

# IL&FS Transportation Networks Limited

Analyst Presentation – Feb 2011



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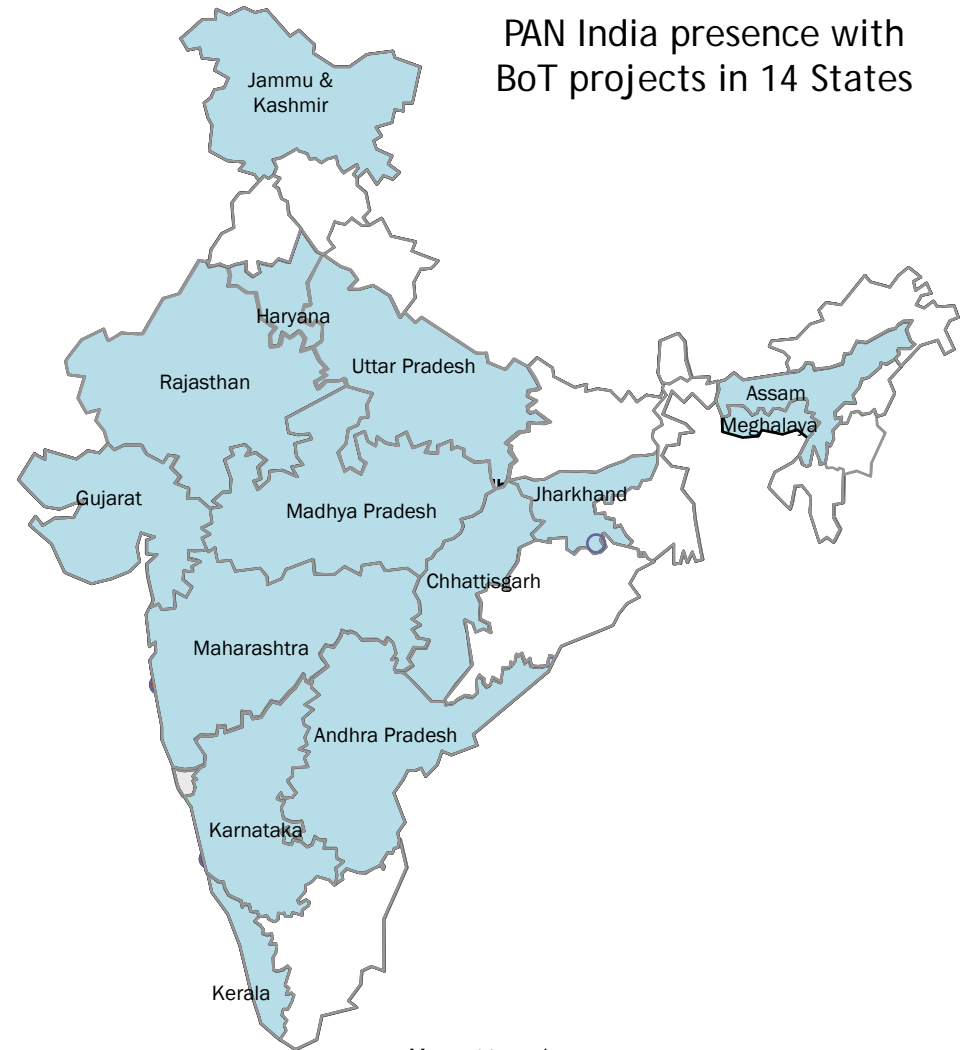
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- Company Overview
- Key Differentiators
- Major Milestones
- The ITNL Group
- Project Portfolio
- Company Positioning
- Highlights of FY10
- Project Pipeline
- Financial Performance
- Key Financial parameters of FY11 Third Quarter
- Board of Directors and Key Managerial Personnel



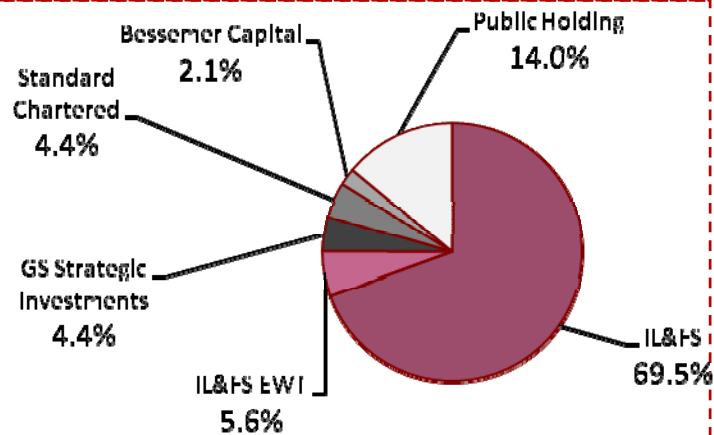
- IL&FS Transportation Networks Limited (ITNL) has the largest BoT road asset portfolio (in terms of lane kilometer) in India
- ITNL has a pan India presence with projects in around 14 states
- Promoted by Infrastructure Leasing and Financial Services Limited (IL&FS) in 2000
- ITNL has ~12,000 lane km under its road assets portfolio
  - Of which ~1,398 lane km in projects in which we are L-1
- Has presence in other sub sectors viz. metro rail , bus transportation, border entry points and regional airports
- A *'Thought Leader'*....., IL&FS Transportation plays varied roles such as Sponsor, Project Developer cum Manager, Operations & Maintenance Manager, Design & Value Engineer and Policy Advisor



PAN India presence with BoT projects in 14 States

Map not to scale  
 Lines don't depict political boundaries

## Shareholding Pattern







## Market Leadership in the Transportation Infrastructure Sector

- With around 12,000 lane km comprised in 22 projects in its road assets portfolio
- Forays into other surface transportation sub-sectors like metro, bus, border check-post & airports



## Track Record of Successful Project Implementation

- Commissioned over 4000 lane kms of highways, operating one bus transportation project
- Projects substantially completed to budget and within time



## Strong Parentage of IL&FS

- IL&FS Brand and expertise in finance & other infrastructure areas
- Experience in working with various Government and other Authorities



## Partnerships and Bilateral contracts with State Govts

- State Highway Concessions in joint venture with the States of Kerala, Chhattisgarh, Gujarat, Rajasthan & Jharkhand

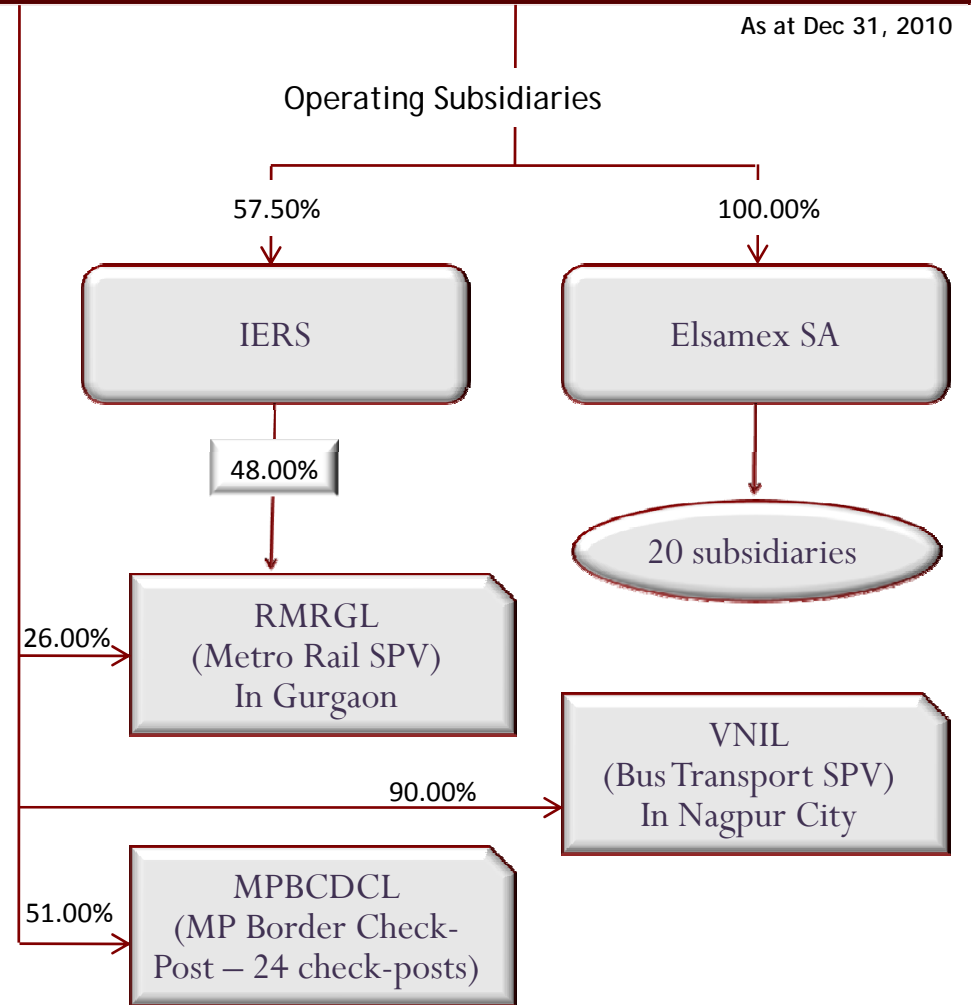
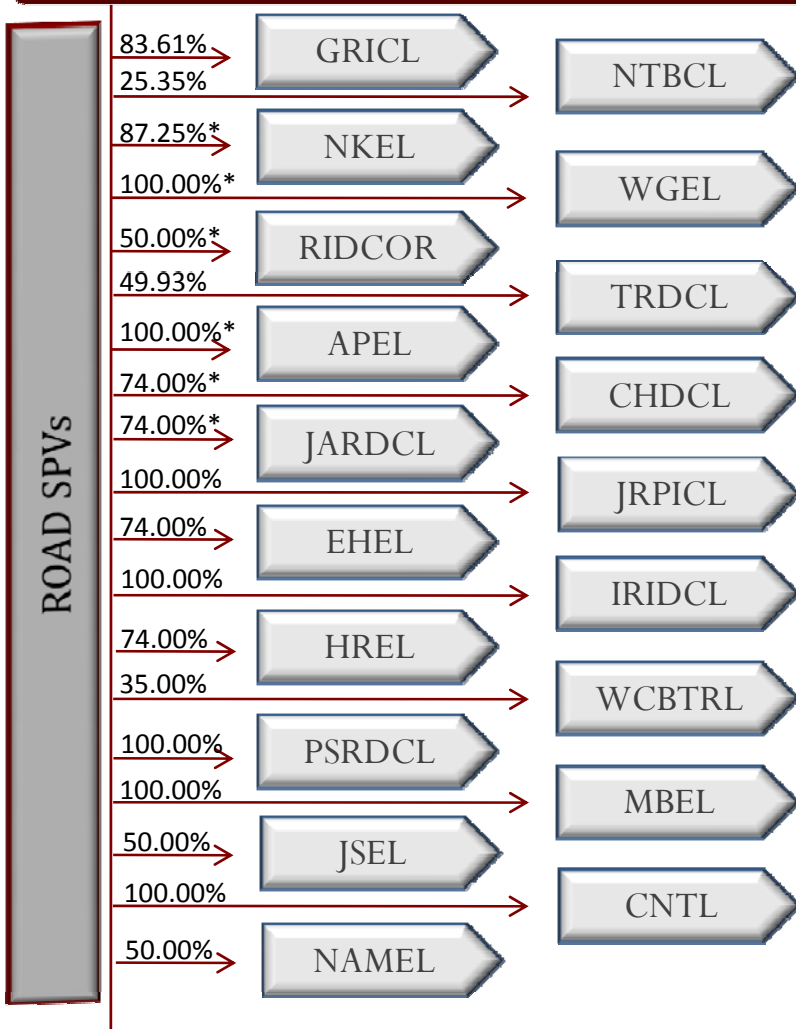


## Diversified and de-risked portfolio

- Pan India presence with a fair mix of annuity and toll concessions
- Presence in Europe, Latin America & Mexico through Elsamex SA



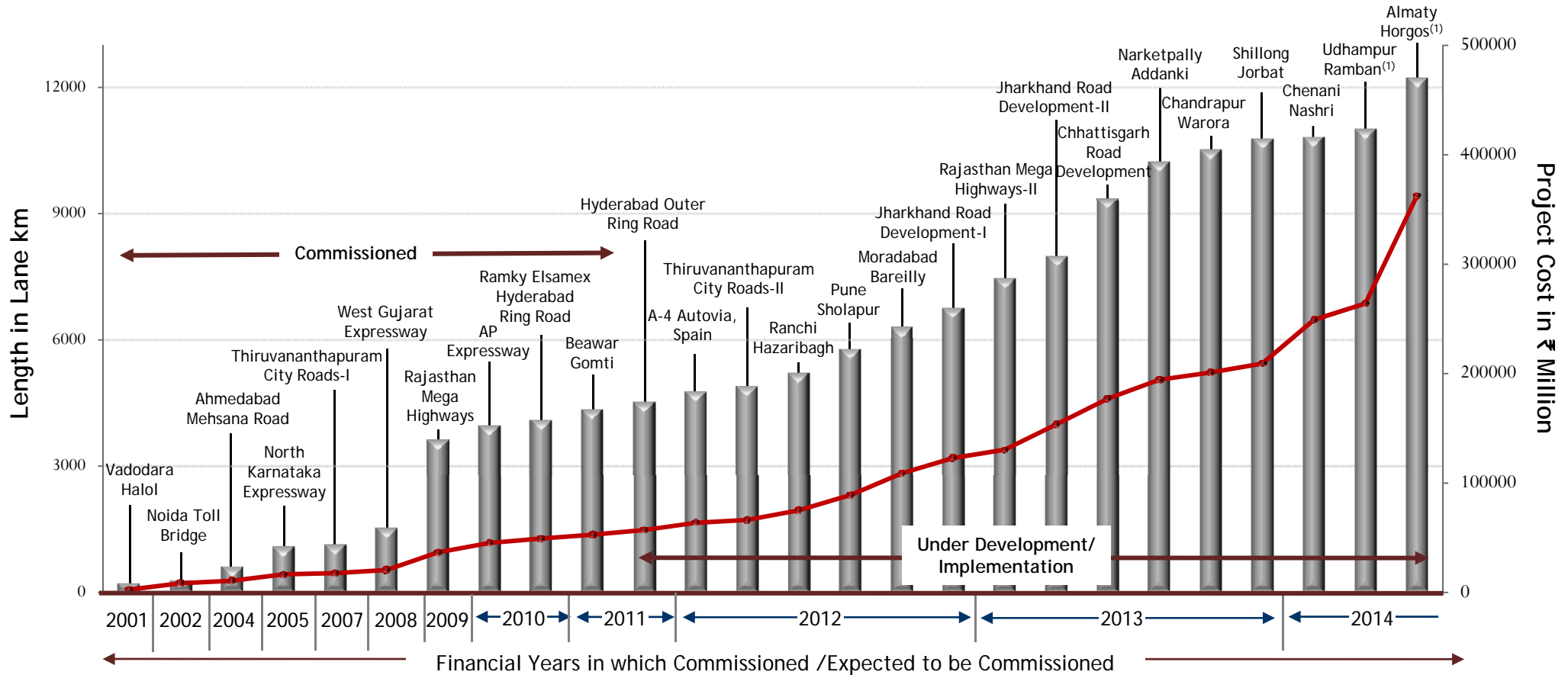
**IL&FS Transportation Networks Limited**



\* Includes indirect and beneficial interest too



- Diverse BOT portfolio of 22<sup>(1)</sup> road projects covering ~12,000<sup>(1)</sup> lane km spread across various states of India
- Fair mix of "Annuity / assured payments" and "Toll" based projects in various stages of development



**ITNL has one of the largest Private Sector BOT Road Portfolio in India**

Project Cost

1. Total lane km of ~12,000 includes 1,212 lane km from - Almaty Horgos and 186 lane km of Udhampur - Ramban where the Company is believed to be the preferred bidder



## Metro Rail

**Metro Rail Project** - awarded by Haryana Urban Development Authority (HUDA)

- Metro link from Delhi metro Sikanderpur station to DLF Cyber City on NH-8 in Gurgaon
- Project Cost of ~ ₹ 1100 cr with a concession period of 99 years - ITNL stake in the project ~54%
- Likely Commissioning in 2012 - financially closed and construction commenced

## Bus System

**Nagpur Bus System Project** - awarded by Nagpur Municipal Corporation

- Mobilizing, running, operating and maintaining the Nagpur City Bus Services on an exclusive basis
- Concession period of 10 years - ~230 buses deployed; another 300 being deployed of which 240 already deployed
- Project Cost of ~ ₹ 720 mn - Term loan of ₹ 556.17 mn sanctioned by Pooled Municipal Debt Obligation Fund

## Border Entry Point

**MP Border Check Post Project** - awarded by the Government of Madhya Pradesh

- In consortium with Spanco (ITNL stake 51%), 24 border check-post in MP to be developed
- Revenue sources - entry fee from commercial vehicles, parking fee, loading/unloading etc
- Concession period of ~12.5 years with ~2 year construction period. Project cost estimated at ₹ 10,940 million

## Regional Airports

**Regional Airport Development** -awarded by the Government of Karnataka

- Two regional airports - Gulbarga and Shimoga. Concession period -30 years. Project cost at ~ ₹ 4,000 million
- In consortium with Comet Group (ITNL stake 40%)
- Revenue sources - airport fees, vendor space revenue and land side development rights





## Projects worth ₹ ~82 billion bagged in FY10

Project	Authority	BOT Type	Length (lane km)	Estimated Cost (₹ Million)
<b>Road Sector</b>				
Ranchi to Hazaribagh	NHAI	Annuity	319	8,692
Pune to Sholapur	NHAI	Toll	571	14,027
Moradabad to Bareilly	NHAI	Toll	522	19,836
Three stretches under JARDP*	GoJ	Annuity	466	14,078
Mega Highways-II	GoR	Toll	698	7,500
Chandrapur Warora	GoM	Toll	275	7,000
<b>Total</b>			<b>2851</b>	<b>71,133</b>
<b>Rail Sector</b>				
Gurgaon Metro Rail	HUDA	-	4.8 km	11,000
<b>Bus Transportation</b>				
Nagpur City Bus Transportation	NMC	-	300 Nos	180
<b>Total</b>				<b>82,313</b>

Of the total NHAI bids in FY10 amounting to approx. ₹ 458,605 million, ITNL bagged 9.33% share

## Financially Closed projects of FY10

Project	Length (lane km)	Debt tied-up (₹ Million)
Ranchi to Hazaribagh	319	7,382
Pune to Sholapur	571	9,577
Moradabad to Bareilly	522	13,187
Three stretches under JARDP*	466	12,376
Thiruvanthapuram City Roads	107	2,242
Chandrapur Warora	275	3,180
Gurgaon Metro Rail	4.8 km	7,700
Nagpur City Bus Transportation	300 Nos	162
<b>Total Debt tied-up</b>		<b>55,806</b>

## Key Achievements

- Road Assets Portfolio at ~12,000 lane km
- Entry into Metro Rail Segment
- Expanded the Bus Transportation Business

\*Under Jharkhand Accelerated Development Program concession agreement was signed for Ranchi Ring Road; Ranchi to Patratu road; and Patratu to Ramgarh road

Project	Authority	Stake	BOT Type	Length (lane km)	Estimated Cost (₹ Million)
<b>Projects Awarded after 31<sup>st</sup> March 2010</b>					
Chenani to Nashri in Jammu & Kashmir	NHAI	100%	Annuity	38	37,500
Jorabat to Shillong in North East	NHAI	50%	Annuity	262	8,240
Narkattpally to Addanki in Andhra Pradesh	Govt of AP	50%	Toll	888	17,605
Madhya Pradesh Entry Point Project	Govt of MP	51%	Entry Fee	-	10,940
<b>Total</b>				<b>1188</b>	<b>74,285</b>
<b>Lowest/Preferred Bidder</b>					
Almaty to Khorgos in Kazakhstan	Govt of Kazakhstan	37%	Toll/ Annuity	1212	98,400
Udhampur to Ramban in Jammu & Kashmir	NHAI	100%	Annuity	186	15,000
Outdoor Stadium at Karyavattom, Kerela	National Games Sectt	100%	Annuity		1,610
<b>Total</b>				<b>1398</b>	<b>115,010</b>
<b>Total Project Cost</b>					<b>188,979</b>

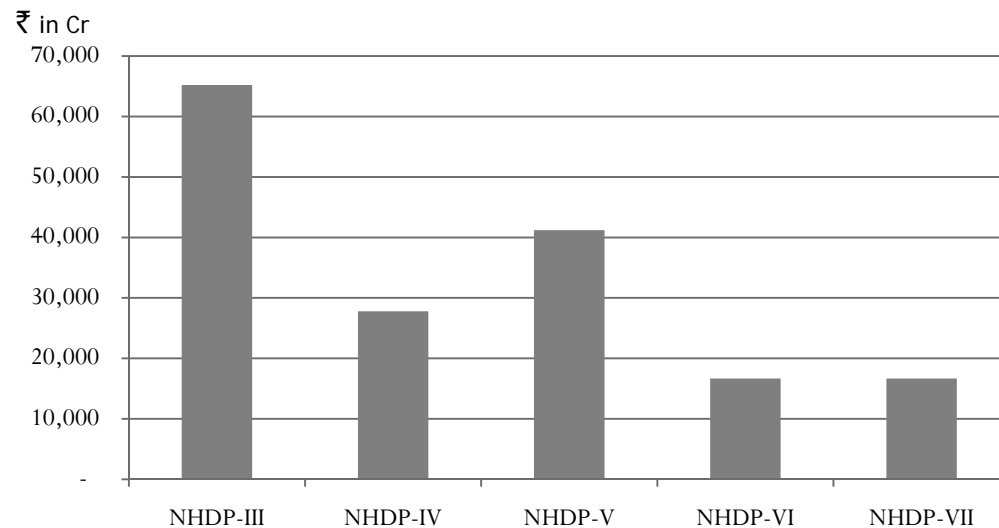
	RFP Stage			RFQ Stage		
	Projects	Length (km)	Cost (₹ Mn)	Projects	Length (km)	Cost (₹ Mn)
NHAI	6	713	78,549	62	7,113	5,69,040
MORTH	6	1,370	48,990	1	80	1,600
STATE PROJECTS	11	1,589	44,498	25	2,724	1,86,394
<b>Total</b>	<b>23</b>	<b>3,672</b>	<b>1,72,037</b>	<b>88</b>	<b>9,917</b>	<b>7,57,034</b>

Financially closed projects	Debt tied-up (₹ Million)
Jorabat to Shillong	7,400
Chenani Nashri	33,750
Narkattpally to Addanki	10,600
<b>Total Debt Tie-up</b>	<b>51,750</b>



Government plans to Award USD 50 billion of Road Projects in FY11 - Private Sector to fund ~70%

### Estimated Capital Expenditure under NHDP Phases



### NHAI Construction Targets for 2010-11

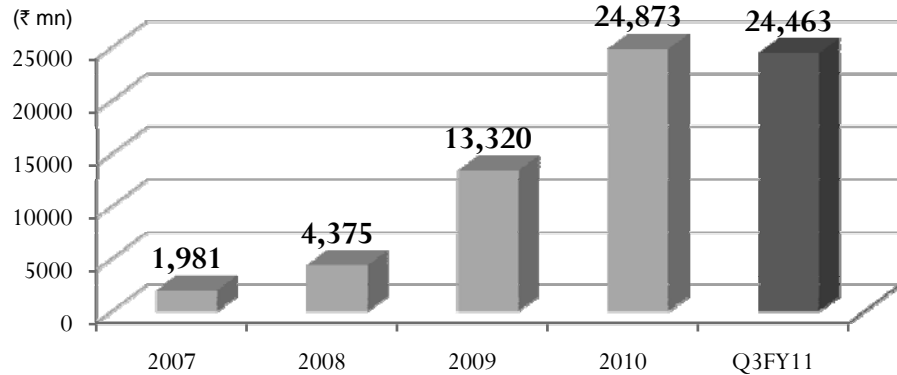
Program	Target in Km
NHDP-III	385
NHDP-V	1,786
NHDP-IV	9,401
SARDP-NE	282
<b>Total</b>	<b>11,854</b>

*NHAI has awarded projects around 3,000 km till 31 Oct 2010. More projects are expected to be awarded during the next 4 months*

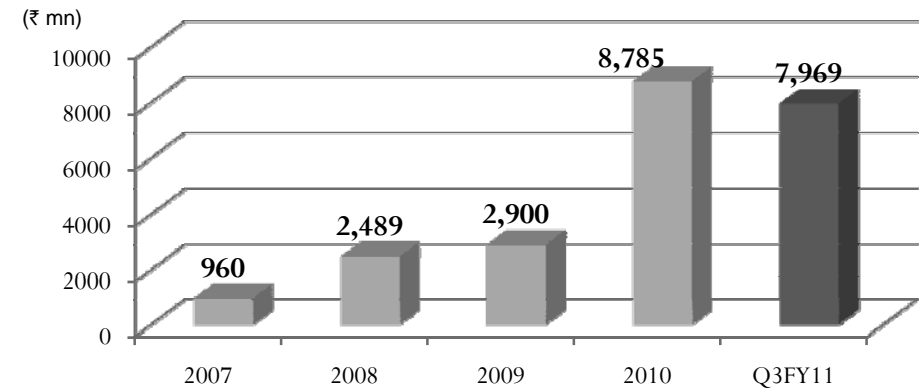
Preliminary estimates peg Infrastructure spend in the XIIth Plan (2012-17) at ~ ₹ 40 trillion



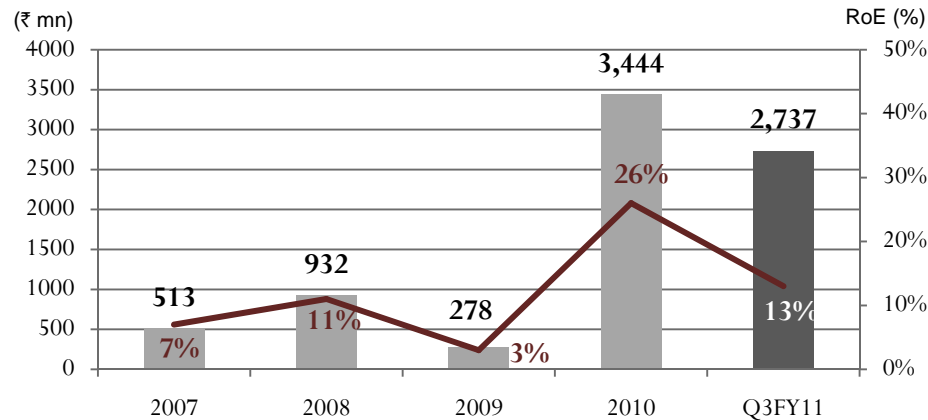
## Revenue



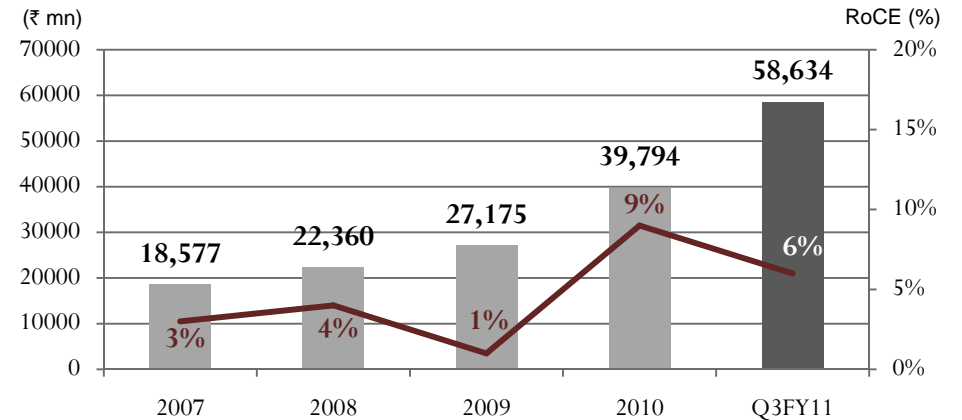
## EBITDA<sup>(1)</sup>



## PAT<sup>(2)(4)</sup>



## Average Capital Employed<sup>(3)(4)</sup>

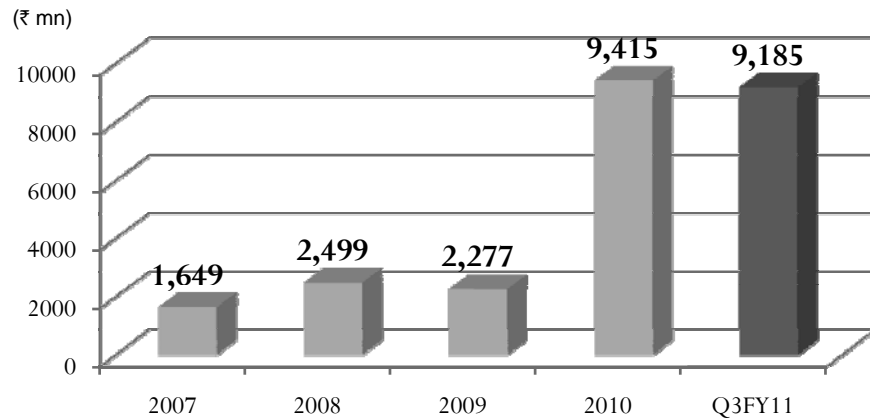


1. Includes other income and Excludes gain from Foreign exchange fluctuation
2. RoE based on average equity; for Q3 FY11 it is annualised
3. RoCE based on average capital employed; for Q3 FY11 it is annualised
4. RoE, RoCE and Average Capital employed figures based on actual FY2007 numbers and not average for FY2007

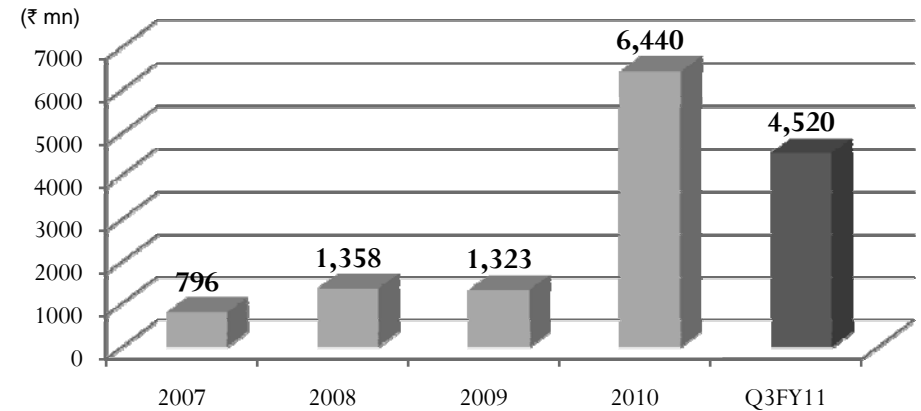




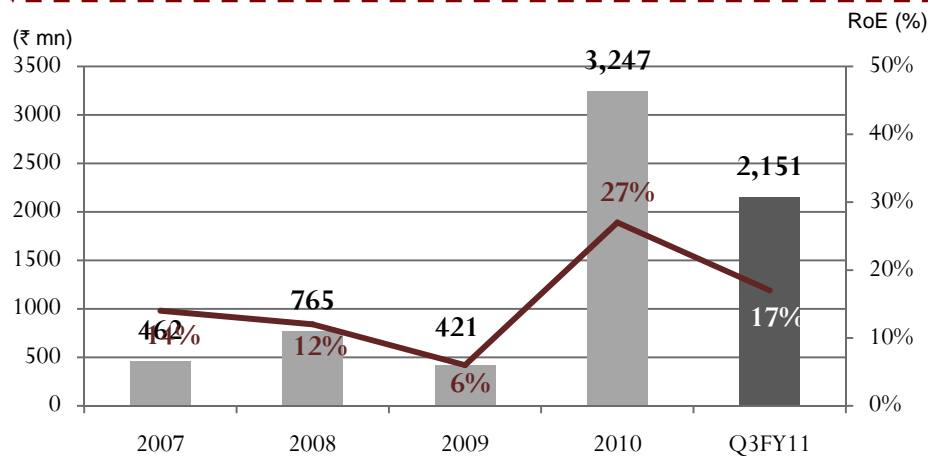
## Revenue



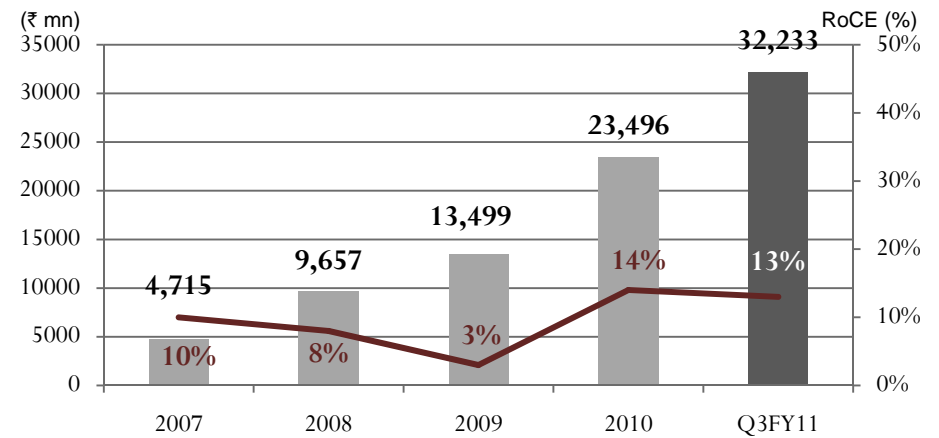
## EBITDA<sup>(1)</sup>



## PAT<sup>(2)</sup>



## Average Capital Employed<sup>(3)</sup>



1. Includes other income and including gain from Foreign exchange fluctuation
2. RoE based on average equity; for H1 FY11 it is annualised
3. RoCE based on average capital employed; for H1 FY11 it is annualised

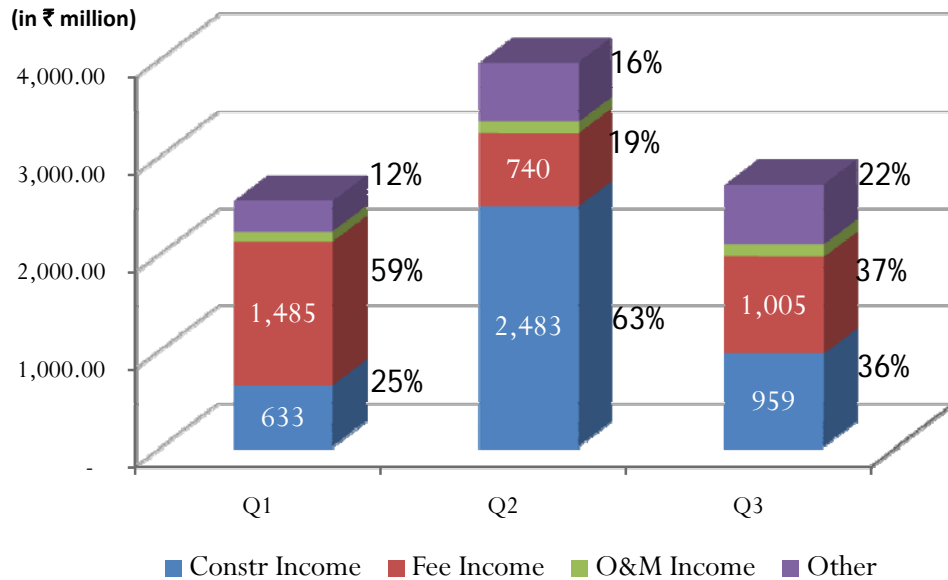


(All figures in ₹ million)

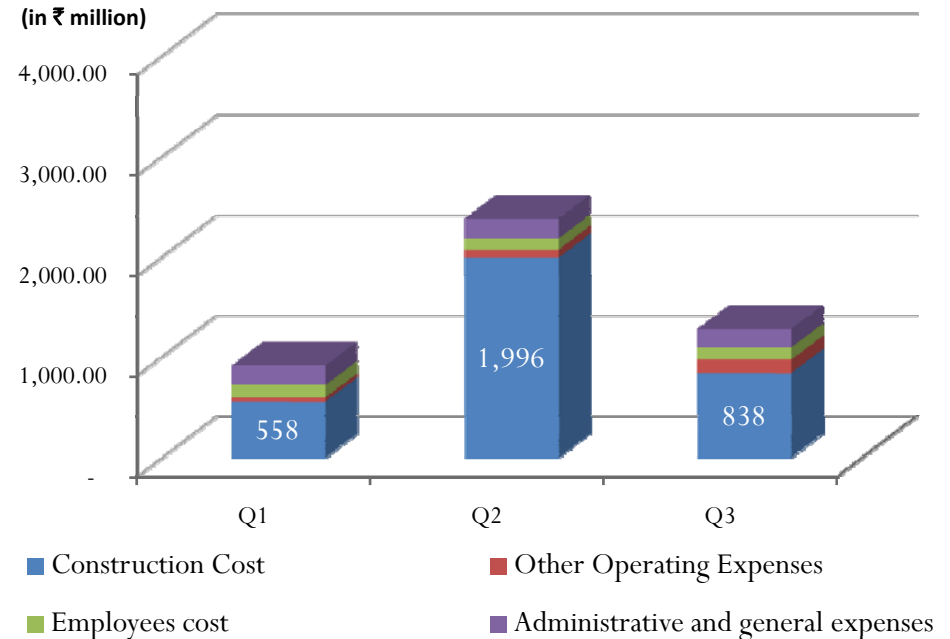
Key Parameters	Standalone			Consolidated		
	Q2-FY11	Q3-FY11	Upto Q3FY11	Q2-FY11	Q3-FY11	Upto Q3FY11
Revenue	3,954	2,696	9,185	9,019	7,510	24,463
EBITDA	1,576	1,419	4,520	2,802	2,381	7,969
EBITDA Margin	40%	53%	49%	31%	32%	33%
Interest	331	377	1,024	983	1,153	3,190
Depreciation	25	25	72	142	158	430
Profit Before Tax	1,220	1,017	3,424	1,677	1,070	4,348
PAT after minority interest	786	628	2,151	1,075	616	2,737



## Revenue



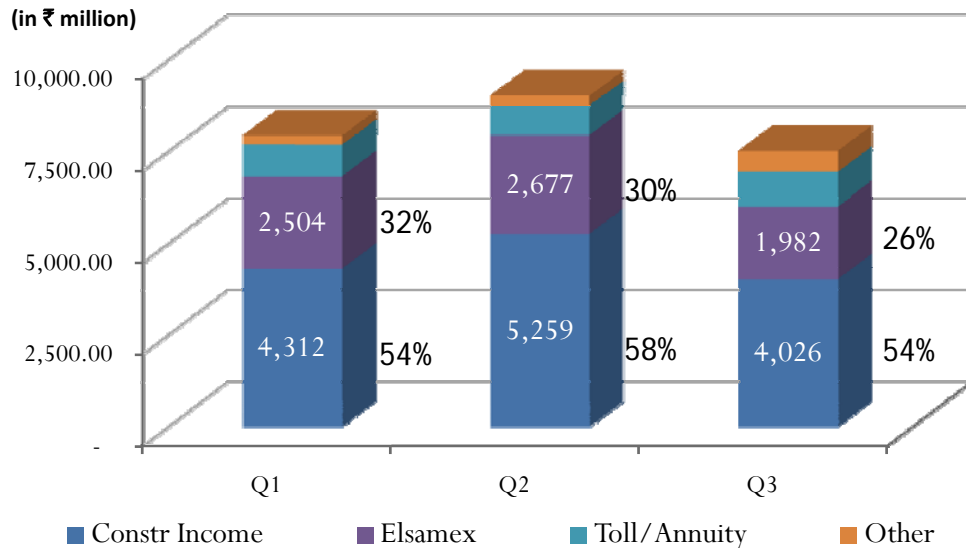
## Expenses



- Construction income has gone down in this quarter as one project Beawer Gomti has been completed and other projects have just started and are yet to take off in full steam
- Project Development Fee income has marginally increased due to income accruals from MP Border Check post, Narkatpally road project and Jorabat Shillong road project
- The margins from the new projects are recognized after a threshold construction progress is achieved (typically 10%)

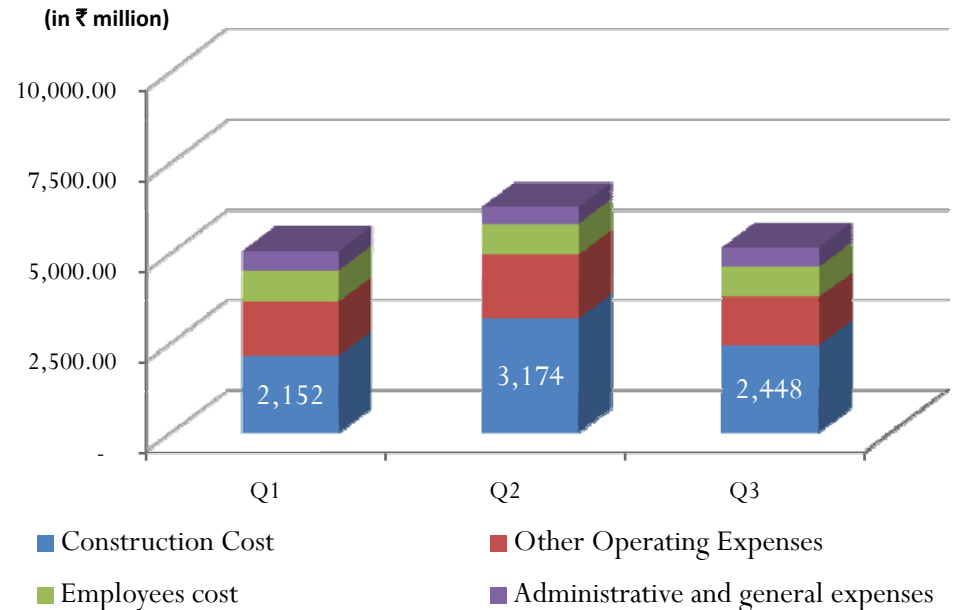
- A major part of the expenses is construction outsourcing expenses, which has resulted in the EBITDA margins coming down
- The variation in construction costs is commensurate with the construction income that is received in the respective quarter

## Revenue



- Total Income during this quarter has reduced mainly on account of reduction in construction income as two projects which had contributed to construction revenues during earlier period namely Beawer Gomti Road Project and Hyderabad Outer Ring Road have achieved completion
- The difference between standalone and consolidated construction revenues is a) due to projects in which ITNL does not do the EPC e.g. Jharkhand Road Projects and b) on account of IDC and notional margin recognized at the consolidated level in accordance with applicable accounting standard

## Expenses

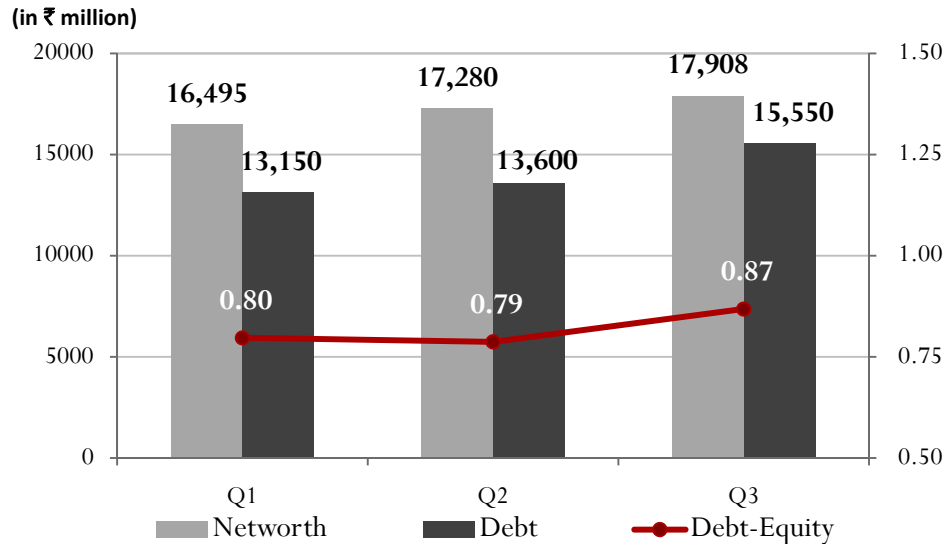


- Apart from the construction cost, other operating and employee costs are higher than in standalone mainly because of expenses of Elsamex which are consolidated
- Construction costs generally vary with variation in construction revenue



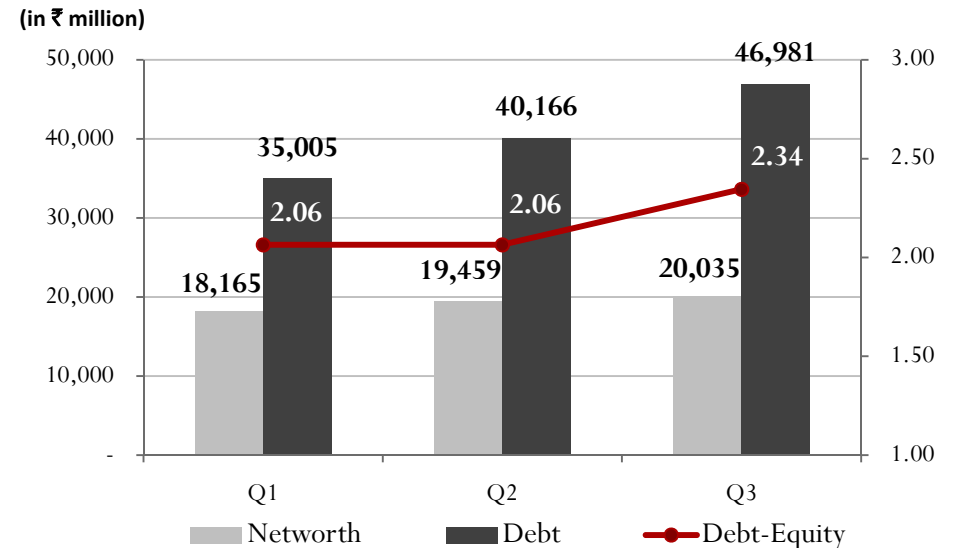


## Standalone



- The Debt Equity at the standalone level has increased on account of increased borrowings for meeting cash flow requirement
- The debt is mostly unsecured debt and taken against cash accruals expected from the fee income and construction margins from projects under construction

## Consolidated



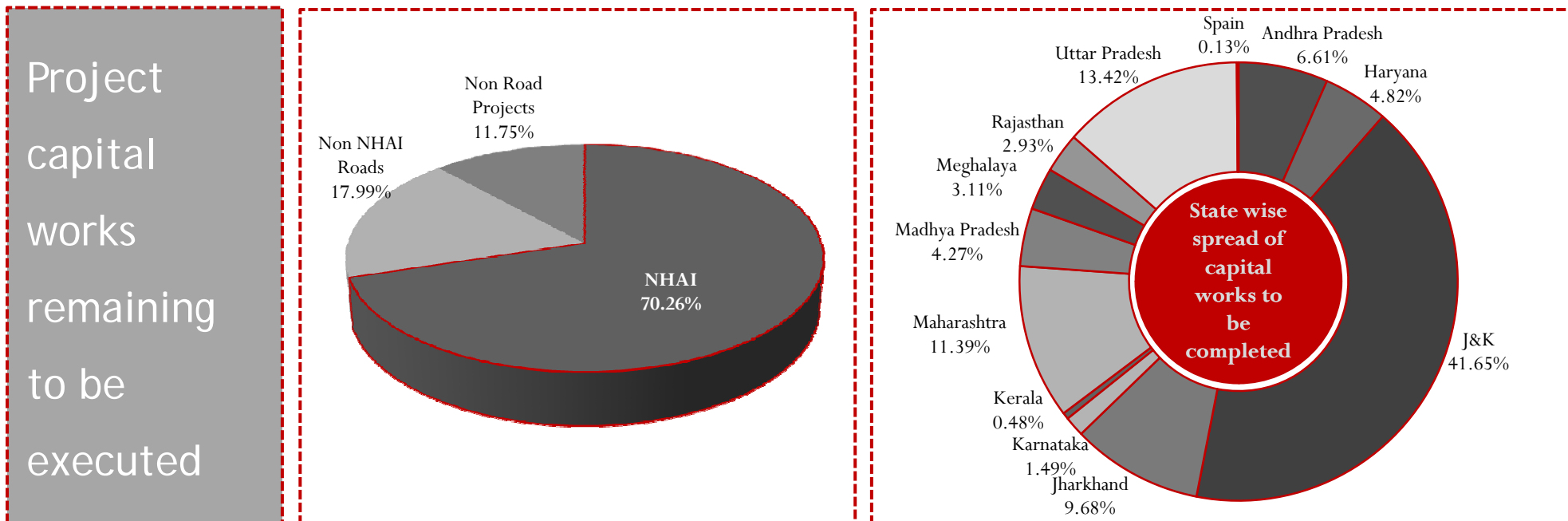
- The increase in debt at consolidated level is mainly on account of drawdown happening from debt tied-up for each of the projects and is generally project recourse debt
- Under the accounting standard followed by us, annuity projects are treated as financial assets and shown as receivable in the balance sheet. Hence interest during construction on annuity projects is charged to P&L unlike for toll projects where it is capitalized

Incremental Equity Commitment for existing projects including the L-1 project from NHAI is ₹ 8,000 million  
Total Investments made till 31-Dec-2010 (including advance against equity) is approximately ₹ 21,000 million

**Capital Works remaining to be executed** (ITNL proportionate share)

(In ₹ million as on 31-Dec-10)

Of projects awarded till last quarter*	106,000
Of projects where we have emerged as L-1 (not including Almatty to Horgos project)**	16,600
<b>Total of Capital Works remaining to be executed</b>	<b>122,600</b>



•Not considering Jharkhand Highways Ph-II and Chhattisgarh Highways where DPR phase is currently underway  
 •\*\*\* NHAH project from Udhampur to Ramban in J&K where ITNL has emerged as L-1



# Revenue Collection on Operational Road Projects

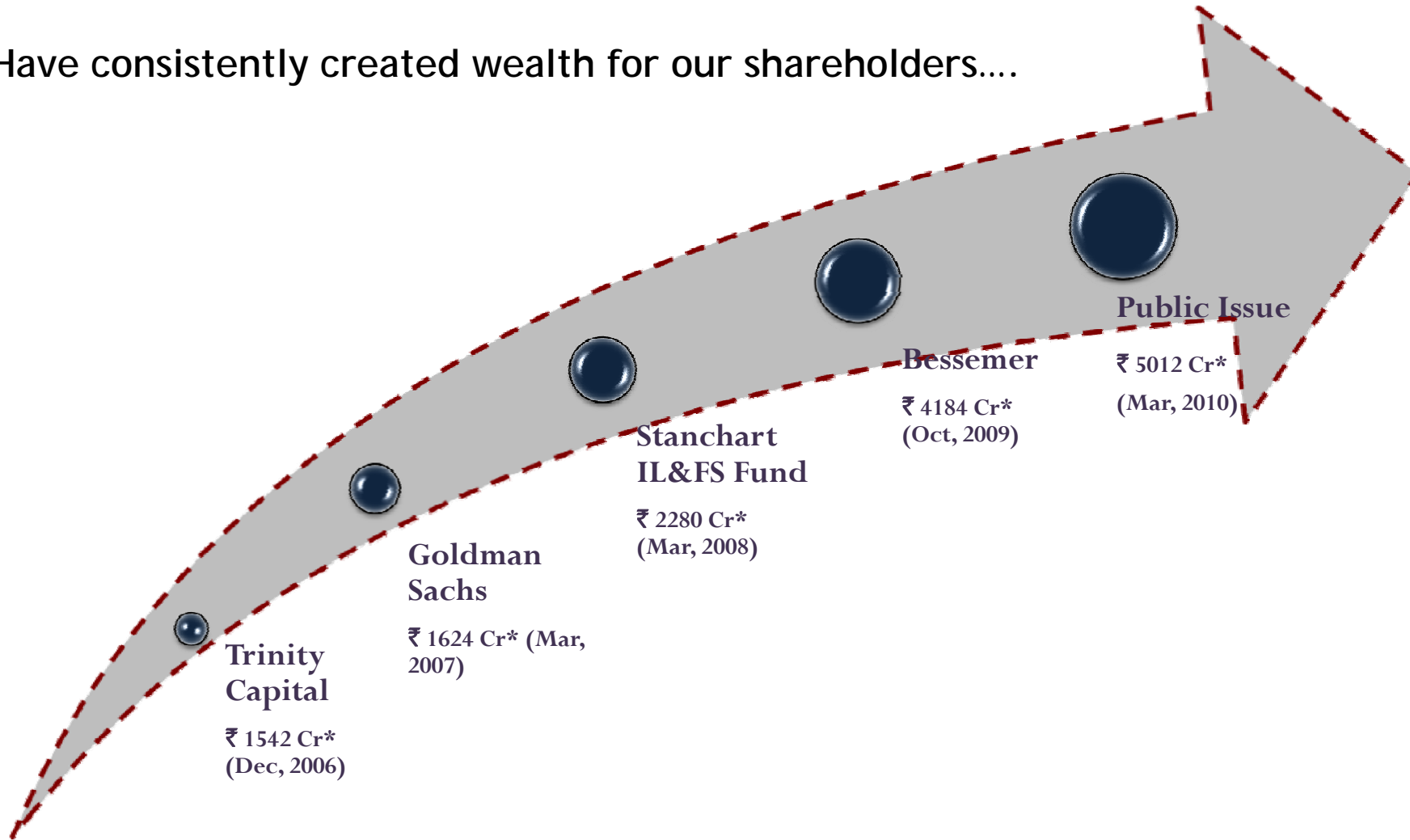
Not adjusted for ITNL stake (All figures in ₹ million)

Toll Projects under Operation	Average Daily Toll Collection		
	In FY10	In Q2 FY11	In Q3 FY11
Ahmedabad Mehsana Road (Gujarat)	1.17	1.31	1.31
Vadodra Halol Road (Gujarat)	0.86	0.97	1.09
Noida Toll Bridge (UP)	1.94	1.91	1.86
Mega Highways – Rajasthan (Ph-I)	2.26	2.83	3.03
Rajkot to Jetpur – Gondal (Gujarat)	0.85	0.87	0.97
Beawer Gomti (Rajasthan) (operational for only 38 days in Q2 FY11)		0.39	0.42

Operational Annuity Projects	Annuity receivable Per Annum	Received /accrued in Q3 of FY11
Maharashtra Border to Belgaum (Karnataka)	1,010.34	254.66
Thirvananthapuram City Roads (Ph-I) (Kerala)	118.00	29.74
Kotakatta to Kurnool (Andhra Pradesh)	1130.40	284.92



Have consistently created wealth for our shareholders....



\* Post money valuation





## Independent Directors

Name	Designation
Mr Deepak Dasgupta	Chairman; Former Chairman NHAI
Mr RC Sinha	Vice Chairman & MD, Maharashtra Airport Development Company Limited
Mr HP Jamdar	Former Principal Secretary, Government of Gujarat
Mr Deepak Satwalekar	Former Managing Director, HDFC

## Non-Independent Directors

Name	Designation
Mr Ravi Parthasarthy	Chairman, IL&FS
Mr Hari Sankaran	Managing Director, IL&FS
Mr Arun K Saha	Joint Managing Director, IL&FS
Mr Vibhav Kapoor	Group Chief Investment Officer, IL&FS
Mr Pradeep Puri	Managing Director, NTBCL
Mr R C Chandra	Partner, Bessemer Venture Partners
Mr K Ramchand	Managing Director
Mr Mukund Sapre	Executive Director



**K. Ramchand**  
Managing Director

- He has over 30 years of experience in urban and transport infrastructure development sector

**Mukund Sapre**  
Executive Director

- He has over 27 years of experience in the industry.

**Harish Mathur**  
Chief Executive

- Has over 33 years of experience in various road construction projects.

**M. K. Mohan**  
Chief Executive

- He has over 30 years of experience in the infrastructure and construction sector. He is responsible for Project Implementation

**Cherian George**  
Chief Financial Officer

- He has over 35 years of experience in accounting and finance. Responsible for Financial and Accounting matters, Statutory Compliances and Financial Planning

**V. K. Raina**  
Technical Director

- He has over 40 years of experience in the industry. He is our in-house expert on structures including bridges and RoBs. In the past, he has been associated with many projects and has authored many books on the subject too

**S C Mittal**  
Senior Vice President

- He has over 28 years of experience in the industry. He heads our in-house design unit

**Rajul B. Pandit**  
Vice President

- He has over 30 years of technical experience in infrastructure surface transport activities. He heads our ISO and Quality Management Unit

**Krishna Ghag**  
AVP & Company Secretary

- He has over 28 years of experience in the industry. He is the compliance officer, legal adviser and Company Secretary



# Thank You



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