

Rating:



Issue Summary:

Price band (Rs)	195-205
Face Value (Rs)	10
Market Lot	73
Issue Type	Book built issue IPO
Issue Size	29,300,000
Opens	6 th Sep, 2017
Closes	8 th Sep, 2017
Fresh Issue (Rs)	600 Cr
Listing	NSE, BSE

Issue Break Up:

QIB Portion	75%
NIB Portion	15%
Retail Portion	10%

Book Running Lead Managers:

➤ Inga Capital Private Limited
➤ Investec Capital Services (India) Pvt Ltd
➤ Srei Capital Markets Limited

Registrar

➤ Karvy Computer Share Pvt Ltd

Company & Business Profile

The public issue consists of up to 29,300,000 equity shares of face value of Rs 10 each of BRNL. The equity shares will have a face value of Rs 10.

Incorporated in 2006, Bharat Road Network Limited, a subsidiary of SREI Infrastructure Finance Ltd is engaged in the business of development, implementation, operation, and maintenance of roads/highways projects.

Bharat Road 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.

Company offers a range of project management services, including design, engineering, and quality control, as well as engineering, processing, and construction management; and project advisory services, such as project management consultancy, project conceptualization, commissioning, and operation and management of the projects, as well as undertakes debt syndication, refinancing, and financial restructuring of its projects.

Their 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.

Company Promoters:

The Promoters of the company are:

1. Srei Infrastructure Finance Limited ("SREI")
2. Make in India Fund

Particulars	FY17	FY16	FY15	FY14	FY13
(In Cr)					
Total Assets	1232	836	628	515	327
Total Debt	567	884	566	461	298
Total Revenue	14.9	4	41	9	3
PAT	-73	-92	-26	-60	-16

Total revenue for the company is Rs 14.9 cr where finance cost is Rs 43.5 cr and share of loss from associate is Rs 37 cr so total loss goes to Rs 73 cr which is higher than revenue.



At present, all of company's projects are implemented and held through special purpose vehicles, either through Subsidiaries or in partnership with other infrastructure players.

Project SPV	Shareholding of BRNL in project SPV	Revenue (In Cr)
GIPL	49%	117.2
MTPL	48%	22.5
KEPL	49%	73.1
GAEPL	39%	101.0
SJEPL	40%	14.3

The object of the issue is:

1. Advancing of subordinate debt in form of interest free unsecured loan to their Subsidiary, STPL, for part financing of the STPL Project ("STPL Sponsor Investment").
2. Acquisition of the subordinated debt in the form of unsecured loans/OCPIDs/warrants/OCDs, advanced/held by SREI to STPL, KEPL and MTPL ("Identified SPVs").
3. Benefits of listing of its equity shares on the stock exchanges.
4. General corporate purposes.

IPO Meet Takeaways:

- Eligible to bid for Single project for value up to Rs 2147 cr.
- Total Value of Road as asset is Rs 6685 cr and with total 2095 lane km.
- Average residual life of project 18 year and debt maturity period is AVG 10 year.
- Company is not PAT positive.
- Company depend on dividends from its SPV as a source of revenue.
- Sholapur project will complete by next quarter.
- Company AVG cost of borrowings 9.5%.

Concern

Company has negative cash flows from operating activities and negative PAT and may continue to have negative in the future.

Valuation

With net worth of Rs 546 cr and listing at a market cap of Rs 1720 cr which comes to P/B of 3.15 which is richly valued. Where its competitors like KNR constructions, PNC infra IRB have Net Profit Margin of 17%, 12.5% and 12% respectively.

The issue has been offered in a price band of Rs 195-205 per equity share. We have "2 star" rating for the issue.

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