

GOLDMINE STOCKS PVT. LTD

Research Division

Member: National Stock Exchange of India Ltd,
Bombay Stock Exchange Ltd.

'Goldmine House', 4-Niranjan Nirakar Society, Nr. Shreyas Railway Crossing, Ahmedabad-380007, India.
Tele: +91-79-26641080. Fax 91-79-26607298;

Contact Person: Mr. Darshit Sanghavi [B.E. (PT), PDMS (Finance)].

E-mail: dksanghavi_2000@yahoo.com, Phone No: 26610116

ILFS Transportation Network Ltd [02/01/2013]

Rs. Cr.

Equity	194.27
Reserves	2862.92
Acc. Dep	1058.00
Debt	10728.16
FV	10.00
Exp. NP	500.00
Exp Cash Pr.	600.00
EPS	25.74
CEPS	30.89
Debt:Equi	3.51
Book Value	183.11
Cash Book Value	242.72
M. Price	209.00
M. Cap	4060.20
P/E	8.12
Dividend	4.00
Dividend Yield (%)	1.91
Total Worth	4115.19
Sales	6300.00

Shareholding Pattern

Promoters	72.46
FII	3.18
Institutions	3.33
Corp. Bodies	5.93
Public	15.10

Background: ILFS Transportation networks was established in 2000 and is one of the largest private sector BOT road operators in India. ITNL is a developer, operator and facilitator of surface transportation infrastructure projects, taking projects from conceptualising through commissioning to operations and maintenance.

The company came up with an IPO in March 2010 and the price was fixed at Rs 258 at the upper price band.

The company's current daily toll collection is around Rs 1.07 crores and around Rs 0.491 crores from annuity business. The company has alone 11859 lane kms road asset portfolio. About 5453 kms is the operational portfolio. Annuity projects form 27% of the asset base while 73% is toll based. About Rs 12507 crores annuity portfolio and Rs 17708 crores is toll based portfolio.

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Projects under operation [Most of these projects have further scope of development in terms of further laning and extension]

North Karnataka Expressway -Belgaum Maharashtra Border Road

West Gujarat Expressway Ltd- Jetpur Rajkot Gondal Road.

Noida Toll Bridge Company [Delhi to Noida]

Gujarat Road and Infra Company [Vadodara Halol Road]

Gujarat Road and Infra company[Abad Mehsana Road]

Thiruvantapuram City Roads

Kolkatta Kurnool Road

Mega Highways Project, Rajasthan

Mega Highways Project-II, Rajasthan

Beewar Gomti Road

Hyderabad Outer Ring Road

Projects under construction:

Thiruvanthapuram City Roads [Phase II and Phase III]

Hazaribagh Ranchi Road

Pune Solapur Road

Warora Chandrapur Road

Jharkhand Accelerated Road

Narketpalli Addanki Medarmetla Road

Moradabad Bareilly Road

Jorabat Shillong Road

Chenani Nashri Tunnel

24 Border Checkpost

Projects under development:

Kiratpur Ner Chowk Road

Sikar Bikaner Road

Jharkhand Accelerated Road

Baleshwar Kharagpur Road

Beewar Gomti Road

Urban Infrastructure projects:

Nagpur City Bus Project

Gurgaon Metro Rail Link

Car Parking Project, Hyderabad, Charminar

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Future Growth Triggers: The company has also acquired several companies, which were operating or had won various projects. So the growth could also come from inorganic acquisitions.

There is lot of scope of development in all its existing operational projects in terms of extension of roads and/or increasing the lanes.

The company is expected to grow its portfolio at a rate of around 20% for the next several years. The toll collection will go up both due to inflation adjusted price increases as well as increasing traffic due to much higher level of economic activity. The annuity based projects could see much higher revenues as time passes by.

Risks: The risk is wrt very high debt levels. Though infrastructure companies usually have high debt levels, this one particularly has very high debt levels much more than others. Any big slowdown in economic activity could result in lower toll collection for short to medium period of time.

Technicals and Comments: The stock has moved in a broad range of around 170-210 for quite some time. IRB has most of its portfolio in Gujarat, Maharashtra and Karnataka, while IL&FS Transportation Networks has major portfolio in Rajasthan, Jharkhand, UP, Gujarat, West Bengal and Kerala. So there is diversification in terms of states covered. The stock could be bought in a broad range of Rs 160-200 levels at declines by long term investors for about a three year time frame. One can expect close to 70-80% jump in stock price in the next three year time frame.

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