

BHARAT ROAD NETWORK LTD

Issue Details	
Issue Opens	06-Sept-17
Issue Closes	08-Sept-17
Issue Size (Rs. Crore)	600.65
Face value (per equity share)	10
Price Band (Rs.)	195-205
Lot Size (No of Share)	73
No of Shares on Offer (crore)	2.93
QIB (%)	75%
Non-Institutional (%)	15%
Retail (%)	10%
Commencement of Trading	18-Sept-17

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	100.0	65.1
Public (incl institutions and employees)	0.0	34.9
Total	100.0	100.0

Issue Date: 06th Sept – 08th Sept 2017
Price Band (Rs.) : 195 - 205
Lot Size (No. of Share) : 73
Company Background

Incorporated in 2006, Bharat Road Networks (BRNL) is a road BOT 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.

BRNL performs a range of project management functions, including design, engineering, EPC management and quality control. It also provides project advisory activities and also undertakes debt syndication, refinancing and financial restructuring of its projects.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-17	FY-16	FY-15	FY-14	FY-13
Total Assets	12,324	8,306	6,290	5,159	3,277
Total Revenue	149	43	415	96	31
Profit After Tax	(739)	(925)	(264)	(608)	(169)

Concerns

- Legal proceedings pending against company and its promoters.
- Pledging of shares in some subsidiaries & associates.
- Delay in project construction may lead to cost overruns.
- All subsidiaries and associates making losses for past two years.

Strengths

- Diverse portfolio of BOT projects & experienced parentage.
- Strong and experienced corporate promoter.
- Ability to partner with experienced domestic & international EPC players.

Our View

Company is asking for an issue price band of Rs195 to Rs205. Since the company is not earning profits, the P/E price cannot be compared with its peer to check the issue price is over priced or under priced.

Company revenues grew at 49% CAGR in last 5 years. However it incurred losses in the last 5 years. Company expects to get into profits in the long term. Investors would not get anything in the short term to medium term in terms of dividends. We would advice investors to stay away from such IPO's where there is nothing left for investors.

Objects of the Issue

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 loan s/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; and
4. General corporate purposes.