

NOT RATED
CMP : INR167

Rohit Natarajan
 +91 22 4031 3443
 rohit.natarajan@antiquelimited.com

Asiamoney Brokers' Poll 2018
✓ Vote for ANTIQUE
Voting closes on 10th August

Market data

Sensex	:	35,379
Sector	:	Infra
Market Cap (INRbn)	:	14.1
Market Cap (USDbn)	:	0.206
O/S Shares (m)	:	84.0
52-wk HI/LO (INR)	:	219/140
Avg Daily Vol ('000)	:	14
Bloomberg	:	BRNLIN

Source: Bloomberg

Valuation

	FY16	FY17*	FY18*
EPS (INR)	(4.2)	(7.4)	2.8
P/E	NM	NM	60.4
P/BV	NM	2.4	2.0
EV/EBITDA	NM	78.5	47.0
Dividend Yield (%)	-	-	-

Source: Bloomberg

Returns (%)

	1m	3m	6m	12m
Absolute	(2)	(9)	(10)	-
Relative	(2)	(14)	(14)	-

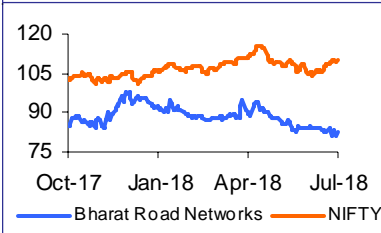
Source: Bloomberg

Shareholding pattern

Promoters	:	65%
Public	:	35%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg Indexed to 100

MANAGEMENT MEET UPDATE

Bharat Road Network Limited

Different strokes for different folks!

An asset owner with different narrative

Unlike order-book driven peers, BRNL is interested in growing its book with a ROI approach through asset acquisition and portfolio consolidation. To start with, company is looking to acquire operating assets available at attractive valuations from the market. Adding to that, the company remains positive on the new pipeline of toll / TOT projects-available up for bidding.

Here, BRNL expects that most of the projects may see a healthy traffic growth from. So rather than focusing on competitive HAM, BRNL turns its attention to inorganic space for value accretion through better asset management skillset and financial engineering capabilities. Even within inorganic space, the company opines there is a strong project pipeline up for sale-and few willing buyers ready to fork out. Thereby, BRNL thinks it is better to focus on asset aggregation model and be a buyer-rather than join the selling crowd.

Refinancing of debt may have hit the bottom...

Ever since the IPO last year, BRNL has made strategic changes: first, they have acquired 51% stake in GIPL from their JV partner. Second, the company has received favorable arbitration award of INR1bn in Sep-17 in SJEPL. Third, BRNL has refinanced SJEPL's INR11bn loan at 9.5% per annum, lower than 280 bps; while following the trend in other assets: 200bps in GAEPL; 190bps in KEPL; and 150 bps in GIPL. As a strategy, BRNL may consolidate ownership in existing assets. At a group level, the debt to equity is 0.1x. This helps company to ratchet up further debt and re-route them either in form of loans and advances or equity. Adding to that, company is exploring options to refinance the existing debt. Unlike the peer group, who are keen to sell their existing assets, BRNL has plans to add further assets.

...but traffic growth will continue its trend

The FY18 ended with average an annual daily traffic growth of 8.16% and a toll revenue growth of 32%; a closer look at the SPVs, company concludes, Kurukshetra Expressway project witnessed highest traffic growth of 24%, followed by Mahakaleshwar, 17%. Further, BRNL is seeking release of arbitration award of INR1.04bn, and accrued interest, in SJEPL; and (b) INR1.25bn of revenue shortfall loan in Ghaziabad subject to certain conditions

About the company

BRNL is promoted by SREI group, an infrastructure financial institution, with an AUM of INR470bn. The company was incorporated in 2006. During FY2006-2010, company won several other BOT projects which were executed by incorporating SPVs. They are: GIPL (Kerala), MTPL (Madhya Pradesh), GAEPL (Uttar Pradesh) and KEPL in Haryana. During FY2011 to 2015, company won SJEPL BOT road project in Odisha and STPL project in Maharashtra.

Today, the company has 6 BOT projects, in which STPL is expected to be operational by FY19. Geographically, the traffic is diversified and spread across Uttar Pradesh, Kerala, Haryana, Madhya Pradesh, Maharashtra and Odisha spanning 2095 lane kilometers. In FY18, company collected toll revenues closer to INR6bn. The residual asset life is 18 years.

Key assets in portfolio

		SJEPL	GAEPL	GIPL	KEPL	MTPL	STPL
Asset details	State	Odisha	UP	Kerala	Haryana	MP	Maharashtra
	NH/SH	NH-5	NH-91	NH-47	NH-71	SH-27	NH-9
	BRNL stake	40%	39%	100%	49%	48%	99.02%
	Other stakeholders	Simplex-34%/Galfar-26%	PNC-35%/Galfar-26%	NA	JMC and others-51%	Varaha-13.26%/Galfar and others-38.74%	NA
	Lane kms	401	505	260	333	196	400
Concession terms	Appointed date	14-Dec-11	25-Feb-11	22-Sep-06	10-May-11	26-May-09	3-Jun-14
	First provisional COD	12-Jan-17	23-Jun-15	4-Dec-11	24-Aug-13	19-Nov-10	31-Dec-18*
	Concession Period	26years	24years	21yrs 9mths	28years	25years	25years
	Residual life	20	17	11	22	17	22
Project Financials	Project cost	18712	19291	7212	10381	3304	8862
	Grant	1774	3032				
	Debt o/s	10289	12051	4318	6962	1636	2897
	Sponsors fund	2541	6476	2992	4688	2189	2942

Investment position as on March 31, 2018

Investments in SPVs by BRNL & Partners (In Rsmn)

SPV	Project Status	Present BRNL Shareholding	BRNL			Srei	Partners			Total Investments		
			Equity	Sub Debts	Total	Sub Debt	Equity	Sub Debt	Total	Equity	Sub Debt	Total
STPL	Under Construction	99.02%	1,769	1,173	2,942	-	-	-	-	1,769	1,173	2,942
GIPL	Operational	100.00% *	1,689	571	2,261	731	-	-	-	1,689	1,302	2,992
KEPL	Operational	49.00%	973	1,324	2,296	-	1,012	1,380	2,392	1,985	2,703	4,688
MTPL	Operational	48.00%	500	620	1,120	-	542	527	1,068	1,042	1,147	2,189
SJEPL	Operational	40.00%	591	-	591	637	887	425	1,312	1,479	1,062	2,541
GAEPL	Operational	39.00%	757	997	1,754	1,369	1,183	2,170	3,354	1,940	4,536	6,476
		Total	6,279	4,685	10,964	2,737	3,625	4,502	8,127	9,904	11,924	21,828

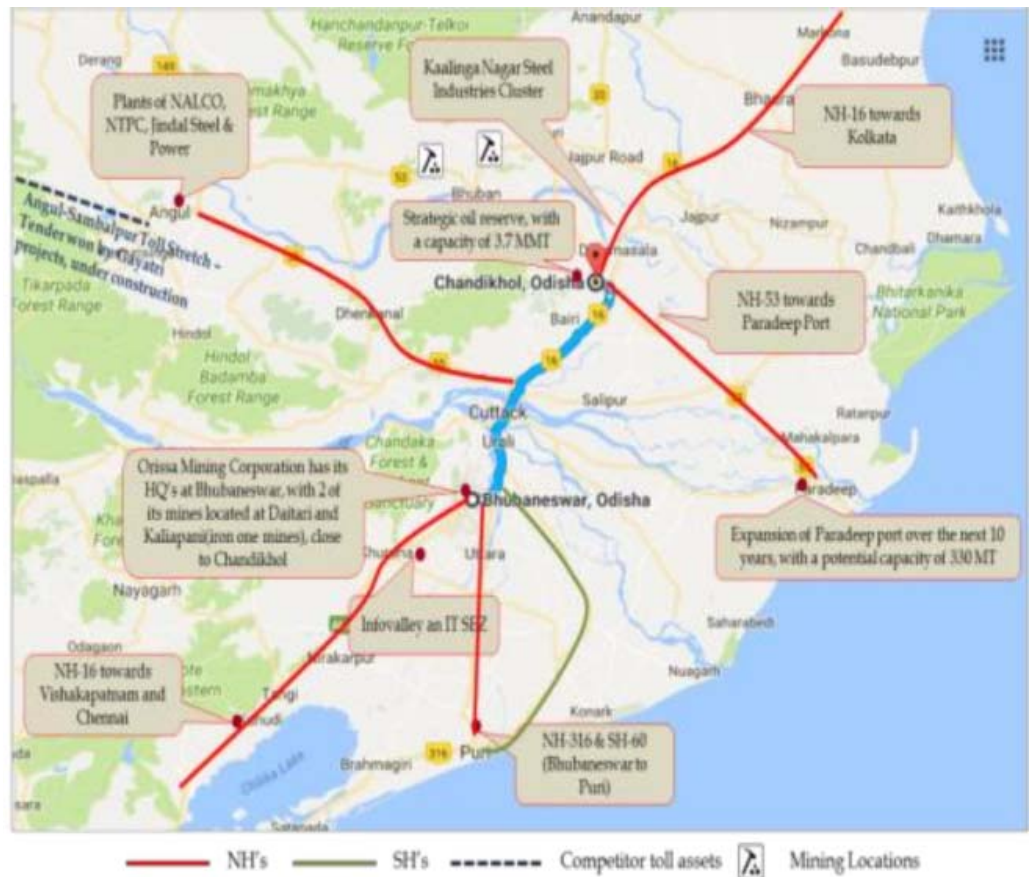
SJEPL - Shree Jagannath Expressways Pvt. Limited

Project location:

- Located on the NH-5 between Chandikhol and Bhubaneswar;
- End point of the project a major intersection, NH-200 & NH-5A cross NH-5;
- NH-200 connects Daiteri mines and then runs towards Raipur, proposed smart cities.

Catalysts for higher traffic:

- Expansion of Paradeep port; ramp up cargo handling capacity to 330 mn tone;
- Capacity expansion plan in Kalinga Nagar SEZ, major steel cluster near Chandikhol;
- Revival in Iron ore cargo volume at Paradeep port to 8.51 MT vs 2.27 MT a year ago;
- Info valley, IT SEZ with a township of 500 acres land in western parts of Bhubaneswar;
- Bhubaneswar selected for smart city project with a proposal of over USD 708mn.



GAEPL - Ghaziabad Aligarh Expressways

Project location:

- Located on the NH-91, connects Ghaziabad to Aligarh in UP

Catalysts for higher traffic:

- Ghaziabad is hub of engineering, electronics, and leather and textile goods;
- Aligarh is an important business centre of Uttar Pradesh and is a big centre of zinc die casting;
- Ghaziabad & Aligarh to be developed as Smart Cities and are also identified under AMRUT;
- Govt is developing integrated industrial township in Greater Noida, come up by end of 2019;
- Delhi-Ghaziabad-Meerut Rapid Rail Transit Corridor project implemented by National Capital;
- Region Transport Corporation Limited (NCRTC).



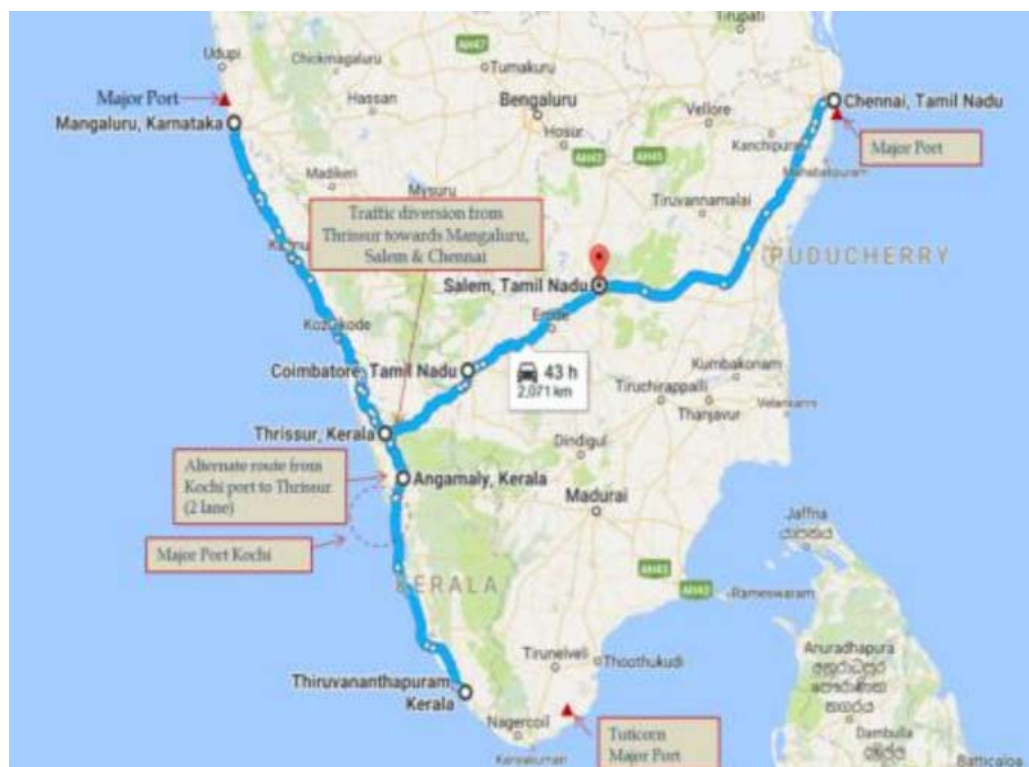
Guruvayoor Infrastructure

Project location:

- GIPL Project Road is a part of NH-47 which originates at Kanyakumari and ends at Salem;
- Connects Kochi, Thrissur and Coimbatore; runs in proximity to Cochin Refinery & Cochin Port.

Catalysts for higher traffic:

- Export bound traffic from key regions like Salem, Coimbatore, Kozhikode;
- Kochi smart city, focusing on IT/ITES/allied services, is likely to be completed by 2020;
- BPCL Kochi refinery is expected to expand its capacity from 9.5 MT to 15.5 MT;
- Proposed KINFRA Gem and Jewellery park to be set up in 10 acres of land at Puzhakkalpadam, Thrissur District.



Kurukshetra Expressway Private

Project location:

- Part of NH-71, starts at Jalandhar & ends NH-8 near Bawal; connects Moga, Sangrur & Rohtak

Catalysts for higher traffic:

- MBIR, investment region selected in 1st phase of DMIC, is serviced by the KEPL Project road;
- Proposed IMT project in Rohtak, envisage to have campuses for large industries, like Maruti;
- An international cargo airport and aircraft maintenance hub is proposed in Rohtak, Haryana.



Mahakaleshwar Tollways Private Limited

Project location:

- Connects Rajasthan in north & Maharashtra in south, cities Ujjain, Indore & Pitampur;
- Indore, largest and most populous city in Madhya Pradesh qualified for Smart Cities Mission;
- SEZ Indore, a busy hub, is serviced by the MTPL Project Road.

Catalysts for higher traffic:

- Under UIG program of JNNURM, approved 5 projects includes cities like Bhopal, Indore & Ujjain;
- Construction of IT parks in 4 major cities of the state - Indore, Gwalior, Bhopal and Jabalpur;
- 9 formal approved SEZs; proposed to be set up in MP includes IT/ITES SEZ at Indore;
- Plans to upgrade existing apparel clusters at Indore & Jabalpur; develop 2nd textile park.



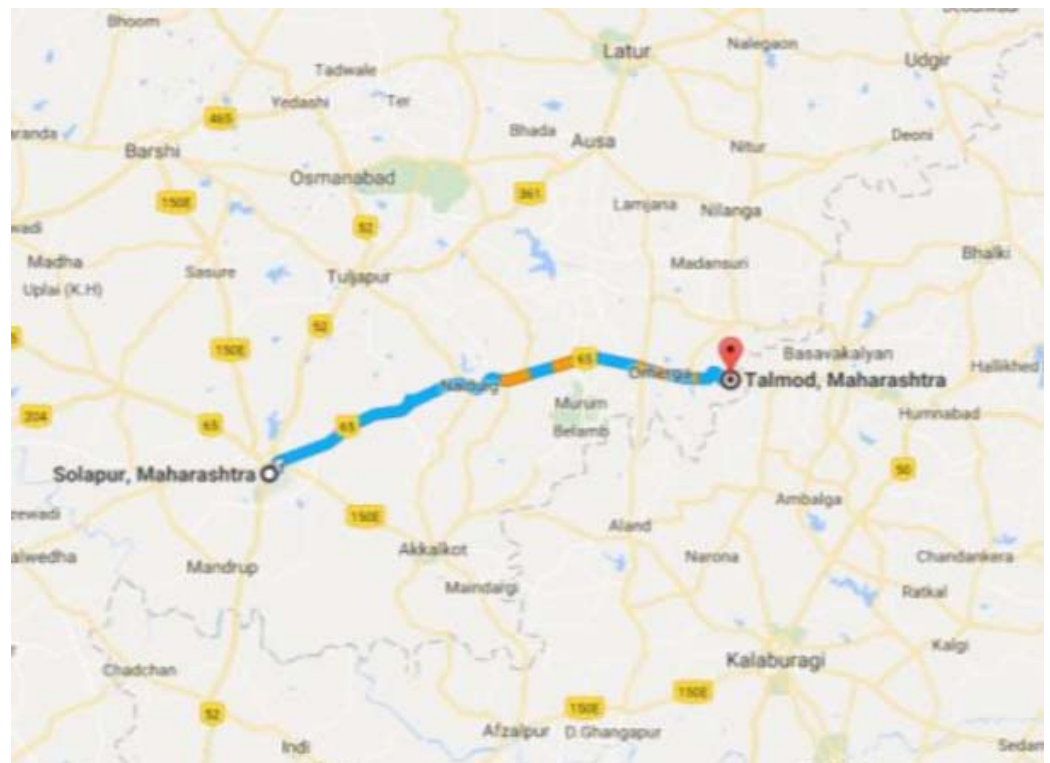
Solapur Tollways Private Limited

Project location:

- Connects west & east passing major cities such as Vijayawada, Hyderabad, Pune NH-9 & Mumbai-Pune Exp Highway intersect at Pune.

Catalysts for higher traffic:

- Provide connectivity to Mumbai and nearby ports;
- Solapur District is home to weaving loom industry and other manufacturing industries;
- Solapur is shortlisted for the smart city project among 10 cities of Maharashtra;
- State govt proposed enhancement of airports (Solapur, Shirdi, Chandrapur, etc);
- Development of Solapur Pune bypass road will boost the state's infrastructure.



Financials

Profit and loss account (INRm)

Year ended 31 Mar	2014	2015	2016	2017*	2018*
Net Revenue	96	84	8	1,415	1,532
Op. Expenses	(97)	(93)	(30)	(1,148)	(1,090)
EBITDA	(1)	(9)	(22)	267	442
Depreciation	(0)	(0)	(0)	(0)	(4)
EBIT	(1)	(9)	(22)	267	437
Other income	0	331	76	13	975
Interest Exp.	(514)	(405)	(76)	(312)	(439)
Extra Ordinary Items -gain/(loss)	(157)	-	(94)	-	-
Reported PBT	(671)	(84)	(116)	(32)	974
Tax	-	(0)	(0)	(6)	(116)
Reported PAT	(671)	(84)	(116)	(38)	858
Minority Int./Profit (loss) From Asso.	-	(129)	(327)	(585)	(627)
Net Profit	(671)	(212)	(444)	(623)	231
Adjusted PAT	(514)	(212)	(349)	(623)	231
Adjusted EPS (INR)	(6.1)	(2.5)	(4.2)	(7.4)	2.8

Balance sheet (INRm)

Year ended 31 Mar	2014	2015	2016	2017*	2018*
Share Capital	100	100	100	547	840
Reserves & Surplus	5	(40)	(753)	5,256	6,114
Networth	105	60	(653)	5,802	6,954
Debt	4,636	2,885	8,804	7,264	7,264
Capital Employed	4,741	2,944	8,151	13,066	14,218
Gross Fixed Assets	16	16	20	277	527
Accumulated Depreciation	(0)	(0)	(1)	(2)	(6)
Capital work in progress	547	1,604	3,042	4,309	4,309
Net Fixed Assets	563	1,621	3,060	4,584	4,830
Investments	3,999	4,535	4,925	8,648	8,648
Non Current Investments	3,999	4,535	4,925	8,648	8,648
Current Assets, Loans & Adv.	597	135	398	604	1,791
Inventory	-	-	-	-	-
Debtors	26	20	23	48	68
Cash & Bank balance	521	88	181	280	460
Loans & advances and others	50	27	194	277	319
Current Liabilities & Prov.	418	3,345	232	770	1,051
Liabilities	418	3,345	232	770	1,049
Provisions	0	0	0	1	2
Net Current Assets	179	(3,211)	165	(166)	740
Application of Funds	4,741	2,944	8,151	13,066	14,218

Per share data

Year ended 31 Mar	2014	2015	2016	2017*	2018*
No. of shares (m)	84	84	84	84	84
Diluted no. of shares (m)	84	84	84	84	84
BVPS (INR)	1.2	0.7	NM	69.1	82.8
CEPS (INR)	NM	NM	NM	12.6	10.3

Source: Company, Antique; Note: *IND AS format; 2018 is projected financial.

Cash flow statement (INRm)

Year ended 31 Mar	2014	2015	2016	2017*	2018*
PBT	(514)	(84)	(22)	1,066	974
Depreciation & amortisation	0	0	0	1	4
(Inc)/Dec in working capital	341	2,934	(3,231)	420	(685)
Tax paid	-	(0)	(0)	(6)	(116)
Other operating Cash Flow	361	(3,173)	2,905	(1,651)	-
CF from operating activities	188	(323)	(348)	(170)	178
Capital expenditure	(563)	(1,058)	(1,440)	(1,525)	(250)
chg in investments	105	1,436	(710)	(105)	-
CF from investing activities	(458)	378	(2,150)	(1,630)	(250)
Inc/(Dec) in share capital	-	-	-	447	293
Inc/(Dec) in debt	1,654	(1,752)	5,919	(3,517)	-
Dividend Paid	-	-	-	-	-
Others	(1,136)	1,454	(3,283)	4,966	1,562
CF from financing activities	518	(298)	2,636	1,896	1,855
Net cash flow	248	(243)	138	96	1,783
Opening balance	37	521	88	181	280
Closing balance	521	88	181	280	460

Growth indicators (%)

Year ended 31 Mar	2014	2015	2016	2017*	2018*
Revenue(%)	1314.1	(12.3)	(91.1)	NM	8.3
EBITDA(%)	(97.4)	1561.1	145.4	NM	65.3
Adj PAT(%)	209.0	(58.7)	64.4	NM	NM
Adj EPS(%)	209.0	(58.7)	64.4	NM	NM

Valuation (x)

Year ended 31 Mar	2014	2015	2016	2017*	2018*
P/E	NM	NM	NM	NM	60.4
P/BV	NM	NM	NM	2.4	2.0
EV/EBITDA	NM	NM	NM	78.5	47.0
EV/Sales	188.2	198.9	3,013.4	14.8	13.6

Financial ratios

Year ended 31 Mar	2014	2015	2016	2017*	2018*
RoE (%)	NM	NM	NM	41.2	13.5
RoCE (%)	NM	NM	NM	12.9	3.2
Asset/T.O (x)	NM	NM	NM	0.1	0.1
Net Debt/Equity (x)	NM	NM	NM	0.9	0.7
EBIT/Interest (x)	0.00	NM	NM	0.90	3.22

Margins (%)

Year ended 31 Mar	2014	2015	2016	2017*	2018*
EBITDA Margin(%)	NM	NM	NM	18.9	28.8
EBIT Margin(%)	NM	NM	NM	18.9	28.5
PAT Margin(%)	NM	NM	NM	(43.6)	9.2

Source: Company Antique

Important Disclaimer:

This report has been prepared by Antique Stock Broking Limited (hereinafter referred to as ASBL) to provide information about the company(ies) and/or sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies).

ASBL is a Stock Broker and Depository Participant registered with and regulated by Securities & Exchange Board of India.

ASBL and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group.

This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and ASBL is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

We and our affiliates have investment banking and other business relationships with some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that ASBL and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on the profitability of ASBL which may include earnings from investment banking and other business.

ASBL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, ASBL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. ASBL and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of ASBL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition ASBL has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt ASBL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold ASBL or any of its affiliates or employees responsible for any such misuse and further agrees to hold ASBL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent ASBL's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, ASBL and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent ASBL and/or its affiliates from doing so. ASBL or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ASBL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

ASBL and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

ASBL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of ASBL or its associates during twelve months preceding the date of distribution of the research report

ASBL and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, ASBL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of ASBL research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement Companies where there is interest

- Analyst ownership of the stock - No
- Served as an officer, director or employee - No

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ASBL & its group companies to registration or licensing requirements within such jurisdictions.

For U.S. persons only: This research report is a product of Antique Stock Broking Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution by Antique Stock Broking Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Antique Stock Broking Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

SEBI Registration Number: INH000001089 as per SEBI (Research Analysts) Regulations, 2014.

CIN: U67120MH1994PLC079444

**Antique Stock Broking Limited**

20th Floor, A Wing, Naman Midtown
Senapati Bapat Marg, Elphinstone (West)
Mumbai 400013

Tel. : +91 22 4031 3444 • Fax : +91 22 4031 3445
www.antiquelimited.com