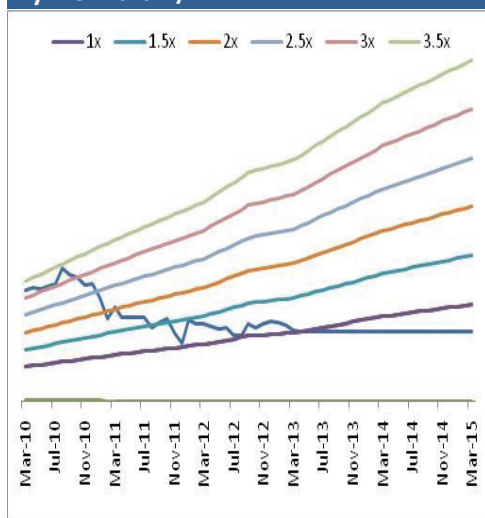
Result	Buy
CMP	176
Target Price	220
Previous	220
Upside	25%
Change from	0%

Market Data	
BSE Code	533177
NSE Symbol	IL&FSTRANS
52wk Range	157/227
Mkt Capital	3417
Average Daily	45354
Nifty	6157

Stock	1M	1yr	YTD
Absolute	(5)	9	(1)
Rel. to Nifty	(14)	(16)	(10)

Share	Current	4QFY13	3QFY13
Promoters	72.5	72.5	72.5
FII	3.8	3.4	3.2
DII	3.8	3.6	3.3
Others	20.0	20.5	21.0

1 yr Forward P/B



Intrest expence put pressure on margins.....

ITNL net sales during 4QFY13 degrew (standalone) by 2.9% YoY to Rs. 1930.5 cr. The company registered EBIDTA margins of 25.7% vs 24.7% expanded by 100 bps YoY. EBIDTA increase by .28% to Rs 503.8 cr. The huge surge in interest charges (up 31% YoY) and depreciation (up 10% YoY) took a toll on the profitability of ITNL however, tax write back of Rs. 8.6 crore in 4QFY13 aids profit to Rs. 178.5 crore. NPM margin for the quarter stands 9.2% falt YoY. ITNL is highly sensitive to intrest rates, 100 bps points correction in the risk free intrest rate leads to 26% increase in fair value of ITNL & this remains a key beneficiary of reduction in risk free rate of he project financing. ITNL has the highest leverage in the road sector making it highly intrest rate sensitive. We maintain "buy" with a target price of Rs. 220.

For the year ended March 31,2013, On consolidated basis, net sales of the company were Rs. 6644.9 cr, an increase of 18.5% over last year (EPC revenue up 16%); 47% YoY increase in BOT revenue led to blended EBITDA margin surging 160 bps to 27.7%. Net profit after tax for the period grew by only 5% as under IFRS, intrest during construction on annuity project is expanded and not caitalised.

Healthy order book:

At the end of 4QFY13, INTL has witnessed a robust increase in the request for proposal (RFP) stage (post-qualification) and the request for qualification (RFQ) stage (pre-qualification) bid pipeline. The post-qualification order pipeline grew by 2.2x times to Rs147bn. We believe the sharp rise in bid pipeline promises a better order intake leading to a strong revenue visibility for ITNL, however the overall profitability is also driven by fee income which is majorly recognised on new projects wins. With the lack of new wins at a time when the competetive intensity was seemingly high at NHAI & this will be beneficial for the company.

Valuation:

As management expects about 2500 lane km of road projects will be operational in FY'14, further with execution on under-development projects ahead of shedule, 10 projects are likeley to become operational over the period of next 18 months, which in our belief will improve the operating cash flows for the company. At the current CMP of Rs 176, the stock is trading at a PE of 6.1x FY14E and 5.1x FY15E respectively. The company can post EPS of Rs. 29.1 & Rs. 34.8 and RoE of 13.7% & 14.3% in FY13E & FY14E. We maintain our buy recommendation on this stock, One can buy ITNL With a target price of Rs 220.00 for medium To long term Investment.

Financials	Rs, Crore				
	4QFY13	3QFY13	(QoQ)-%	4QFY12	(YoY)-%
Revenue	1930.5	1764.4	9.4	1988.7	-2.9
EBITDA	503.8	481.9	4.5	502.3	0.3
PAT	178.5	104.1	71.4	177.3	0.6
EBITDA Margin	26.1%	27.3%	(120) bps	25.3%	80 bps
PAT Margin	9.2%	6.1%	310 bps	9.2%	-

(Source: Company/Eastwind)

IL&FS Transportation

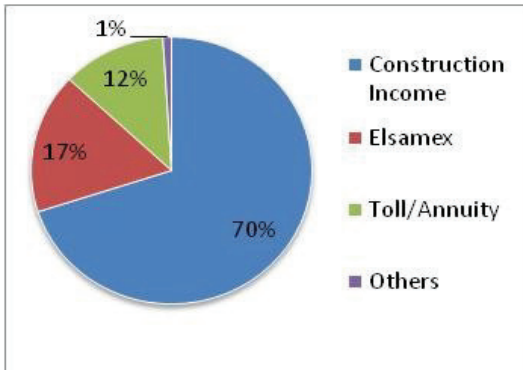
Concall Highlights:

- Company did not win any major project in FY'13, as the year was full of competition and uncertainty in price. About 35 of the total projects in road sector have not achieved the financial closure and companies want to get out from these projects.
- One more concern is the high interest rates, which never came down in FY'13. Currently average interest rate at consolidated level for the company stands around 11.5%.
- Management believes that there will be consolidation in the industry and only few players will be left, unless government comes in and saves them. Overall, the consolidation will be healthy for the industry.
- About 850 lane km of road projects were made operational in FY'13 and management expects about 2500 lane km of road projects will be operational in FY'14.
- Also the toll revenue which is around Rs 4.2 crore per day in FY'13, will, once the projects get commissioned, reach to around Rs 12 crore per day in FY'16.
- Company needs an equity of about Rs 2400 crore to complete its existing asset of road projects over next 2-3 years. This, as per the management, will come in form of a combination of internal accruals and securitization of toll revenues.
- The company has about 13200-lane km of road projects under its belt, of which about 6300-lane km is operational. According to the management, the difference in the operational asset vis a vis carrying asset, is the main cause of high debt equity ratio and as a result of which the balance sheet looks stretched. In about couple of years time, the number of operational road projects will increase and so will be their collection of tolls, which thus will lead to improvement in debt equity ratio from current level.
- Globally, the subsidiary Elsamex is performing very well and reported PAT of 5 M Euro for FY'13, which the management expects to double in FY'14. Also the Chinese subsidiary is also performing well and better than the management's expectations.
- The Bus business, which the company is working with the Nagpur Municipal Corporation, is not performing as planned, as the company is not able to increase the fares. However, there were some price increases being made. Overall, the company once the concession agreement gets over in next 4 years wants to exit from this venture.

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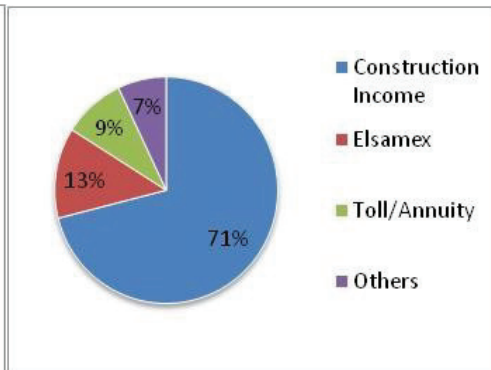
Story in graphs :

Revenue Breakup 4QFY13



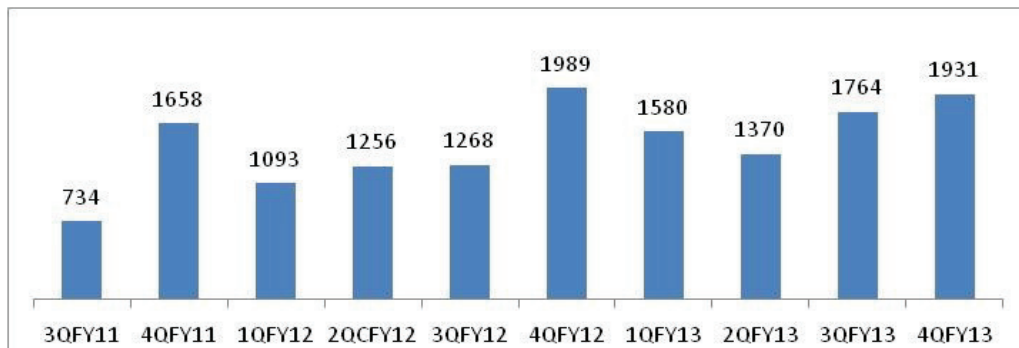
(Source: Company/Eastwind)

Revenue Breakup 4QFY12



(Source: Company/Eastwind)

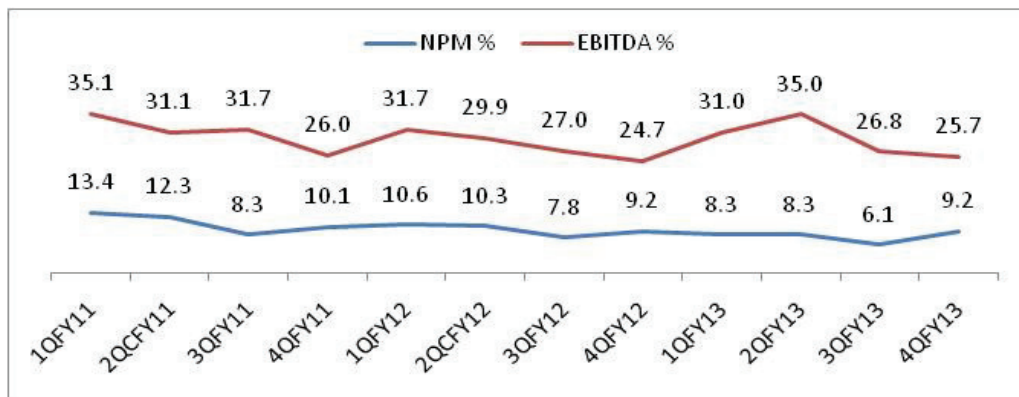
Revenue (Q-o-Q):



Revenue in crores

(Source: Company/Eastwind)

Margin % (Q-o-Q) :

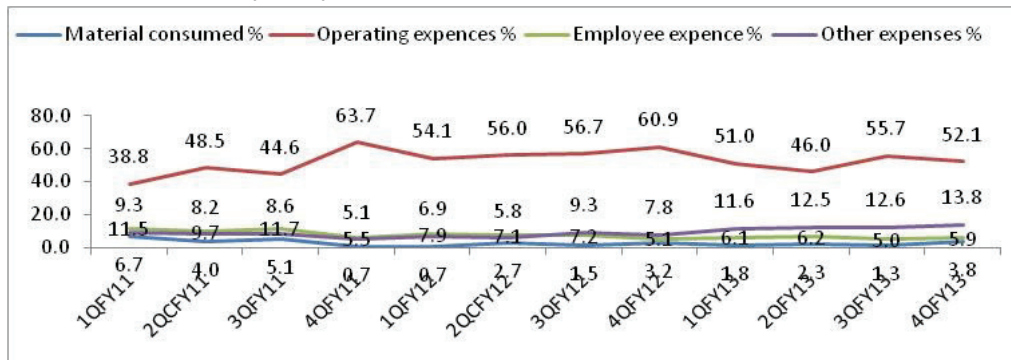


(Source: Company/Eastwind)

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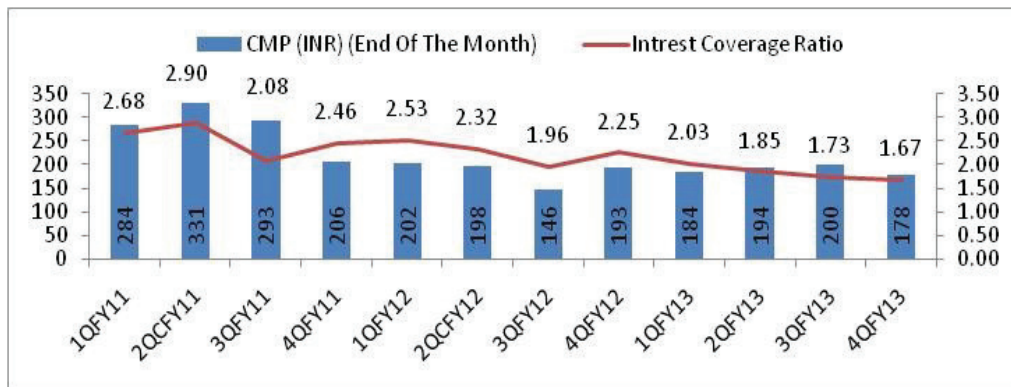
Story in graphs :

Cost as a % of revenue (Q-o-Q) :



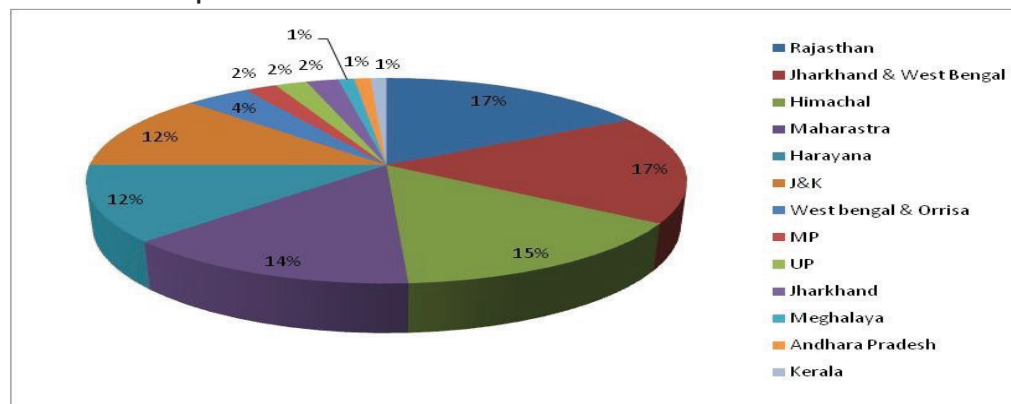
(Source: Company/Eastwind)

Intrest coverage ratio to price (Q-o-Q)



(Source: Company/Eastwind)

State wise breakup of order book :



(Source: Company/Eastwind)

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Key financials :

PARTICULAR	2010A	2011A	2012A	2013A	2014E	2015E
Revenue	2403	4048	5606	6645	7309	8406
Other Income	84	79	124	141	141	141
Total Income	2487	4127	5729	6786	7451	8547
EBITDA	794	1155	1466	1840	2047	2438
EBIT	734	1093	1389	1746	1943	2318
Depreciation	60	61	77	94	104	119
Intrest Cost	294	498	728	1119	1282	1459
PBT	524	674	785	768	802	1001
TAX	186	224	246	227	237	296
Reported PAT	338	450	539	541	565	705
Adjusted PAT	284	397	454	441	465	605
Dividend (INR)	58	68	80	80	80	80
Dividend Per Share	3.0	3.5	4.1	4.1	4.1	4.1
EBITDA %	33.0%	28.5%	26.1%	27.7%	28.0%	29.0%
NPM %	13.6%	10.9%	9.4%	8.0%	7.6%	8.2%
Tax %	35.4%	33.3%	31.3%	29.6%	29.6%	29.6%
ROE %	20.3%	20.1%	19.5%	14.9%	13.7%	14.8%
ROCE%	6.7%	5.9%	4.1%	3.0%	2.7%	2.8%
Dividend Yeild %	1.1%	1.7%	2.1%	2.3%	2.3%	2.3%
Book Value	86	115	142	187	212	244
P/B	3.2	1.8	1.4	0.9	0.8	0.7
P/E	16.0	8.9	7.0	6.4	6.1	4.9
EPS	17.4	23.2	27.7	27.8	29.1	36.3
EV/EBITDA	11.0	8.1	9.5	9.7	10.0	9.6
Total Debt	3367	5395	10226	14359	17000	20000
Capital Employed	5036	7634	12990	17999	21124	24749
Net Worth	1669	2239	2764	3640	4124	4749
No of Share (Adj)	19	19	19	19	19	19
CMP	278	206	193	178	176	176
D/E	2.02	2.41	3.70	3.95	4.12	4.21
Intrest coverage ratio	2.50	2.20	1.91	1.56	1.52	1.59

Ammount in crores

(Source: Company/Eastwind)