

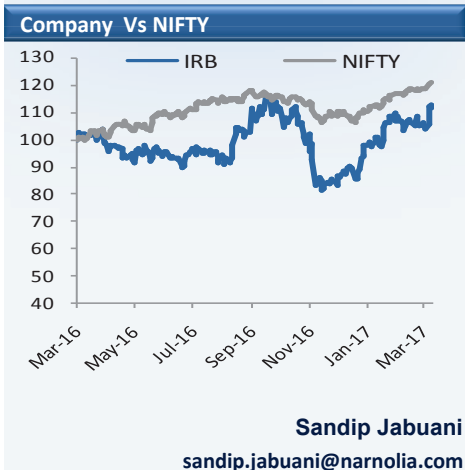
IRB Infrastructure Developers Ltd.

Result Update	
CMP	244
Target Price	285
Previous Target Price	265
Upside	17%
Change from Previous	8%

Market Data	
BSE Code	532947
NSE Symbol	IRB
52wk Range H/L	266/177
Mkt Capital (Rs Cr)	8,577
Av. Volume	203192
Nifty	9160

Stock Performance			
	1Month	3 Month	1Year
Absolute	6.9	26.7	5.9
Rel.to Nifty	3.1	14.2	-16.3

Share Holding Pattern-%			
	3QFY17	2QFY17	1QFY17
Promoters	57%	57%	57%
Public	43%	43%	43%
Other	0%	0%	0%
Total	100%	100%	100%



IRB will Launch InvIT in April:-

IRB had filed draft red herring prospectus (DRHP) with SEBI and was waiting for SEBI's approval. Now, SEBI has given the nod and IRB is ready to launch InvIT IPO of 4300 Cr in month of April. InvIT are the trust that manages the income generating assets of 6 SPVs. IRB will transfer 6 project namely Surat Dahisar, Bharuch Surat, Jaipur- Deoli, Tumkar Chaitradurg, Omalur Salem and Talegaone Amravati to trust at mutually agreed valuation. IRB values its transferring assets at 8000 Cr Enterprise Value (EV) and 3000 Cr of equity valuation. Trust will acquire 100% equity stake from IRB and issue units of trust as consideration. Then the Trust will offer fresh units worth of Rs. 4300 Cr to investors through Offer for Sale and the proceed from it will infuse as debt into six SPVs. IRB and other sponsors can also sell its units through Offer for sale. Post this transaction IRB's debt to equity will improve significantly from 2.8x to 2.2X, which will result in lower interest outgo and improvement in the bottom line.

Robust construction revenue visibility:-

Currently, 5 projects are under construction and in next 8-10 months time period another 3 projects in Rajasthan namely Gujarat/Rajasthan, Kishangarh - Udaipur and Kishangarh - Gulabpura will come under execution. Recently, company has executed concession agreement with NHAI for the Kishangarh to Gulabpura road project. We expect work will start on Gujarat Rajasthan and Kishangarh Udaipur projects from April and June 2017 respectively. Order book stands at Rs. 12011 Cr i.e. 3.45x of TTM EPC revenue. All the projects are well on track and management confident to complete projects on time. Current on-going projects will drive the revenue growth and we expect revenue growth of 40-45% in FY18E.

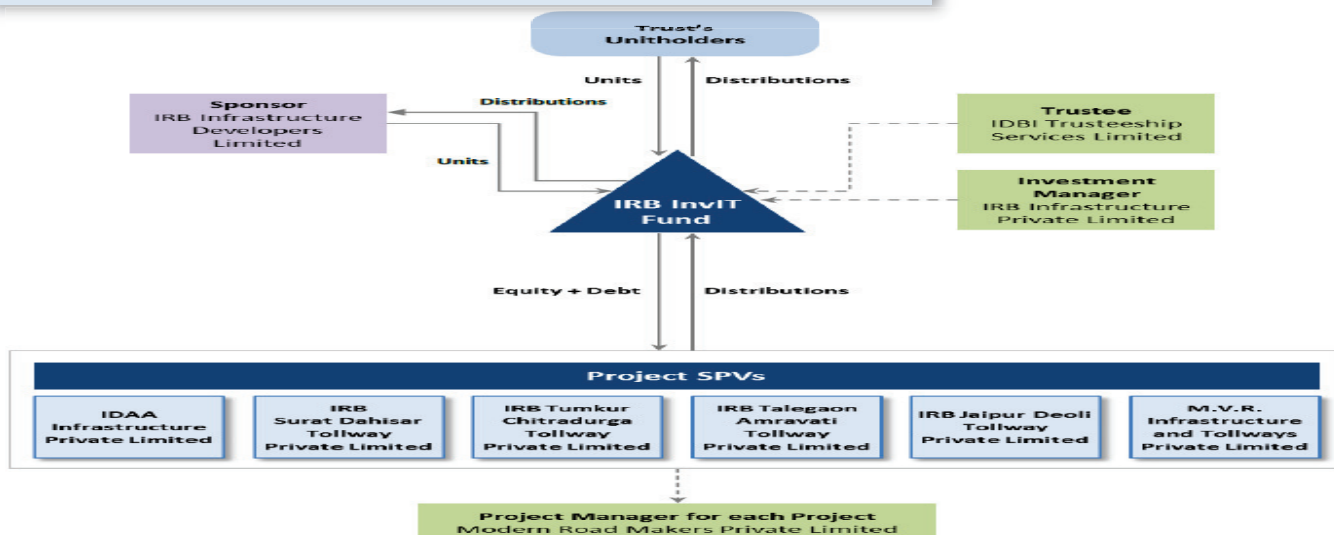
Strong Recovery in Toll Collection :-

IRB has witnessed encouraging traffic growth post the demonization. Average daily toll collection in month of December has grown by 3% to Rs. 7.79 Cr compared to Rs. 7.53 Cr in month of October. IRB's most of the operation road projects are in western part of the country which is seeing good recovery in traffic movement. Management expects 10-12% growth in BOT revenue including 5-6% traffic growth.

Financials	Q3FY17	Q2FY17	Q3FY16	In Rs. Cr	
				YoY (+/-)	QoQ (+/-)
Sales	1411	1291	1333	6%	9%
EBITDA	743	709	688	8%	5%
PAT	184	142	170	8%	30%
EBIDTA%	52.7%	54.9%	51.6%	110 bps	(220) bps
PAT	13.1%	11.0%	12.7%	40 bps	210 bps

Structure of the Trust :-

Source :- InvIT DRHP



Projects transfer to Trust :-

Projects	IRB Holding	State	Length (Kms)	Annual Toll Collection	Debt as on 31st Dec	Concession Period (In Years)	Remaining Concession Period (In Years)
Surat-Dahisar	100%	Maharstra	239	613	742	12	5
Tumkar Chitradurga	100%	Karnataka	114	202	926	26	21
Baruch - Surat	100%	Gujarat	65	194	503	15	6
Jaipur - Deoli	100%	Rajsthan	146	121	869	25	20
Omalur Salem Namakkal	74%	Tamil Nadu	69	75	206	20	10
Talegaon Amravati	100%	Maharstra	67	47	479	22	16

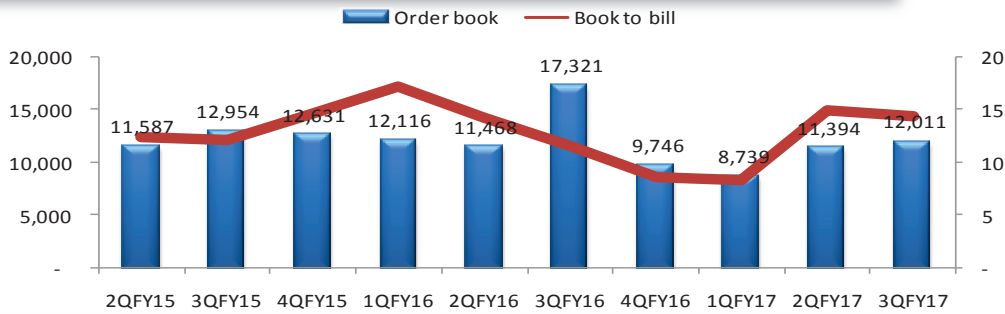
- ◆ Trust will receive interest on debt infused in form of equity into SPVs and the interest income will be a tax exempted for the trust.
- ◆ Trusts will also receive dividend from SPVs. Trust has to distribute dividend to its unit holder based on net distributable cash flow available and not on the basis of accounting profit.
- ◆ IRB Infrastructure Developers is the Sponsor of the Trust
- ◆ IRB Infrastructure (Standalone Company) acts as project Manager
- ◆ IDBI Trusteeship Services will act as Trustee of the Trust (InvIT)

Outlook and Valuation :-

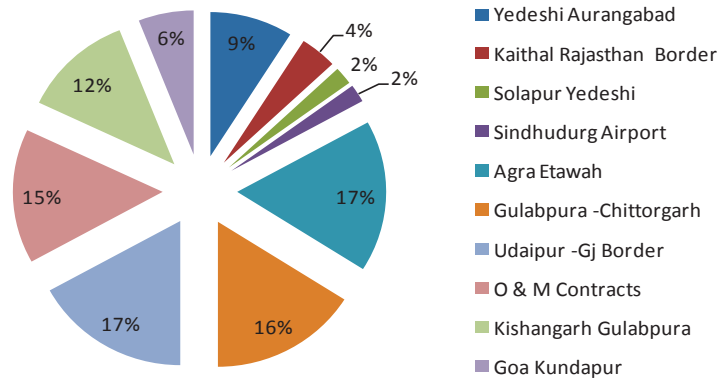
InvIT is near to become reality in Indian capital market as the SEBI gives a nod to IRB to launch its Infrastructure Trust. IRB will launch it in April 2017. IRB is planning to raise Rs. 4300 Cr through InvIT IPO. The proceeds will be used for the debt repayment and as a growth capital for the on-going and upcoming projects. Encouraging traffic growth and strong recovery in economic activity nullified the demonetization impact in Q3FY17. Based on the strong order book, we expect EPC revenue to grow @ 12% in FYT17E and 30% in FY18E. According to us, the launch of InvIT, robust EPC revenue growth and strong toll collection will be a growth driver for the company going forward and hence, **we maintain "BUY" on the stock with revised target price of Rs.285 from 265**

Quarterly Performance	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	YoY%	QoQ%
Net Sales	883	964	990	1,109	1,149	1,333	1,537	1,517	1,291	1,411	6%	9%
Other Operating Income	-	-	-	-	-	-	-	-	-	-		
Net Sales	883	964	990	1,109	1,149	1,333	1,537	1,517	1,291	1,411	6%	9%
Contact Site Exp	193	240	239	273	314	488	597	553	379	447	-8%	18%
RM Cost	75	75	103	126	138	64	51	76	82	85	31%	3%
COGS	268	314	341	399	452	552	648	629	461	532	-4%	15%
Employee Expenses	50	45	53	48	60	57	81	64	60	67	17%	11%
Other Expenses	42	49	25	33	32	36	68	50	60	69	89%	14%
Total Expenditure	360	408	420	480	544	646	797	743	582	667	3%	15%
EBITDA	523	555	571	629	605	688	740	774	709	743	8%	5%
Depreciation	180	179	172	202	203	226	222	221	227	180	-20%	-21%
EBIT	343	377	399	427	402	461	517	553	482	563	22%	17%
Intreset	227	237	251	235	240	264	327	328	340	339	28%	0%
PBT	145	169	176	220	192	229	225	256	176	254	11%	45%
Tax	23	35	40	55	43	61	73	74	33	70	15%	109%
PAT	122	133	138	165	150	170	151	182	142	184	9%	30%
Margin Profile												
											YoY (+/-)	QoQ (+/-)
Gross Margin	69.60%	67.38%	65.53%	63.99%	60.65%	58.57%	57.86%	58.54%	64.28%	62.31%	374	(197)
EBIDTA	59.2%	57.6%	57.6%	56.7%	52.7%	51.6%	48.1%	51.0%	54.9%	52.7%	110	(220)
EBIT	38.9%	39.1%	40.2%	38.5%	35.0%	34.6%	33.7%	36.5%	37.3%	39.9%	530	260
PAT	13.8%	13.8%	14.0%	14.9%	13.0%	12.7%	9.8%	12.0%	11.0%	13.1%	40	210
Operating Matrix												
											YoY%	QoQ%
Construction Order	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17		
Ongoing BOT Projects	4,254	3,776	3,219	8,136	7,503	6,675	5,810	4,818	5,634	4,826	-28%	-14%
Construction yet to comm.	5,402	5,403	7,551	2,133	2,133	8,828	2,133	2,133	3,987	5,436	-38%	36%
	9,656	9,178	10,770	10,269	9,636	15,503	7,943	6,951	9,621	10,262	-34%	7%
BOT Projects in O&M	1,932	3,776	1,861	1,847	1,832	1,818	1,803	1,788	1,773	1,750	-4%	-1%
Total	11,587	12,954	12,631	12,116	11,468	17,321	9,746	8,739	11,394	12,011	-31%	5%
Toll Collection at Major Projects												
											YoY%	QoQ%
Mumbai- Pune	136	147	149	160	146	162	165	188	173	137	-15%	-21%
Surat - Dahisar	131	145	147	151	145	156	162	161	148	111	-29%	-25%
Tumkar Chitradurga	45	47	48	50	49	51	51	53	50	40	-22%	-20%
Baruch - Surat	45	49	48	49	45	49	50	49	47	37	-25%	-21%
Ahem.-Vadodra (NE-1)	35	42	43	44	37	53	86	88	83	69	31%	-16%
Jaipur - Deoli	24	27	29	33	26	29	32	32	27	22	-24%	-16%
Pathankot - Amritsar	-	8	21	23	22	27	27	29	28	24	-12%	-15%
Thane- Bhiwandi Bypass	17	19	19	20	19	20	21	20	19	15	-24%	-19%
Omalar Salem Namakkal	19	21	19	19	18	17	21	20	19	15	-11%	-22%
Talegaon Amravati	10	11	12	12	10	12	13	13	12	10	-15%	-13%

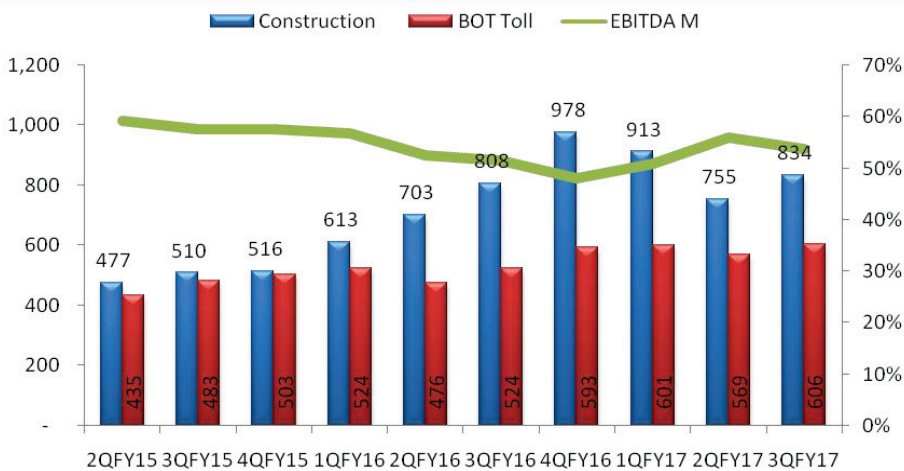
Order Book



Order Book break up project wise



Revenue Mix



Financials Snap Shot

	INCOME STATEMENT					RATIOS			
	FY14	FY15	FY16	FY17E		FY14	FY15	FY16	FY17E
Net Revenue	3732	3847	5130	5694	EPS	14	15	18	18
Other Income	121	113	124	119	Book Value	107	124	137	151
Total Revenue	3853	3960	5254	5812	DPS	6	5	5	5
EBITDA	1754	2212	2661	3041	Payout (incl. Div. Tax.)	42%	30%	26%	26%
EBITDA Margin (%)	47%	57%	52%	53%	Valuation(x)				
Depreciation	477	707	853	935	P/E	7	15	13	15
EBIT	1277	1505	1807	2106	Price / Book Value	1	2	2	2
Interest	756	931	1063	1346	Dividend Yield (%)	6%	2%	2%	2%
PBT	642	686	868	878	Profitability Ratios				
Tax	182	144	232	246	RoE	13%	12%	13%	12%
Tax Rate (%)	28%	21%	27%	28%	RoCE	9%	10%	10%	10%
Reported PAT	459	543	636	633	Turnover Ratios				
Dividend Paid	194	164	164	164	Asset Turnover (x)	0.2	0.1	0.1	0.1
No. of Shares	33	35	35	35	Debtors (No. of Days)	1	0	7	7
					Inventory (No. of Days)	59	73	55	55
					Creditors (No. of Days)	40	22	22	22
					Net Debt/Equity (x)	2.64	2.48	2.62	2.68

	BALANCE SHEET					CASH FLOW			
	FY14	FY15	FY16	FY17E		FY14	FY15	FY16	FY17E
Share Capital	332	351	351	351	OP/(Loss) before Tax	642	686	868	878
Reserves	3228	4009	4476	4942	Depreciation	477	707	853	935
Net Worth	3561	4361	4827	5293	Direct Taxes Paid	232	216	312	246
Long term Debt	9398	10804	12652	14192	Op. before WC change	1749	2216	2719	3159
Short term Debt	897	631	1189	1189	CF from Op. Activity	1656	1823	2342	2104
Deferred Tax	22	19	16	16	Non Current Investment	0	1	0	0
Total CE	12959	15165	17479	19485	Capex	3002	2311	3161	2261
Net Fixed Assets	13041	36599	39169	40494	CF from Inv. Activity	(2743)	(2295)	(3175)	(2261)
Capital WIP	48	80	78	78	Repayment of LTB	888	794	1140	0
Debtors	6	5	104	115	Interest Paid	740	1317	1435	1346
Cash Balances	1501	1580	1559	0	Divd Paid (incl Tax)	194	78	254	164
Trade payables	408	234	305	339	CF from Fin. Activity	1274	474	667	30
Total Provisions	289	219	169	324	Inc/(Dec) in Cash	186	2	(165)	(127)
Net Current Assets	879	477	510	1349	Add: Opening Balance	257	443	445	1559
Total Assets	15712	39393	42181	42046	Closing Balance	443	445	279	1432