Bharat Road Network Limited

Issue Snapshot:

Issue Open: Sept 06 – Sept 08 2017

Price Band: Rs. 195 – 205

Issue Size: 29,300,000 Equity Shares

Offer Size: Rs.571.35 crs – 600.65 crs

QIB	atleast	21,975,000 eq sh
Retail	Upto	2,930,000 eq sh
Non Institutional	Upto	4,395,000 eq sh

Face Value: Rs 10

Book value: Rs 78.64 (March 31, 2017)

Bid size: - 73 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity: Rs. 54.65 cr

Post issue Equity: Rs. 83.95 cr

Listing: BSE & NSE

Book Running Lead Manager: Inga Capital Private Ltd, Investec Capital Services (India) Pvt Ltd.

Registrar to issue: Karvy Computershare Pvt Ltd

Shareholding Pattern

Shareholding Pattern	Pre issue %	*Post issue %
Promoter and Promoter Group	100.00	65.10
Public	0.00	34.90
Total	**100.0**	**100.0**

Source for this Note: RHP

* = Assuming issue subscribed at the higher band

Background & Operations:

Bharat Road Network Limited (BRNL) arm of SREI group is a road BOT (Build, operate and transfer, including DBFOT (Design, build, finance, operate and transfer) and DBFOMT (Design, build, finance, operate, maintain and transfer) company in India, focused on development, implementation, operation and maintenance of roads/highways projects. It is involved in the development, operation and maintenance of national and state highways in several states in India with projects in states of Uttar Pradesh, Kerala, Haryana, Madhya Pradesh, Maharashtra and Odisha through partnerships with experienced EPC players in the local space where the project is located. At present, all of its projects are implemented through special purpose vehicles, either through its Subsidiary or in partnership with other infrastructure players. BRNL performs a range of project management functions, including design, engineering, EPC management and quality control and also provides project advisory activities including, project management consultancy, project conceptualisation, commissioning, operation and management of the projects during the entire life cycle of its projects. It also undertakes debt syndication, refinancing and financial restructuring of its projects.

BRNL has a project portfolio consisting of six (6) BOT Projects, of which two (2) are Projects operational under Final COD, three (3) are Projects operational under Provisional COD and one (1) is a Project under Construction. Its Projects operational under Final COD and Projects operational under Provisional COD cover approximately 1,622.44 lane kms, including major and minor bridges and approximately 12 lane kms and 60.72 lane kms are under construction at the GAEPL Project and SJEPL Project, respectively for which it is awaiting final COD. Its Project under Construction involves development of 400.24 lane kms, including major and minor bridges. Further, as of March 31, 2017, the average residual Concession Period of its BOT Projects (based on concession agreements as of March 31, 2017) was approximately 18 years and six (6) months in comparison with average debt maturity profile of approximately 10 years, as on March 31, 2017. Details of the Company's equity shareholdings in various Project SPVs are as follows:

BRNL is also involved in operating toll based BOT Projects wherein it has the right to collect toll or user fees. The Company generates revenues from toll operations & maintenance and project management consultancy fees including from its Project SPVs.

Objects of Issue:

The Company proposes to utilize the Net Proceeds towards funding the following objects:

- Advancing of subordinate debt in form of interest free unsecured loan to its Subsidiary, STPL, for part financing of the STPL Project ("STPL Sponsor Investment");
- Acquisition of the subordinated debt in the form of unsecured loans/OCPIDs/warrants/OCDs, advanced/held by SREI to/in STPL(Solapur Tollways Private Limited), KEPL(Kurukshetra Expressway Private Limited) and MTPL (Mahakaleshwar Tollways Private Limited)("Identified SPVs"); and
- General corporate purposes.

In addition to the aforementioned Objects, BRNL expects to receive the benefits of listing of its Equity Shares on the Stock Exchanges, including among other things, enhancing the visibility of the Company.

Requirement of Funds and Utilisation of Net Proceeds (Rs.mn)

Particulars	Amount
STPL Sponsor Investment	514.70
Acquisition of the subordinated debt in the form of unsecured loans/ OCPIDs/ warrants/ OCDs, advanced/held by SREI to/in the Identified SPVs	3722.53
General corporate purposes	*
Total	*

Competitive Strengths

Diverse portfolio of projects in several states in India and long residual concession period of the projects: BRNL has its footprint across the states of Haryana, Uttar Pradesh, Madhya Pradesh, Kerala, Odisha and Maharashtra. At present, its project portfolio consists of six (6) BOT Projects, of which two (2) are Projects operational under Final COD, three (3) are Projects operational under Provisional COD and one (1) is Project under Construction. Its project portfolio is well distributed to cover both urban and rural vehicular traffic and includes national and state highways and that the geographical diversification of its projects reduces its reliance on specific states or their economies & allows it to capitalise on different growth trends in different states across the country. All of its projects are implemented through special purpose vehicles formed for the respective projects. These special purpose vehicles enter into concession agreements with government agencies and are expected to generate revenue from toll receipts or user fee. The concession agreements are for periods ranging from 21years to 28 years. Most of BRNL's operational projects has commenced operations in recent years, has long residual concession period.

Ability to partner with experienced domestic and international EPC players: Selection of experienced domestic and international EPC players plays a significant role in prequalification for bids as BRNL leverage upon technical know-how and the experience of the EPC partner in executing projects. It is involved in the development, operation and maintenance of national and state highways in several states in India including Uttar Pradesh, Kerala, Haryana, Madhya Pradesh, Maharashtra and Odisha through partnerships with experienced EPC players in the region where the project is located. Tying up with local EPC players in the region helps BRNL to benefit from the experience and know-how of the partner at the local level. BRNL's partnerships with local EPC players enable it to liaison effectively at local level and helps it to reduce fixed costs and mitigate risks and enables smooth execution of the projects. This in-turn enables it in managing multiple projects in diverse geographies simultaneously. It has in the past partnered with international EPC players which has enabled to gain access to best practices in project design and engineering.

Ability to effectively finance and manage projects: BRNL has been able to effectively finance and manage its projects, due to support from its Corporate Promoter, efficient project execution and its prudent bidding strategy. It strives to maintain a robust financial position with emphasis on maintaining a strong balance sheet and effective capital gearing. Further, SREI Groups financial strength and robust track record with financial management provides it access to funds at commercially acceptable terms. It has entered into fixed cost contracts with EPC contractors minimising risk of EPC cost overrun. Further, its qualified in-house teams who are responsible for different aspects of its projects starting from identifying prospective projects to the collection of tolls and the operation and maintenance of the projects enable it to effectively manage its projects. BRNL is able to undertake a significant number of activities related to all its projects in-house, thereby ensuring faster execution of projects, meeting highest standards of quality through established and professional monitoring mechanism, reducing its reliance on third parties and decreasing its costs. The company's integrated structure also allows it to control its budget and maximize returns for the project, including developer returns and operation and maintenance margins.

Strong and experienced Corporate Promoter: SREI, BRNL's Corporate Promoter, which currently holds 30.43% of the issued and paid-up share capital of its Company, is a RBI registered non-deposit taking and systematically important Infrastructure Finance Company and a Public Financial Institution and has presence in the infrastructure sector with a track record of over two decades of supporting entities in the infrastructure sector. SREI provides customized financing to infrastructure projects and their sponsor companies. In the past its Corporate Promoter has infused capital in its projects by way of equity and through debt, which not only helped to achieve financial closure for its projects but also enabled it to procure equipment in the early stages of project development and substantially reduce implementation time and risks.

Experienced and professional management team with strong asset management, execution capabilities and extensive industry experience: BRNL's management team has considerable experience in the Indian road infrastructure sector. It consider the strength of its management team, led by the Managing Director of the Company, Mr. Bajrang Kumar Choudhary and Mr. Rajesh Sirohia, Mr. Asim Tiwari, Mr. Partha Pratim Chaudhary and Mr. Arunava Sengupta, its KMPs, who has broad experience of around two decades in areas like asset management, infrastructure development, project evaluation, equity and debt syndication, project management, planning and construction, contract administration & management, to be fundamental to its success. The stability of its management team and the industry experience brought in by its KMPs and employees, coupled with their strong client relationships enables it to continue to take advantage of future market opportunities and expand into new markets.

Business Strategy:

Increased focus on mid to large BOT Projects: Going forward BOT space in India is expected to move out of the phase of aggressive bidding which was largely triggered by competition from EPC Contractors and only the infrastructure developers with a strong focus on highway assets would now be primarily bidding for new BOT Projects being awarded. This would result in a rational and healthy competition among the select infrastructure developers with long term focus on the sector. Leveraging on BRNL's domain knowledge and a decade long experience in the infrastructure space, it intends to strengthen its presence by bidding for mid to large BOT Projects. Over the next few years, it intend to remain focussed on the operations, maintenance and development of its existing projects while seeking opportunities to expand its portfolio of projects by bidding for new projects either individually or with partners. Further, while all its existing projects are toll based BOT Projects, the company also intend to focus on HAM based BOT Projects in the future which could provide assured cash flows and help reduce the risk of income fluctuations, which is inherent in BOT Projects with a toll component. It also intends to continue to expand into new geographies based on partnership opportunities. Through an increasingly diversified geographic portfolio, it hopes to hedge against risks in specific areas or projects and protect it from fluctuations resulting from business concentration in limited geographical areas.

Strengthen internal systems and continue to focus on technology and operational efficiency: Information technology is integral part of almost every aspect of BRNL's operations, from business development to procurement and quality management. With gaining prominence of IT system and other internal processes in every aspect of business and operations, it is constantly strengthening its IT system and capabilities to create an environment friendly sustainable business eco system. It intends to strengthen its IT systems and other internal processes to reduce manual intervention and improve reliability and efficiency of business and operations. Improved IT systems helps BRNL in achieving low operating costs, high operational efficiency and reduced toll leakages. It is also developing new tolling software; through strategic technology partner to make the toll collection procedure more efficient and accurate. It is in the process of upgrading its existing IT systems and are currently in the process of implementing a fully automated "hands-off" operation management system integrating technology primarily to improve the flow of vehicular traffic and improve safety. Besides tolling operations, it is also making efforts to implement new technology to improve highway traffic management, route patrolling and corridor management to reduce delays and improve travel-time reliability. With increasing focus on Highway Traffic Management System, BRNL is aiming to create an advanced integrated Traffic Control Centre equipped with latest technology to detect speed violation, video incident detection, CCTV monitoring system to derive real time traffic information and incident management.

Leverage core competencies through increased activities in the secondary market: Besides capitalising on primary market opportunities, BRNL intends to focus on strengthening its position in road infrastructure development business through increased activity in the secondary market. Due to its ability to effectively finance its BOT Projects, it is well positioned to take a rational approach towards secondary market acquisitions of existing BOT Projects, developed or under development by other companies, assuming such acquisitions are supported by sound strategic and financial objectives. BRNL thus intends to draw on its experience, effectively use its assets, market position and its ability to execute and manage multiple projects across geographies, to grow portfolio of road projects by secondary acquisition of road assets.

Increasing financial efficiencies*:* Maintaining financial discipline is key to good financial performance in BRNL's business. It intends to continue its practices of strict financial discipline through (i) careful selection of projects; (ii) selective expansion into new geographical areas and (iii) careful selection of EPC contractors with adequate equipment and experience. While it aims to achieve higher profitability, it is careful to avoid over-leveraging its balance sheet or undertake projects that would require significant investment in equipment and/or manpower. BRNL may also deleverage its balance sheet to improve returns on its assets by divesting, either wholly or partially, some of its operational BOT assets. It source funding for its projects primarily through loans from banks, other financial institutions and equity contribution. It intends to continue to evaluate various funding mechanisms which will enable BRNl to enhance its credit rating and in turn reduce its borrowing cost and improve its liquidity position.

Enhancing in-house integration with an aim to improve performance and enhance returns*:* In-house integration has been an integral part of BRNL's growth since incorporation and it seeks to focus on further enhancing its in-house competencies by expanding into various functional aspects of its projects thereby reducing dependence on third parties. It intends to focus on improving its project designing, project monitoring and management capabilities. It intends to focus on improving project monitoring and management capabilities, and depending on the kind of projects that it may bid and win in the future, also develop design and engineering capabilities in-house. BRNL will also continue to focus on maximizing returns from each of its BOT Projects. It intends to improve performance and enhance returns from its BOT Projects by:

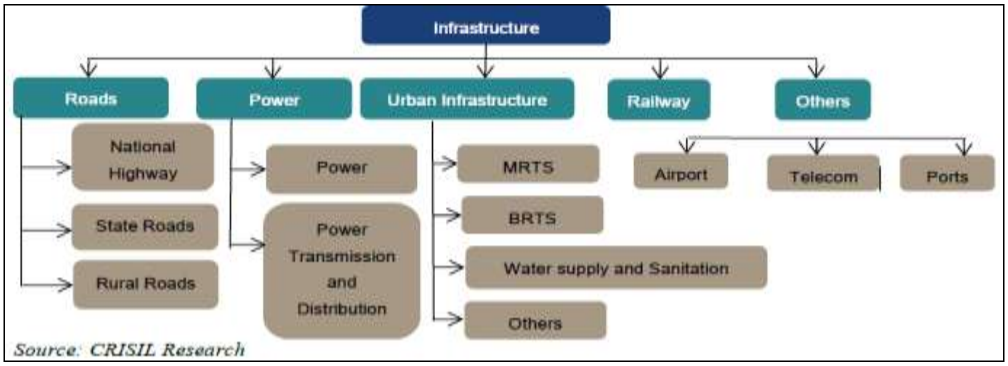
- Adopting the best of the evolving technologies in collection of tolls and other business processes,
- Continuing to improve checks and balances to reduce toll leakages, and
- Continuing to complete construction of BOT Projects on or before time to increase revenues

Industry:

Overview infrastructure Sector in India

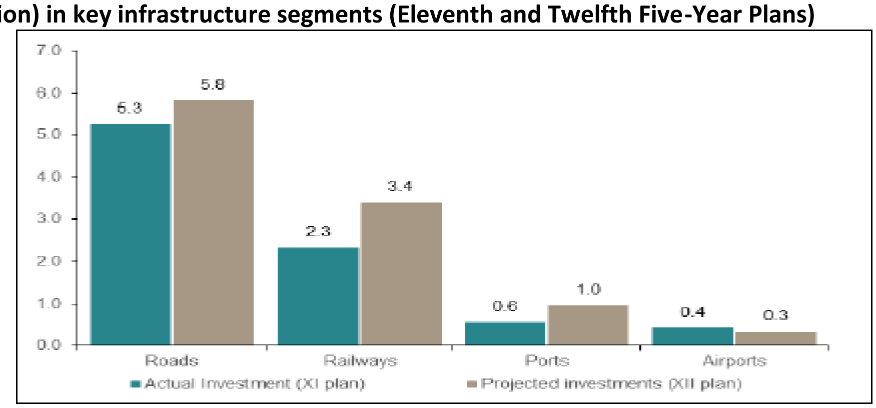
Overview of investments

Major infrastructure development requires substantial capital investment. The policies of the Indian government April 2000 to September 2015 stood at $4,423.46 million according to the Department of Industrial Policy and Promotion (DIPP). The government has introduced significant policy reforms to augment FDI inflows, to further boost investments and enhance infrastructure. The infrastructure industry includes roads, power, railways, urban infrastructure and others. The road sector is the key contributor to overall investments in the infrastructure industry.



In the Eleventh Five-Year Plan period (2007-08 to 2011-12), actual investments in the infrastructure sector reached Rs. 27.3 trillion, driven by GoI's thrust on improving domestic infrastructure. According to the second report of the High-Level Committee on Financing Infrastructure, the construction spend on infrastructure projects is expected to amount to Rs. 30.93 trillion over 2012-17, up from Rs. 10.3 trillion (likely investments till 2013-14), with 39% contribution by the private sector and 61% by the central and state governments. Within infrastructure, electricity is estimated to be the largest contributor, followed by roads and railways.

Construction spends (Rs. **trillion) in key infrastructure segments (Eleventh and Twelfth Five-Year Plans)**



Roads: Investments in roads in the Eleventh Five-Year Plan were Rs. 5.3 trillion, accounting for about 19% of overall infrastructure investments in the same period. Investments were largely driven by the government's thrust on the sector via encouragement of public private partnerships (PPPs), speedy implementation of National Highways Development Project (NHDP) and recent changes in the policy environment. The continued thrust on improving rural and state road network by the various state governments has supported this growth. Investments in roads is expected to increase to Rs. 5.8 trillion in the Twelfth Five-Year Plan, as against Rs. 5.3 trillion (actual) in the Eleventh Five-Year Plan (marking a 11% increase).

Five Year planned investments in road sector

(₹ Billion)	Centre	Roads & Bridges State	Private	Total
2012-13 (E)	278	485	262	1025
2013-14 (E)	250	495	271	1017
2014-15 (P)	243	563	294	1100
2015-16 (P)	240	677	335	1252
2016-17 (P)	236	815	381	1432
Total	**1248**	**3035**	**1543**	**5826**

P – Projected

Plan investments are the budgeted estimates for a particular year

Growth drivers in infrastructure investments Economic growth, increasing government thrust, preference of road in freight traffic, spurt in private participation and surge in passenger traffic and vehicle density are key growth drivers for infrastructure investments.

Economic growth

Freight traffic growth is a function of economic activity which further necessitates road development. Freight traffic in billion net tonne km (BTKM) is set to surge 6-8% in 2016-17, a substantial increase from the 4.3% rise seen in 2015-16, due to higher growth in industrial and agricultural GDP. Industrial GDP in H1 FY17 was estimated to be 5.59%, as against an estimated growth of 6.5% in H1 FY16. Roads continue to dominate freight traffic with their share in overall freight movement rising steadily to 65.1% in 2015-16, from 58.2% in 2009-10, due to capacity constraints in railways and healthy growth in non-bulk traffic.

Road freight traffic gaining preference

Capacity constraints of the railways has led to the share of roads in the primary freight pie increasing from an estimated 58.2% (in BTKM) in 2009-10 to around 65.1% in 2015-16. The positive trajectory is expected to continue from 2015-16 to 2020-21, with road freight logging 7-9% CAGR growth to about 2,450 BTKM from an estimated 1,700 BTKM in 2015-16. Growth in road freight traffic will be largely driven by increased non-bulk traffic and development of road infrastructure. Roads remain the preferred mode of transport for non-bulk traffic and it is expected its share in total road primary BTKM to surge to 77.5% by 2020-21, from 74.3% currently.

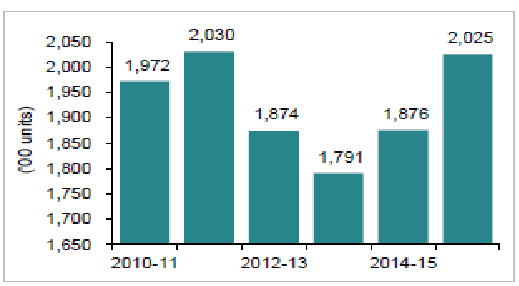
E-commerce logistics is a growth driver for road freight

CRISIL Research expects the e-commerce industry to grow at an estimated 40-44% CAGR during 2014-15 to 2017-18, to reach close to Rs. 2.5 trillion. Growth is expected to be driven by segments such as the online marketplace, where players will continue to offer huge discounts and deals and will innovate to attract customers. Further, rising penetration of the internet, increasing use of smart phones (with mobile apps) and increasing consumer awareness should support the growth story. As the industry grows, players are looking to develop local ecosystems to serve demand across India. As these local ecosystems develop, lead distances can reduce and freight traffic can shift from air freight to roads gradually.

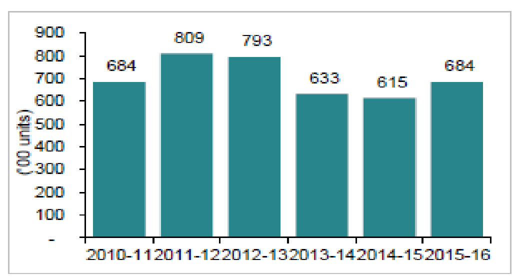
Vehicular growth picked in 2015-16, long term projects looks healthy

Domestic passenger car sales increased from 1.97 million units in 2010-11 to 2.03 million units in 2015-16 at a CAGR of 0.5%. From 2.03 million units in 2010-11, domestic passenger car sales shrank at a CAGR of 3.9% to 1.9 million in 2014-15. However, it shot up 7.9%, in 2015-16, primarily due to faster economic growth, lower fuel prices and improvement in consumer sentiments (driven by rising affordability and competitively priced launches). In contrast, commercial vehicle sales shrank 8.8% CAGR from 2011-12 to 2014-15. However, in 2015-16, commercial vehicle sales shot up 11.2%. In contrast, commercial vehicle sales shrank 8.8% CAGR from 2011-12 to 2014-15. However, in 2015-16, commercial vehicle sales shot up 11.2%.

Passenger cars sales



Commercial vehicle sales



Source: SIAM, CRISIL Research

Note: Commercial vehicles include goods vehicle and passenger but excludes three-wheeler

Slowing progress in road construction:

The length of roads constructed has decreased at a CAGR of 3%, from 1,784 km in 2010-11 to 1,576 km in 2014- 15 (from around 500 km under NHDP in 2001). However, in 2015-16, total road constructed/upgraded shot up to 2,196 km.

Improving awarding momentum:

Government is focusing to improve awarding and with the introduction of HAM, a significant share of awarding has been under HAM and it is expected to improve further in coming years.

Increasing participation of private equity funds:

Private equity has contributed to road projects in the past. Going ahead, private equity investment can further pick up, following the recent announcements of exit policy for debt-stressed operators for toll roads.

Other sector-favourable policies:
100% exit policy for stressed BOT players, providing for 'secured' status for PPP projects while lending, proposal to scrap slow moving highway projects (under consideration) etc.

HAM:
The hybrid annuity model has now gathered pace and hence is likely to improve private participation in the sector. The model has been successful in bringing a new set of players to the private space by mitigating risks related to traffic, interest rate and inflation, and by requiring a smaller equity commitment (only 12-15% of project cost).

TOT:
The Toll, Operate and Transfer (TOT) model is a new PPP model under consideration by NHAI to spur private participation in the roads sector.

OMT:
Apart from NHAI, operate, maintain, transfer (OMT) models have also been adopted by a few large Indian states, where state road development authorities have invited bids / awarded state highway stretches to be operated and maintained on OMT basis.

ETC lane:
Electronic Toll Collection enables road users to pay highway tolls electronically without stopping at the toll plazas. Dedicated ETC lane will help in reducing congestion at the toll plazas and enable seamless movement of vehicles on the national highways. The Ministry has decided to roll out ETC programme in the country under the brand name 'FASTag'

Outlook on planned investment in roads in Smart Cities
The government introduced the Smart Cities Mission in June 2015 for the development of 100 smart cities over five years (2016-17 onwards) to meet the infrastructure and services expectations of citizens.

Current status
The smart cities mission has progressed quickly and under it 100 cities have been selected to be developed as smart cities. Of these 100, 33 cities have been selected to be funded from 2016-2017 onwards and they will start implementing their smart city proposals from 2016-17. In the second round of the contracts awarding Stage II, another 27 cities will be selected for funding from 2017-18 and another 40 will be funded from 2018-19 onwards. About Rs. 335 billion is expected to translate into construction opportunity in the top 33 smart cities. Approximately, 87% of the spends will be spread across four categories - housing, non-residential complexes, water supply and sanitation and, roads and transport facilities.

Status of the Smart Cities Mission
In January 2016, the government announced 20 winners of the Smart City challenge competition, for financing during this financial year. Three cities from Madhya Pradesh, two each from Andhra Pradesh, Karnataka, Tamil Nadu, Gujarat, Maharashtra and Rajasthan, one each from Odisha, Kerala, Assam and Punjab, and the New Delhi Municipal Council made it to the winning list. The winning cities and towns have proposed a total investment of Rs. 508.02 billion over five years, with all the cities proposing public-private partnership as a major vehicle of resource mobilisation; 10 of the 20 cities have indicated ability to raise Rs. 85.2 billion via the PPP route. The cities have identified 26,735 acres for smart city interventions. Since then, 13 cities were selected for the mission under the fast track round and another 27 cities were selected in September 2016 taking the total number of cities under the mission to 60.

Review of road infrastructure in India
As of FY 2014-15, road transport sector's share to Indian GDP among other sectors is 3.20%, which is 5 basis points lower than the share in FY 2013-14

GVA Share (%)	2011-12	2012-13	2013-14	2014-15
Road Transport	3.24%	3.26%	3.25%	3.20%

Total length, and break-up by national, state and rural
India has the second largest road network in the world, aggregating 5.2 million km. Roads are the most common mode of transportation and account for about 86% of passenger traffic and close to 65% of freight traffic. In India, national highways, with a length of close to 100,475

km, constitute a mere 2% of the road network but carry about 40% of the total road traffic. On the other hand, state roads and major district roads are the secondary system of roads; they carry another 60% of traffic and account for 98% of road length.

Road network in India as in 2015-16

National highways

National highways (NHs) constitute around 2% of the country's road network, but carry about 40% of the total road traffic. The National Highways Authority of India (NHAI), the nodal agency under the Ministry of Road Transport & Highways (MoRTH), is responsible for building, maintaining and upgrading NHs. In order to develop the NH network, NHAI launched the National Highways Development Programme (NHDP) in December 2000.

State roads

State roads constitute around 18% of the country's total road network, handling about 40% of the total road traffic. State roads comprise state highways (SHs), major district roads (MDRs), other district roads (ODRs) and rural roads - which do not come under the purview of the Pradhan Mantri Gram Sadak Yojana (PMGSY). State roads represent the secondary system of road transportation in the country. They provide linkages with national highways, district headquarters of the state and important towns, tourist centres and minor ports.

Rural roads

Rural roads, connect rural habitations as well as state and national highways. Of India's 4.8 million km road network, rural roads account for around 3.7 million km (80%).

Key growth drivers for road sector

Rise in investments, reforms and higher budgetary support to drive growth in roads sector

CRISIL Research expects investment in road projects to double to Rs. 9.8 trillion over the next five years. Investment in state roads is expected to grow steadily, and rise at a faster pace in rural roads owing to higher budgetary allocation to the PMGSY since 2015-16. Execution of national highway projects has seen a good pick-up since 2015-16, aided by policy reforms, after having slowed down in the previous two fiscals. Higher budgetary support to fund engineering, processing and construction (EPC) projects will also drive investment in national highways, which have recently seen a significant drop in private interest.

Policy changes to drive execution of national highway projects

Execution of national highway projects declined in the past two years owing to delays in land acquisition and clearances, and private developers' weak financials. To clear the logjam, NHAI terminated projects -- work on about 5,500 km of length was stalled. To put execution back on track, the agency has also re-awarded almost 1,000 km of the terminated projects. Moreover, in the past year and a half, the government announced a host of policy changes to reduce delays in project execution.

To offer some respite to ailing developers, the government came out with a premium rescheduling policy and allowed promoters to fully exit all projects two years after completion. The Union Cabinet has also allowed NHAI to fund projects stuck owing to the weak financial health of promoters and where at least 50% of the work has been completed. The new amendments to the model concession agreement such as back-ending of premium payments and deemed termination on delay of appointed date, have also brought many changes which will reduce delay and improve lender comfort. The new HAM should encourage private participation with limited risk to the developer. Hence, the government's focus has clearly shifted towards ensuring on-the-ground implementation, instead of merely awarding more projects.

New Initiatives to drive growth in state road network

New initiatives have been taken by the government to build state roads. Road Requirement Plan-I (RRP-I) for Left Wing Extremism (LWE) affected areas and Special Accelerated Road Development Programme for North- Eastern region (SARDP- NE) are some of the projects which are going in full swing to cover the state roads. Apart from these projects the Bharat Mala programme has also been proposed to build new state roads. For details on these projects, see section 2F.

Healthy economic growth to push road development

With the economy expected to grow at a healthy pace, per capita income is set to improve pushing the number of two- wheelers and passenger vehicles in the country. Initiatives like 'Make in India' and GST is also expected to add to the road freight traffic in the country (for details, refer section 5J and 5K). The rise in two-wheeler and four-wheeler vehicles, increasing freight traffic, strong trade and tourist flows between states are all set to augment road development in the country. All segments of roads i.e. National Highways, state roads and rural roads are expected to benefit from the growing economy of the country.

Increased private participation to boost road development

The changes done by the government to put in place appropriate policy, institutional and regulatory mechanisms including a set of fiscal and financial incentives are expected to encourage further private participation in future, which will boost all segments of roads in the country, be it, National Highways, state roads or rural roads.

Key budget announcements for roads sector

The Union Budget 2016-17 has announced a significant increase in allocation of funds to the roads segment. While investments in national highways have been increased by 49% y-o-y, investment in the PMGSY scheme has been increased by 26% y-o-y.

Impact factors:

A. The Union Budget has proposed a 49% on-year rise in investments for development of national highways to Rs. 1.03 trillion. Of this, Rs. 440 billion is the budgetary support, while the rest is from the internal and extra budgetary resources. This would support continued rise in public investments for highway execution.
B. Allocation to the PMGSY has been increased substantially by 26% on-year to Rs. 190 billion aiding execution of rural roads.
C. The Budget provides clarity on dividend distribution tax for infrastructure investment trusts or InvITs, stating that it will not be applicable on distribution made from SPVs to InvITs. This would enhance investor confidence.
D. Three new initiatives were introduced to boost private participation:
   a) A public utility Bill will be introduced during FY17 to streamline institutional arrangements for resolution of disputes in infrastructure-related construction contracts, PPP and public utility contracts
   b) Guidelines for renegotiation of PPP concession agreements will be issued keeping in view the long-term nature of such contracts and potential uncertainties of the real economy
   c) A new credit rating system for infrastructure projects which gives emphasis to various in-built credit enhancement structures will be developed
E. Countervailing duty of 12.5% has been availed on specified machinery required for construction of roads. This would increase capital spending cost for players who import such machinery.

Impact of Land Bill Amendment on national highways

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Second Amendment) Bill, 2015 passed by the government in May 2015 exempted the infrastructure sector from the requirements of - (I) social impact assessment, (II) restrictions on acquisition of multi-cropped land, and (III) consent for private projects and public private partnerships (PPPs) projects, while acquiring land. However, with the increased cost of acquiring land, there would be following impact on the highway projects:

- Maximum impact on NHAI phase VI projects (greenfield expressways)
- Since land is acquired as well as land costs are borne by NHAI, it will mainly impact NHAI in terms of costs
- While NHs are still not under the purview of the 'Land Act', higher compensation by competing projects will increase expectations of land owners, indirectly pushing up land cost for NHAI. This is also likely to push up time required to acquire land leading to higher time overruns
- Higher time overruns will also impact developer returns wherever land has not been acquired
- For NHAI, costs to increase, however, funding is not a big concern
- Land cost accounts for about 8-10% of total project costs
- CRISIL Research expects project costs to increase by 12-15 per cent post the implementation of the 'Land Act'
- NHAI can fund this incremental requirement through additional borrowings

Review and outlook on national highways and NHDP

Review of investments in NHAI projects

NHAI awards projects under different modes - EPC, build-operate-transfer, or BOT, and the recently introduced HAM. In the last two years, BOT projects have lost out to EPC projects because the latter requires limited upfront capital and involves lower risk. Since 2013-14, cash contracts have dominated NHAI awarding as a result of low appetite of road players for BOT projects. To boost private participation further, the government introduced HAM in 2015-16, wherein 40% of the total project cost is to be funded by the government and the remaining by the private developer. The equity requirement in these projects is only about 12-15% of the project cost, which is much lower than a BOT project, and the developer is immune to traffic, inflation and interest rate risk. In 2015-16, this model took off at a rather slower than expected pace and only about 350 km were awarded mostly due to the apprehensions of various stakeholders towards a new, untested model. However, the participation of players in these projects improved significantly towards the end of 2015-16. In 2016-17, almost half of the projects are expected to be awarded on HAM.

Between 2016-17 and 2020-21, CRISIL Research expects an investment of Rs. 3.8 trillion, up 3.2 times in the next five years compared with the past five years. Notably, the government will account for more than half of the investments against 44% in the previous five years. In the medium term with EPC and HAM execution being dominant, funding needs for agencies like NHAI will rise substantially.

National Highway Development Programme (NHDP)
Current status and overview
NHDP encompasses building, upgradation, rehabilitation and broadening of existing national highways. The programme is executed by NHAI in coordination with the public works department (PWD) of various states. NHAI also collaborates with BRO for development of certain stretches. NHDP is being implemented in seven phases:

Execution of NHDP projects increased to 5.6 km per day in July 2016 compared to 3.2 in September 2014. As of July, 2016, around 53% of 46,200 km roads under NHDP has been completed. The total cost incurred amounted to Rs. 2,245 billion (as on October 31, 2014). About 20% of the total length is under construction/ upgradation and the rest is yet to be awarded.

Projected investments in state roads, 2016-17 to 2020-21
In recent years, state governments have allocated a significant portion of the budgets for developing roads. Between 2016-17 and 2020-21, the total investment in state roads, during this period, is expected to be Rs. 4.4 trillion. Private participation in state road projects is expected to remain steady in future. Gujarat, Madhya Pradesh, Maharashtra, and Rajasthan are expected to lead the way in implementing state highway projects through the PPP route.

Key Concerns

Delays in the achieving financial closure for future projects or delays in completion of construction of current and future projects could lead to termination of the concession agreements or cost overruns: Typically, BRNL BOT Projects are subject to specific completion schedules. It provides the Concessioning Authorities with performance securities, which are typically valid for a period of one year from the appointed date (i.e. the date on which conditions precedents under concession agreement for the project are fulfilled), and require it to complete the construction of its projects within a specified timeframe. Additionally, concession agreements entered for its BOT Projects typically require it to complete the construction no later than the scheduled dates specified under the relevant concession agreements, or by the end of the extension period, if any, granted by the Concessioning Authority. BRNL has faced delays in project construction in some of its BOT Projects as on March 31, 2017. It cannot be assure that similar delays will not occur in the future. Such delays could have an adverse effect on the cash flows, business, results of operations and financial condition. Further, typically for projects under construction, the Concession Agreements require BRNL to complete the financing for the project within the period specified in the relevant Concession Agreement. In the event of delay in completing the financing for the project, it is typically entitled to a limited extension subject to payment of damages to the Concessioning Authority calculated at a specified rate of the performance security for each day of delay or the concession agreement can be terminated. It cannot be assured that it will be able to complete the financing for future projects as may be provided in the Concession Agreements or complete its current and future projects within specified schedules or at all.

Business depends on the ability to successfully bid for or acquire projects: As part of BRNL's growth strategy, it intends to bid for projects on an individual basis or with SPV partners. Such future acquisitions of or, successful bid for, projects will depend on various factors including, (i) ability to identify projects on a cost-effective basis, (ii) ability to integrate acquired operations into the business, (iii) ability to outbid competitors and (iv) other factors including legal, tax and accounting issues. Further, such acquisitions may require consents from (a) the lenders under the existing financing agreements and (b) the Concessioning Authority. It cannot be assured that it will be able to achieve the strategic purpose of such acquisitions or successfully integrate operations or generate an acceptable return on such investments or successfully bid for such projects, which may adversely affect the cash flows, business, results of operations and financial condition.

Any reduction or suspension of toll collection in relation to BOT Projects may adversely affect the profitability cash flows and results of operations: BRNL has limited control over the terms relating to tolls. The tolls it is permitted to charge with respect to a BOT Project are determined by Governmental authorities, and are subject to annual adjustments and escalation over the life of the project based on the increase in the Indian wholesale price index (WPI) as specified in respective Concession Agreements. Further, with respect to certain of its BOT Projects, the relevant Governmental authority may be entitled to effect a reduction or suspension in the prevailing tolling rates. It cannot be assured that the tolling rates set forth would be sufficient to cover its cost. Additionally, its ability to recover compensation, on account of termination by the government authorities is limited and it cannot be assured that it will be able to recover the claims submitted to the relevant government authorities or relevant state governments in a timely manner or at all. Its inability to recover such amounts may adversely impact the profitability, cash flows and results of operations.

Business is significantly dependent on various Government entities: BRNL's business is highly dependent on projects awarded by Government entities. Its Project SPVs derives almost all of their revenue from their respective concession agreements with the Government entities like NHAI and MPRDC. Any adverse change in the policies adopted by the Government regarding award of its projects such as relating to pre-qualification criteria or its existing relationship with the Government could adversely affect the ability to bid for and/ or win such projects. Any adverse changes in Government policies may lead to its agreements being restructured or renegotiated or a decrease in the concession period or its inability to collect toll, which could adversely affect its financing, capital expenditure, asset utilization, revenues, cash flows or operations relating to its existing projects as well as the ability to participate in competitive bidding or bilateral negotiations for its future projects.

Ability to negotiate the standard form of concession agreement may be limited: Most of BRNL's concession agreements were entered into with the NHAI and it has limited ability to negotiate the terms of these contracts. The concession agreements that it has entered into are based on a model concession agreement prescribed by the NHAI. The form of the concession agreement has evolved within the last decade and there is limited guidance available on the interpretation of a number of terms and conditions of such concession agreements. In the event the NHAI or a lender invokes any restrictive term or condition in the concession agreements, or the NHAI, a court, or regulator interprets any term or condition in an adverse manner, such invocation or interpretation may materially and adversely affect the business, financial condition and results of operations. If, due to unforeseen circumstances, if BRNL is required to but are unable to negotiate out of the restrictive or onerous provisions which it had previously agreed to, its cash flows, business, results of operations and financial condition may be adversely affected.

One of BRNL's Projects which was under construction has been foreclosed by NHAI, subject to determination of amount of compensation through settlement-cum ISAC procedure: OSEPL (Orissa Steel Expressway Private Limited) has entered into conciliation with NHAI in relation with foreclosure of the OSEPL Project due to delay in handing over of the requisite land for the purpose of the OSEPL Project. Pursuant to multiple rounds of NHAI conciliation committee meetings NHAI, by way of letter dated January 13, 2017 has recommended foreclosure of the OSEPL Project, return of the project to NHAI for re-bid and permitted OSEPL to settle its claims of refund of Rs. 2,109.60 million incurred by OSEPL along with interest and loss of profit of Rs. 4,010.00 million plus damages and mobilisation cost through the settlement-cum ISAC procedure. In the event, the aforementioned claims are not accepted by the authorities, it may be required to initiate arbitration proceedings which may involve substantial costs. It cannot be assured that it would receive any part or whole of such compensation on a timely basis or at all. Any delay in receipt or any adverse finding in such proceedings would have an adverse effect on cash flows, business, finance cost, results of operations and financing condition.

One of BRNL's Project SPVs, MTPL has in the past entered into one-time settlement with its lenders: One of BRNL's Associate companies namely MTPL has faced issues in terms of servicing its debt obligations towards the original lenders to the MTPL Project under the MTPL CLA and has had to fall back on the sponsors from time to time for additional funds for meeting shortfalls in debt servicing. For the purpose of this one-time settlement, MTPL entered into a new common loan agreement or MTPL New CLA with its Corporate Promoter, SREI, pursuant to which, outstanding liability to the original lenders under the MTPL CLA of Rs. 2,016.40 million has been settled for Rs. 1,650.00 million. However it cannot be assured that similar situations may not arise in this MTPL Project or other projects of the Group, in the future or that it may be able to make a settlement or refinance its loan facilities on terms that are acceptable to it or at all.

Bidding for all Project SPVs were undertaken by SREI, its Corporate Promoter and it has in the past taken their assistance to complete the financing for its BOT Projects: Bidding for all BRNL's Project SPVs were undertaken by SREI, its Corporate Promoter and it has in the past taken their assistance to complete the financing for its BOT Projects. In the past SREI has either transferred its shareholding in the relevant Project SPV to the Company or incorporated the SPV with the Company as a shareholder. SREI and BRNL has entered into a letter arrangement dated February 16, 2017, pursuant to which, SREI has undertaken, among other things, to carry out the roads, highways and related business on BOT basis only through BRNL subject to certain terms and conditions. It cannot be assure you that SREI, BRNL's Corporate Promoter will continue to transfer interest in projects to it or would be in a position to provide assistance on terms which are similar to terms which it has provided in the past or which are favourable to it or at all, which may restrict its ability to acquire or develop future projects. Any violation, non-compliance (whether in whole or in part) or unenforceability of the agreement may have an adverse effect on its growth, the results of operations and financial condition.

Although BRNL met the criteria for classification as an NBFC during the financial year 2012-13, yet it has not registered with the RBI as an NBFC: While BRNL met the criteria to be classified as an NBFC for the financial year 2012-13, as provided in the Reserve Bank of India Act, 1934 ("RBI Act"), it did not register with the RBI as an NBFC as its principal business activity is development of road/highway projects. In addition, while it does not currently qualify as a core investment company ("CIC"), it cannot be assured that BRNL has not and will not qualify as a NBFC or a CIC in the future or for any prior period, due to the nature of the business of the Company. In the event BRNL is classified as an NBFC or a CIC, it will be required to comply with certain conditions, including those in relation to adjusted net worth and outside liabilities, as specified under the RBI Act and other applicable regulations.

Ability to complete projects in a timely manner and operate, maintain and expand toll roads is subject to performance of the contractors: BRNL typically engage third-party contractors and sub-contractors to perform parts of its contract or provide services or manpower. In particular, it generally do not engage a single EPC contractor and rely on more than one entity to carry out different aspects of EPC. BRNL may also be exposed to risks relating to the ability of the contractors to obtain requisite approvals for the operation and maintenance activities as well as the quality of their services, equipment and supplies. Further, while it may sub-contract its construction work and may be indemnified by the subcontractor for any loss or damage due to their default, it may still be liable for accidents on the projects due to defects in design and quality of construction of its projects during their construction and operation. In addition, it cannot be assured that such contractors or their sub-contractors will continue to hold or be able to renew valid registrations under the relevant labour laws in India or be able to obtain or maintain the requisite approvals for undertaking such construction and operation. If its contractors are unable to perform in accordance with their commitments on time or meet the quality standards required, its ability to complete projects on time or at all could be impaired. Further, if a subcontractor becomes insolvent, BRNL may be unable to recover damages or compensation for defective work and it may incur additional expenditure as a result of correcting any defective work. This may have an adverse effect on its reputation, cash flows, business, results of operations and financial condition.

Delays in the acquisition of private land or eviction of encroachments from Government owned land by the Government may adversely affect the timely performance of contracts leading to disputes with the Government: Road and highway projects are dependent on the acquisition of unencumbered contiguous land. Failure to acquire unencumbered contiguous land by the Central or State Governments or other concerned agencies under the concession agreements could result in BRNL changing, delaying or abandoning entire projects, which in turn could adversely affect the business. Additionally, a failure to acquire land may lead to a change of scope of the project or payment delays or disputes with the Government entity for claims in connection with a completed project's eligibility for an early completion bonus (if any). Any delays or inability to complete such land acquisitions may also result in an increase in the project cost from original estimates, which BRNL may not be able to pass on to the Concessioning Authority. Further, the company may be exposed to legal proceedings or claims by landowners objecting to the acquisition of their lands for its projects. These factors could have an adverse effect on its business, results of operations and financial condition.

SPV partners may not perform their obligations, which could impose additional financial and performance obligations on BRNL: Each of BRNL's Subsidiaries and Associates is an SPV held in partnership with SPV partners. Further, it may bid for its future projects in conjunction with SPV partners. Its liability in relation to the projects being executed by such Project SPVs under their respective financing agreements is typically joint and several. The success of these Project SPVs depends significantly on the satisfactory performance by all the SPV partners and fulfilment of the respective obligations, including obligations relating to equity/ sponsor financing. Under most of the financing agreements of its Project SPVs, BRNL, along with its SPV partners, are required to execute sponsor or promoter undertakings in relation to prescribed equity contributions and providing additional funds in the event of a shortfall in resources or cost overruns during the construction period and meeting certain obligations in the event of default of the financing agreements. It cannot be assured that it will be able to resolve such disagreements/ disputes in a manner that will be in its best interests or at all, or that the interests and goals of its SPV partners will be consistent or aligned with its interests. If BRNL is unable to successfully manage relationships with its SPV partners, its projects, cash flows and its result of operations may be adversely affected.

Ability to increase tolls on a BOT Project is limited: The tolls BRNL is permitted to charge with respect to a BOT Project are determined by Governmental authorities, as the case may be, and are subject to annual adjustments and escalation over the life of the project based on the increase in the Indian wholesale price index (WPI) as specified in respective Concession Agreements. In the event that its costs increase, it may be unable to offset such increases by increasing toll fees due to the restrictions of the concession agreements. Any significant increase in operation and maintenance costs beyond the amounts budgeted for by BRNL, could have a material, adverse effect on its business, financial condition and results of operations.

Any material deficit between the actual traffic volume and forecasted traffic volume for a toll based project could have an adverse effect on the business, results of operations, cash flows and financial condition: When preparing the tender for a toll based project, particularly to determine the bid pricing for such toll based project or contract, BRNL forecast the traffic volume for the proposed project in order to arrive at its expected revenue over the concession period or the contract period, as applicable. In such instances, if the actual traffic volume is significantly less than the forecasted traffic volume, the revenue generated from the toll based project may be lower than the anticipated revenue. Toll roads that are part of projects operated by it may experience high levels of traffic and congestion at certain times of the day or days of the week. Although it may consider possible solutions and take appropriate steps to ease traffic flow and reduce congestion on such roads, there can be no guarantee that such problems will be resolved under conditions that are economically satisfactory to it. This could also lead to user dissatisfaction and could potentially reduce the traffic volume which may adversely affect the results of operations, cash flows, business and financial condition.

Agreements for toll-based BOT Projects contain limited protection against new roads and bridges being built to compete against them: In terms of the concession agreements entered into by each Project SPV and the Concessioning Authority, the GOI and State Governments has the right to construct and open additional roads which may serve as alternate routes to BRNL's toll-based BOT Projects after the expiry of between eight and 24 years from the appointed date, depending on terms of the Concession. The construction of such alternative roads and highways may result in a diversion of vehicular traffic from its BOT Projects and a reduction of revenue from toll receipts. While terms of concession agreements provide for increase in concession period from the date such road, is opened to traffic, it cannot be assured that the construction of any additional roads that compete with its toll-based BOT Projects will not materially and adversely affect its revenues and operations.

Leakage of the tolls collected on BRNL's BOT toll roads may adversely affect the revenues and earnings: BRNL's collection of toll is primarily dependent on the integrity of toll collection systems, its internal control and checks and audit systems and willingness to pay toll fees. While it has in place an audit and an integrated toll collection system, the level of revenues derived from collection of tolls may be reduced by leakage through toll evasion, theft, fraud or technical defaults in its toll systems or forced violations by users of its toll roads. If toll collection is not properly monitored, leakage may reduce its toll revenue. Further, toll collection errors may amount to a loss of revenue as there is an inherent risk of under-collection of toll fees given that most users of toll roads pay in cash. Any significant failure by it to control leakage in toll collection systems could have an adverse effect on cash flows, business, results of operations and financial condition.

Operations could be adversely affected by strikes, work stoppages or increased wage demands by employees or any other kind of disputes with employees and contract labour: While BRNL consider its current labour relations to be good, it cannot be assured that it will not experience disruptions in work due to disputes or other problems with its work force, which may adversely affect the ability to perform its obligations for the projects. It enter into contracts with certain independent contractors to complete specified assignments including construction and O&M of its projects. The number of contract labourers employed by the contractors varies from time to time based on the nature and extent of work contracted to independent contractors. Any disputes between such contractors and their employees may also result in disruptions in BRNL's operations, which may also adversely affect its ability to complete a project in a timely manner.

Business is dependent on economic growth in India: BRNL's performance is dependent on the health of the overall Indian economy. While the GDP growth rate of India is estimated to increase between 6.75 - 7.50% in the Fiscal 2018. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. In the past, economic slowdowns has harmed industries including the road infrastructure sector. Any future slowdown in the Indian economy could harm its business, results of operations and financial condition.

Company's performance depends on the financial performance of its Project SPVs: All BRNL's projects are operated through Project SPVs. Except, consultancy fees and fees for project management services, BRNL's only material sources of revenue is and isexpected to be dividends, and distributions and payments, if any, pursuant to subordinated debt advanced to the Project SPVs. The ability of these Project SPVs to make dividend payments is subject to applicable laws and regulations in India relating to payment of dividends and is further subject to conditions including, among others, all the conditions in the financial covenants having been met prior to the declaration and/or payment of dividends by these Project SPVs. Company's performance is also dependent upon ability of the Project SPVs to service the subordinated debt advanced by the Company to the Project SPVs. Payment of any interest is subject to availability of residual cash flow after the payment of all expenses, statutory dues and payments to the senior secured lenders. Further, in the event of a bankruptcy, liquidation or reorganisation of a Project SPV, BRNL's claim in the assets of such Project SPV as a shareholder in the Project SPV and/or as a holder of subordinated debt remains subordinated to the claims of senior lenders and other creditors. Any decline in performance of its Project SPVs may adversely affect the cash flows, business, results of operations and financial condition.

Political and other agitations against the collection of tolls may affect the ability to collect tolls over prolonged periods: Over the past few years, there has been agitations by political parties and local community members against the collection of tolls on local road and state highway projects across India, especially in states of Kerala, Haryana, Maharashtra etc. where certain of BRNL's BOT Projects are located. These agitations has sometimes turned violent and resulted in the destruction of toll-collection booths and other related property. If such events spread it may limit its ability to collect tolls over a prolonged period and may have a material, adverse effect on its business, financial condition and results of operations.

If the operation of one or more of the projects of BRNLis disrupted its financial condition, cash flows and results of operations could be adversely affected: In the event of disruption in receipt of toll, BRNL's cash flows, business, results of operations and financial condition may be adversely affected. Even though it is entitled to compensation as per concession agreements, it cannot be assured that the compensation as and when received shall be adequate to cover the toll collection losses for the period of disruption. Any future suspension of toll or user fees will have an adverse effect on its financial condition, cash flows and results of operations. Further, BRNL will be unable to continue the operation of a particular road concession without the continuing concession right from the Concessioning Authorities. Further, there can be no assurance that the termination payments from the Concessioning Authority, if any, will be adequate to enable the Company to recover its investments in such Project SPVs. Further, in the event any of the provisions of its concession agreements or the concession agreements are held to be void by any court, tribunal or appellate authority, it will not be able to claim any compensation payments from the Concessioning Authority in accordance with the terms of the relevant concession agreement. If the concession agreements are terminated prematurely, its business, results of operations, cash flows and financial condition may be adversely affected.

Inability to collect receivables from Concessioning Authorities may adversely affect cash flows, business, results of operations and financial condition: There may be delays associated with the collection of receivables from Concessioning Authorities, other third parties and related parties. It cannot be assure that it will be able to collect its receivables in time or at all which may have an adverse effect on its cash flows, business, results of operations and financial condition.

Concession agreements require payment of annual premium, negative grants and/ or share in fee realised in consideration for being granted the right to build and operate the concession project. Failure to make such payments could result in accumulation of interest and imposition of penalties: Under some of BRNL's concession agreements, it is required to undertake annual premium payment/ sharing of revenue/ payment of negative grant to Concessioning Authorities, for securing the right to build and operate the project. Payment of negative grants under its Concession Agreements are fixed payments typically commencing from the first year of concession period or commercial operations and payable in instalments or annually with escalation in accordance with the respective Concession Agreement. In the event of any decrease in its revenue due to lack of growth in traffic or otherwise, it may not be able to generate enough revenue from such projects to make the payment in a timely manner or at all or there may be delays by the comapny in making such payments. The Ministry of Road Transport and Highways conveyed a scheme of deferment of premium whereby the premium payable to the NHAI could be deferred over a few years and would be payable along with interest. Further, the NHAI has the authority to terminate the concession at any point if in its sole opinion, the deferred premium along with debt due is more than potential fee flows available from the project for the balance period of the concession If any of its above concession agreements are terminated as a result of a failure to satisfy annual premium payment liabilities, its cash flows, business, results of operations and financial condition may be adversely affected.

Profit & Loss

Rs in million

Particulars	FY17	FY16	FY15
Revenue from Operations	102.5	7.5	84.3
Other Income	46.8	35.0	330.6
Total Income	149.3	42.5	414.9
Total Expenditure	81.2	36.6	93.3
Operational Expenses	0.0	0.0	50.0
Employee benefits expense	47.9	29.1	29.0
Other expenses	33.4	7.5	14.3
PBIDT	68.1	5.9	321.6
Interest	435.4	504.3	405.4
PBDT	-367.3	-498.4	-83.8
Depreciation	0.1	0.1	0.1
PBT	-367.4	-498.4	-83.8
Adjustment on disposal of associate	-0.1	0.0	0.0
Tax (incl. DT & FBT)	0.6	0.0	0.0
Tax	0.6	0.0	0.0
Reported Profit After Tax	-368.0	-498.4	-83.8
Share of Profit /(loss) transferred to minority interest	371.1	427.0	180.4
Share of Profit /(loss) in Associates	-0.1	0.0	0.0
Adj. Profit	-739.0	-925.4	-264.2
EPS (Rs.)	-13.5	-92.5	-26.4
Equity	546.5	100.0	100.0
Face Value	10.0	10.0	10.0
OPM (%)	20.8	-388.0	-10.6
PATM (%)	-720.9	-12339.2	-313.3

Balance Sheet:

Rs in million

Particulars	FY17	FY16	FY15
Equity & Liabilities			
Shareholders Funds	**5957.0**	**-668.9**	**59.5**

Share Capital	546.5	100.0	100.0
Money received against warrants	1659.2	0.0	0.0
Reserves and surplus	3751.3	-768.9	-40.5
Minority Interest	314.4	0.0	0.0
Non-Current Liabilities	**5334.8**	**8802.8**	**2884.8**
Long-term borrowings	5149.7	8727.2	2804.3
Other long-term liabilities	176.4	73.1	78.1
Long-term provisions	8.8	2.4	2.4
Current Liabilities	**717.7**	**234.1**	**3345.3**
Short-term borrowings	530.0	127.5	2865.7
Due to Others	0.1	4.2	10.2
Other current liabilities	187.0	102.3	469.3
Short term provisions	0.6	0.1	0.1
Total Equity & Liabilities	**12323.9**	**8368.0**	**6289.7**
Assets			
Non-Current Assets	**11746.5**	**7970.5**	**6155.1**
Property, Plant and Equipment	2.8	1.3	0.8
Intangible assets	0.2	0.1	0.1
Intangible assets under development	4308.9	3030.1	1604.5
Non-current investments	4546.9	3609.5	3812.3
Goodwill on consolidation	18.9	15.2	15.2
Long-term loans and advances	747.5	1314.3	722.3
Other non-current assets	2121.4	0.0	0.0
Current Assets	**577.4**	**397.5**	**134.5**
Trade receivables	47.7	23.1	19.6
Cash and bank balances	279.5	180.7	88.3
Short-term loans and advances	181.2	115.5	0.3
Other current assets	69.0	78.2	26.3
Total Assets	**12323.9**	**8368.0**	**6289.7**

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