

Bangalore Metro Rail Corporation Limited

Full Rating Report

Ratings

Proposed Secured Non-Convertible Redeemable Bonds IND AA(exp)

Financial Data

Bangalore Metro Rail Corporation Limited

	31 Mar 13	31 Mar 14
Revenue (INRm)	159.05	232.00
Debt (INRm)	55,812.72	70,176.66
Gearing (%)	169.83	218.78
Surplus/deficit (INRm)	-570.61	-831.81

Key Rating Drivers

Government Ownership and Support: India Ratings & Research (Ind-Ra) affirmed Bangalore Metro Rail Corporation Limited's (BMRCL) proposed bond's rating in July 2014. The affirmation reflects BMRCL's strong operational, financial and legal linkages with its sponsors – the government of India (GoI) and the government of Karnataka (GoK). The sponsors have provided equal equity contributions and a varied share of subordinate loans since project commencement. The project benefits from GoK's support for bridging cash losses, including debt servicing, through the shadow cash support (SCS) mechanism in advance

The sponsors have also borne and agreed to bear any project cost escalations due to change in statutory levies and duties, exchange rate variations and price escalations upto 31 December 2013, either as equal equity contribution or subordinate loans, through a memorandum of understanding (MoU). However, as per the MoU, cost escalations as on December 213 (INR6.96bn) will also be funded equally by both the sponsors. Ind-Ra believes, strategic ties with the sponsors reflect a strong likelihood of demonstrated extraordinary support, if required.

Sovereign Guaranteed Loans: The chief lender, Multilaterals Japan International Co-operation Agency (56.13% of FIs and banks' debt) and the second largest lender, Agence Francaise de Developpement (14.41%) have extended loans with sovereign guarantees. Of the total project cost (INR138.45bn), BMRCL borrowed nearly 41% from financial institutions including multilaterals. Ind-Ra takes comfort from the sovereign guarantees extended, as they ensure timely debt servicing and will remain in place until the loans are fully repaid. Ind-Ra also expects GoI's financial backing if BMRCL is in distress.

Important Role in Urban Transportation: Bengaluru is India's fifth-largest metropolitan city with a population of over 9.6 million (0.79% of India's population: 2011 Census) and BMRCL is executing a complex, high-profile project that eases the city's severe traffic congestion, thus discharging an essential public mission to improve urban infrastructure. Ind-Ra considers urban transportation of paramount economic value to the country and the state and so the likelihood of rapid support is imminent and any default by BMRCL would impair the sponsors' creditworthiness.

Strong Structural Features: The SCS account would, at any time, have a balance to meet all senior debt service due in the following quarter. If there is any deficit, GoK would fund the SCS account 60 days before the due date. In the event of continued shortfall, after trustees' or BMRCL's communication, GoK will fund the SCS at least 15 days before the due date. Funds from the SCS account will pass through trust and retention account (TRA) to the respective senior lenders' sub-account for payments. All project revenues will be deposited in TRA and the trustee will oversee TRA to meet the debt service payments on time.

Structural support is demonstrated by the maintenance of parity of the proposed bonds with the GoI-guaranteed debt in terms of seniority in the cash flow waterfall mechanism, security features and access to the common escrow account on a pari-passu basis along with all the other senior lenders. According to the management, an inter-creditor agreement, underlining these features, is being entered into by the senior lenders.

Tariff Flexibility: BMRCL will periodically revise the tariff based on cost escalations and operations and maintenance costs, as per the MoU. An absence of periodic fare revision could

Analysts

Divya Shrivastava
+91 44 4340 1705
divya.shrivastava@indiaratings.co.in

Siva Subramanian
+91 44 4340 1704
siva.subramanian@indiaratings.co.in

impair project cash flows. However, Ind-Ra draws comfort from the formula-driven cash shortfall support from the state government.

Construction Risk: In Ind-Ra's opinion, larger rail projects are more capital intensive than other transportation projects and are inevitably characterised by completion delays. Construction completion of Reach 1 (Baiyyappanahalli to MG Road – 6.7km) and Reach 3 & 3A (Mantri Square Sampige Road to Peenya Industry – 9.9km) and its ongoing construction in other reaches is within satisfactory limits according to BMRCL. According to BMRCL, the strategy of segmenting the project to multiple internationally reputed contractors could curtail enormous delays as it resembles the style of European rail service companies and Delhi Metro Rail Corporation. The clarity and adequate protections in contracts mitigate delays stemming from the contractor's carelessness.

Rating Sensitivities

Positive: Explicit support from GoI for all the senior debts and an improvement in GoK's credit quality could lead to a rating upgrade.

Negative: Any weakening of linkages with the sponsors, substantial delays in the receipt of sponsor support or breach of security features and significant deterioration in GoK's credit profile could result in a rating downgrade.

Profile

BMRCL is a special purpose company jointly sponsored by GoK (50%) and GoI (50%) in September 2005 to provide the metro rail facility in Bengaluru. The project cost has been revised to INR138.45bn from its earlier sanctioned cost of INR116.09bn. The project cost is funded by equity of INR39.67bn, sub-debt of INR40.59bn and senior debt of INR58.19bn, including the proposed bond. As per revised cost funding, both sponsors will inject additional capital of INR3.48bn each. In addition, GoK will bear the additional cost of land INR7.55bn. GoK injected INR0.75bn as excess funds towards equity in FY11. The conversion of the same into subordinate debt is under process. BMRCL's net loss increased to INR831.81m in FY14 from INR570.61m in FY13 mainly due to an increase in staff cost (91.14% yoy).

- Strong legal, operational and financial links to the sponsor governments

Public Sector Entity Support Factors

Very Protective Legal Status

BMRCL was formed as an SPV and a central sector project to implement a metro rail project in Bengaluru. It is a state-owned entity and chances of its privatisation in the medium term are unlikely. The project is covered under the Metro Railways Amendment Act, 2009. BMRCL is under direct supervision of the Ministry of Urban Development, GoI and urban development department of GoK.

Legal support initiatives for the project include the creation of a fund by GoK – metropolitan infrastructure fund – through the issuance of transferrable development rights in lieu of cash compensations. Cess collections on future property development and sanction of premium floor space index will accrue to this fund; BMRCL's estimated share in this fund is INR10.71bn during FY14-FY18.

Strategic Importance

Ind-Ra considers BMRCL as an extended arm of the sponsors as it executes a strategically important project that eases traffic in a city seen as India's information technology hub.. BMRCL's business plan includes future population growth up to 2021. The presence of a secretary, (Ministry of Urban Development, GoI) and a principal secretary (Urban Development Department, GoK) underlines the value of the entity to the sponsors.

Applicable Criteria

Rating of Public Sector Entities
(September 2012)

Integration

Revenue is not consolidated with the state budget or union budget. Nevertheless, equity injections are a part of respective budgets. The sponsors have contributed and pledged to contribute equity and sub-ordinate debt to the project to meet cost overruns. Ind-Ra considers BMRCL as a dependent entity due to the high number of nominations from the sponsors, its value as a key asset and the extent of finance from the sponsors.

Control and Oversight

Both sponsors appoint five members each to the board. Secretary, Urban Development of GoI is ex-officio chairman of the board and the Managing Director is nominated by GoK. The sponsors influence key decisions through its board members and can also remove its representative board members at any time. The sponsors have to approve the borrowing plans individually. Accounts are audited by a government auditor - the comptroller and auditor general of India. In Ind-Ra's opinion, these facts are strong evidence of tight control by the sponsors on the project company.

Sponsors' Ability and Willingness to Support

Ind-Ra believes that the sponsors' willingness and ability to support the project is strong. In India, state-owned entities are present in all major areas and support from the government has come in at crucial times.

In case of BMRCL, GoK (one of the sponsors) will bridge cash losses and will step in to meet debt service in the event of a cash shortfall under the MoU. Concurrently, any cost escalations on the project will be borne by the sponsors according to the MoU. Hence, the sponsors' support is evident and reliable at the time of distress.

Sovereign-guaranteed loans – Japan International Cooperation Agency (JICA) and AFD – describe the importance of BMRCL for the central government. Structural support is demonstrated by the maintenance of parity between the proposed bonds and the GoI-guaranteed debt in terms of seniority in the cash flow waterfall mechanism, security features and equal access to the common escrow account along with all the other senior lenders. According to BMRCL, an inter-creditor agreement, underlining these features, is being entered into by the senior lenders.

- GoI has guaranteed multilateral loans except from Asian Development Bank (ADB)
- GoK bridges all cash shortfalls including debt service

Cash Loss Derivation Formula

Operating Expenses + Debt Service including interest and principal repayment + Depreciation

Less

Total Income including Fare Box Revenue, Non Fare Box Revenue and interest

Less

Non-Cash Expenses like Depreciation, Amortization

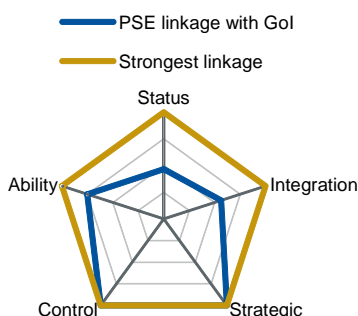
Less

Principal repayment financed by BMRCL through refinancing or through its own resources

Assessment of Links to Sponsor Governments

Figure 1

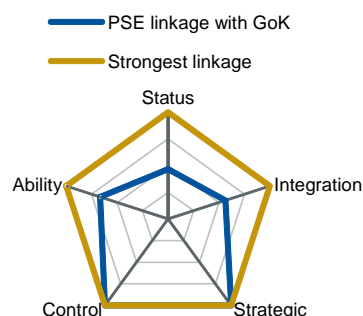
Rating Links of BMRCL with GoI



Source: Ind-Ra

Figure 2

Rating Links of BMRCL with GoK



Source: Ind-Ra

Ind-Ra classifies BMRCL as a sponsors' dependent public sector entity based on the legal regime, strategic policy role and control by the state.

Cash Loss Support from GoK

MoU - among GoK, GoI and BMRCL – outlines that GoK will finance cash losses, if any, during

the operational phase. It also indicates that GoK shall repay the senior-term debt if BMRCL fails to repay due to cash losses. The memorandum of understanding between GoI, GoK and BMRCL was signed on 24 December 2010..

Genesis of Corporation

In order to improve the transportation facility, overcoming the pollution problem and to provide much needed infrastructure to Bengaluru city, the metro rail project was approved by the Government of India (GoI) on 11 May, 2006.

Bangalore Metro Rail Corporation Limited (BMRCL) is a joint venture company promoted by Government of Karnataka (GoK) and Government of India (GoI) in September 2005 to provide metro rail facility in Bengaluru city.

Shareholding and Management

The company was formed with an equal equity contribution from the state and central governments. Both stakeholders appoint five directors each to the board until the sponsors hold shares not less than 50%. The GoK with the consent of GoI appoints the Managing Director of the Corporation. Secretary, Urban Development, GoI is ex-officio chairman of the board.

Project Profile

The first detailed project report prepared in May 2003 by the Delhi Metro Rail Corporation suggested constructing a metro rail for a length of 33km. This includes the east-west corridor (Baiyappanahalli to Mysore Road) and north-south corridor (Yeshwanthapur to RV Road).

Further proposals from GoK to extend the north-south corridor were accepted by GoI and the origin point was moved to Nagasandra instead of Yeshwanthapur and the line terminates at Puttenahalli instead of RV Road. Thus, the total length increased to 42.3km.

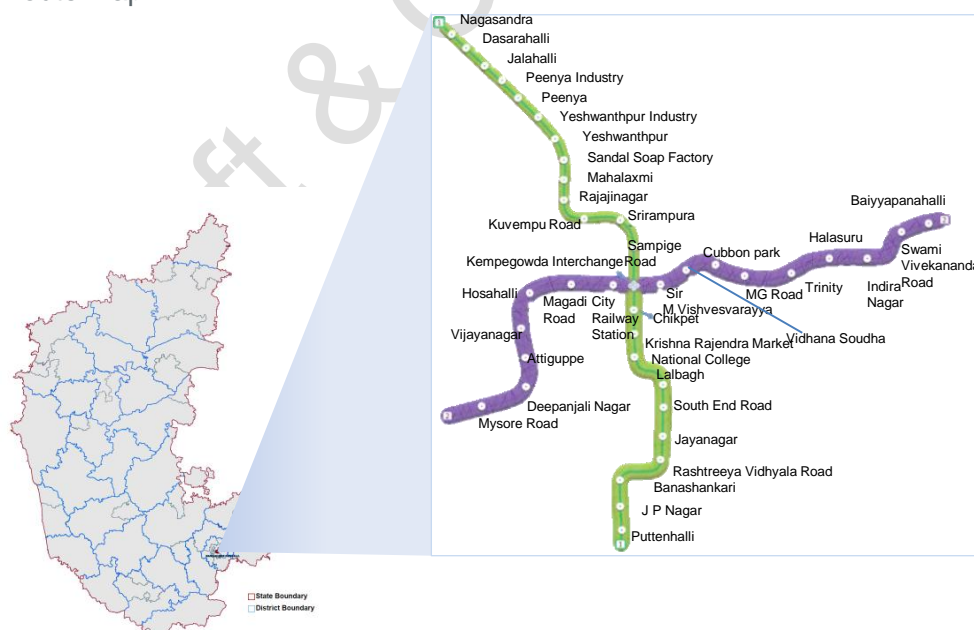
Figure 3

Ownership

		GoI	GoK
31 March 2014			
Revised (INRbn)	Cost	16.35	16.35
Revised Holding Position (% of project cost)	Stake	14.08	14.08
30 June 2014			
Revised (INRbn)	Cost	19.83	19.83
Revised Holding Position (% of project cost)	Stake	14.32	14.32

Source: BMRCL

Figure 4
Route Map



Source: BMRCL, Ind-Ra

Project Cost and Funding

The initially projected project cost was INR81.58bn and break down of the means of finances are tabulated below:

Figure 5
Original Means of Finance

Particulars	Form of finance	Contribution (INRbn)	(% of project cost)
GoI	Equity	12.24	15.0
GoK	Equity	12.24	15.0
GoI	Sub-debt	8.16	10.0
GoK	Sub-debt	12.24	15.0
Financial institutions, including multilaterals	Senior debt	36.71	45.0
Total		81.59	100.0

Source: BMRCL

Due to the scope variation and cost escalation of the materials and land the project cost was revised to INR138.45bn in FY14 (FY13 revised cost: INR116.09bn). The revised project cost INR138.45bn is pending approval from GoK and GoI.. The increased project cost is being met by additional equity contributions, sub debt and senior debt from the sponsors and financial institutions. The revised project cost and the sources of finances are mentioned below:

Figure 6
Revised Cost and Means of Finance (INRbn)

Party	Form of finance	Original contribution	Revised contribution (FY14)	Revised contribution (June 2014)
GoI	Equity	12.24	16.35	19.83
GoK	Equity	12.24	16.35	19.83
GoI	Sub-debt	8.16	10.90	10.90
GoK	Sub-debt	12.24	22.14	29.69
GoK	Senior debt	0.00	1.30	1.30
Financial institutions, including multilaterals	Senior debt	36.71	49.05	56.90
Total		81.59	116.09	138.45

Source: BMRCL

Figure 7
Cost Sharing Pattern (%)

Party	Form of finance	Original Sharing Pattern	Revised contribution (FY14)	Revised contribution (June 2014)
GoI	Equity	15.00	14.08	14.32
GoK	Equity	15.00	14.08	14.32
GoI	Sub-debt	10.00	9.39	7.87
GoK	Sub-debt	15.00	19.07	21.45
GoK	Senior debt	0.00	1.12	0.94
Financial institutions, including multilaterals	Senior debt	45.00	42.26	41.10
Total		100.00	100.00	100.00

Source: BMRCL

Cost escalations will be borne by the sponsors (GoK and GoI) on receiving approval from the empowered committee and empowered group of ministers..

Figure 8
Funding Position – 30 June 2014 (INRbn)

	Equity		Sub-debt		Senior debt		Total	
	Proposed	Actuals	Proposed	Actuals	Proposed	Actuals	Proposed	Actuals
GoI	19.83	16.35	10.90	8.77	0	0	30.73	25.12
GoK	19.83	17.10	29.69	25.39	1.30	1.30	50.82	43.79
JICA	-	-	-	-	38.31	22.38	38.31	22.38
KUIDFC	-	-	-	-	0.15	0.101	0.15	0.101
HUDCO	-	-	-	-	7.00	6.50	7.00	6.50
AFD	-	-	-	-	8.73	5.75	8.73	5.75
Others from banks	-	-	-	-	9.50	5.10	9.50	5.10
Total	39.67	33.45	40.59	34.16	64.99	41.13	145.24	108.74

Source: BMRCL

Due to cost escalations, total project cost including senior debt's sanctioned limits increased to INR145.24bn (as at June 2014) from INR116.09bn (FY13 revised cost).

Senior Debt

JICA had agreed to lend JPY64.536bn (INR38.31bn) and disbursed JPY38.87bn (INR22.38bn) by end-March 2014. ADB term loan of USD250m is under negotiation. Housing and Urban Development Corporation Limited (HUDCO) and Karnataka Urban Infrastructure Development & Finance Corporation (KUIDFC) have sanctioned a term loan of INR7bn and INR147.5m (refinance for the construction of rehabilitation homes in Peenya and Sriganhdada Kavalu), respectively. BMRCL availed an INR1.50bn loan from the Bank of Maharashtra and repaid it fully in May 2014.

Vijaya Bank has also provided an INR2bn term loan to fund the project design, construction and development costs and Bank of India has sanctioned an INR5bn short-term loan for the on-going capital investment plan.

Figure 9

Terms of Lending

Lender	Loan Amount	Interest Terms			Moratorium (Years)	Tenor (Years)	Forex Risk	Drawdown until (as on August 2014)	Balance to avail (as on August 2014)
		Frequency	Fixed/Floating	Interest Rate (%)					
JICA	JPY44.704bn	Half Yearly	Fixed	1.3	10	30	Borne by Gol	JPY30.357bn	JPY14.347bn
JICA	JPY19.83bn	Half Yearly	Fixed	1.4	10	30	Borned by Gol	JPY8.514bn	JPY11.318bn
HUDCO	INR7.00bn	Quarterly	Floating	11.00	3	15	No Risk	INR6.50bn	INR0.50bn
KUIDFC	INR0.15bn	Quarterly	Fixed	4.5*	2	8	No Risk	INR0.15bn	-
AFD	EUR110m	Half Yearly	Floating	6 months EURIBOR+1 50 basis points	5	20	Borne by Gol	EUR75.20m	EUR34.80m
Bank of Maharashtra	INR2.5bn	Monthly	Floating	10.40	5	15**	No Risk	INR1.50bn	-
Vijaya Bank	INR2bn	Monthly	Floating	10.25	3	10***	No Risk	INR1.50bn	-
Bank of India (overdraft facility)	INR5bn	Monthly	Floating	10.20	Repayable and renewal on yearly basis		No Risk	INR2.88bn	INR2.12bn

*Gross interest rate (net interest rate- 4%)

**Prepaid in May 2014

***Prepaid in July 2014

Source: Finance Documents, BMRCL

Proposed Bond Issuance

BMRCL plans to raise INR5bn for construction works through bond issuances.

Figure 10

Bond Details

Particulars	Details
Instrument	Redeemable secured non-convertible and taxable
Issue size	INR5bn
Coupon rate	Market determined
Coupon payment	Semi-annual
Tenure	120 months
Put/call option	None
Redemption	Bullet

Source: BMRCL

Project Risk Matrix

Completion Risk: Strong Sponsor Support and Contractual Provisions

Construction Risk: Residual Construction Risk Remains

The metro project involves long and complex gestation periods spanning over 15 years from the date of conception. The construction would typically take six to eight years.

The Phase I project, which was earlier expected to be completed by December 2013, is still ongoing and likely to reach completion in September 2015. In Ind-Ra's opinion, large rail projects are more capital intensive than other transportation projects and are inevitably characterised by completion delays. The protracted construction sharply increased the project cost to INR138.45bn from INR116.09bn. A European Investment Bank report mentions that of the 16 large high speed rail projects developed across Europe, only five achieved completion within a one year delay.

Contractors: Experienced International Contractors

To avoid extraordinary delays in construction, BMRCL has segmented the project component-wise, similar to European rail service special purpose companies, and awarded it to multiple contractors. Clarity and adequate protections in contracts mitigate delays stemming from the contractors' carelessness.

Nevertheless, cost escalations due to the scope and price variations will be borne by the sponsors. The contracts have been awarded to reputed engineering, procurement and construction contractors including IVRCL Limited, Larsen & Toubro Construction, Gammon India, Navayuga Engineering Construction Limited and IL&FS Engineering and Construction Company. The contractors engaged by BMRCL have successfully executed their tasks in similar projects in the country (DMRC).

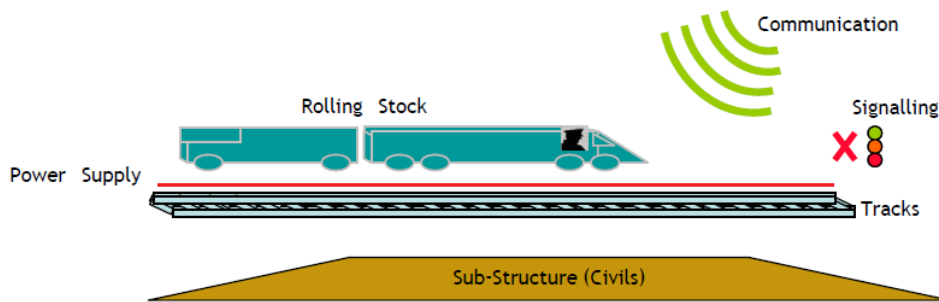
Technology Risk: Proven Technology

Metro rail services are presently available in over 150 countries with time-tested and established technology. A metro rail's key infrastructure components are civil structures, stations, signalling and communication. The topography of the land, geometry of tracks, safety measures and technical interfaces are essential elements determining the magnitude of risks in technology. In Ind-Ra's view, the presence of experienced contractors significantly mitigates these risks.

BMRCL procured rolling stock from BEML led consortium consisting of BEML, Hyundai ROTEM, Mitsubishi and ETA Melco. Concurrently, signalling and communication systems are offered by Alstom and Thales. Although the equipment is procured from various parties, the availability of strong technical interface offsets incompatible technical design risks. The successful functioning of Reach 1 (Baiyyappanahalli to MG Road), Reach 3 (Mantri Square Sampige Road to Yeshwantpur) and Reach 3A (Yeshwantpur to Peenya Industry) reinforces the absence of compatibility in operational issues. BMRCL adopts the cost-effective third rail system for power supply as against DMRC which majorly used the overhead power supply.

Figure 11

System Interface Model



Source: Ind-Ra

Operation and Revenue Risks: Tailored Government Support

Volume and Price Risk: Cash Loss Bridged by Strong Sponsor

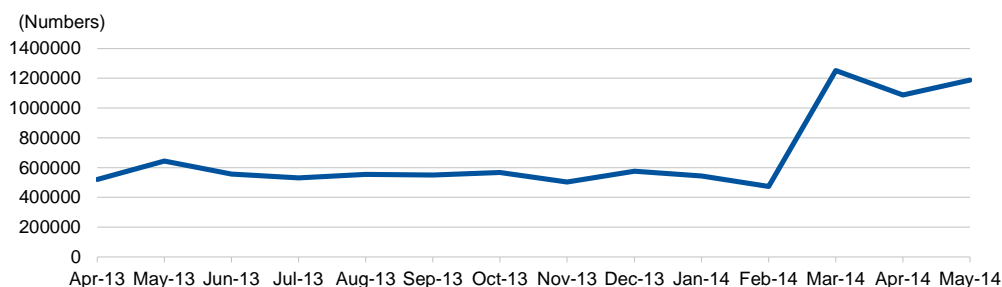
BMRC's Phase I is 42.3km long and covers key places like Majestic, MG Road, Vijayanagar, Jalahalli, KR Market, Jayanagar and Yeshwantpur. The line also serves passenger destinations like railway station, residential town, industrial area and city market.

The major revenue source is fare collections and the company will periodically revise tariffs based on operational cost escalations. Cash flow is based on future patronage (ridership) that the metro could generate. However, the traffic integration plan – other forms of transport will act as a feeder service – could partially alleviate this risk.

Number of passengers travelled increased to 1.2m (approximately) post commencement of line 2 (Reach 3 and Reach 3A) operations in March 2014. This will likely improve further upon the commencement of the entire stretch. Bangalore Metropolitan Transport Corporation carries an average passenger daily volume of 4.8 million. The metro will be integrated with other modes of transport through feeder route services and IPTS (integrated network of road based public transport services). Passenger journeys are likely to increase significantly over the medium term in the north-end and south-end of the service. In Ind-Ra's view, the government's step-in clause to meet any cash losses protects BMRC from volume risks.

Figure 12

Patronage Pattern



Source: BMRC

BMRC's operation team is managed by experts and will grow in size as the recruitment process is on-going. Cost escalations during operations are a pass through to a certain extent.

Debt Structure: Secured and Strong Structural Features

Structural support is demonstrated by the maintenance of parity between the proposed bonds and the GoI-guaranteed debt in terms of seniority in the cash flow waterfall mechanism, security features and equal access to the common escrow account along with all the other senior lenders. As per BMRC, an inter-creditor agreement, underlining these features, is being entered into by the senior lenders. The covenants have many common features for all lenders, these are common trigger events, default covenants, security package and decision making

processes.

Ind-Ra believes that the structural features delineated in the documents provide the senior lenders with a strong level of protection against a wide range of potential threats, deterioration in operating performance and other economic uncertainties. Also, BMRCL plans to hedge the non-sovereign loan extended by ADB, to curtail forex risks. Ind-Ra also draws comfort from GoK's cash support to meet debt service in the event of cash loss.

Financial Performance

Income

BMRCL's main operating revenue source is fare collections. In FY13 fare income contributed 54.44% to total income, however its proportion declined to 42.25% in FY14 due to increased other operating income (83.93% yoy). In FY13, other operating income mainly consisted of income from property development (41.92% to total other operating income), royalty (23.56%) and ATM licence fees (19.50%). Income from property development and royalty increased 107.59% yoy and 133.51% yoy respectively in FY14.

Expenditure

Although an increase in other operating expenditure (9.21% yoy) was more than increase in depreciation (8.34% yoy), expenditure pattern highlights that depreciation was the chief expenditure in FY13 followed by other operating expenditure and staff cost. Other operating expenditure majorly includes housekeeping charges, power and fuel and insurance.

Profitability

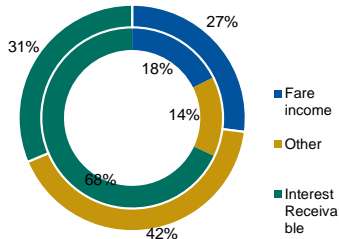
BMRCL's net operating losses increased to INR831.81m in FY14 from INR570.61m in FY13 mainly due to an increase in staff cost (91.14% yoy). In Ind-Ra's opinion, growth in the patronage and timely commercial operations of the entire stretch would be essential for the future operating performance.

Balance Sheet

At end FY13, BMRCL's equity represented 30.73% of total liabilities. BMRCL's long term borrowings also increased to INR70.18bn in FY14 from INR55.81bn in FY13. Unsecured loan was the key component of the total borrowings during FY12-FY14, constituting over 88.90% on an average.

Figure 13

Revenue Breakup



Source: BMRCL, Ind-Ra

*Inner pie – FY13

*Outer pie – FY14

Appendix A

Figure 14
Income Statement (INRm)

	FY09	FY10	FY11	FY12	FY13	FY14
Revenue	25.60	0.33	5.98	123.96	159.05	232.02
Fare income	0.00	0.00	0.00	59.29	86.59	98.73
Others	25.60	0.33	5.98	64.66	72.46	133.29
Operating costs	89.14	31.03	106.41	479.38	956.92	1,191.82
Staff costs	36.01	1.24	77.35	117.59	185.46	354.47
Other net operating expenditure	48.80	24.12	17.79	111.87	180.38	196.99
Depreciation and amortization	4.33	5.68	11.27	249.92	591.09	640.36
Operating profit from operations	-63.54	-30.70	-100.43	-354.42	-797.87	(959.80)
Transport grant and other transfers	0.00	0.00	0.00	0.00	0.00	0.00
Operating profit after transport grant	-63.54	-30.70	-100.43	-354.78	-797.87	(959.80)
Other non-operating items (+/-)	-9.46	-22.73	-10.21	-70.01	-55.56	43.34
Profit pre-interest	-73.01	-53.44	-110.63	-425.43	-853.43	(1,003.14)
Interest receivable	272.94	204.28	242.82	410.77	334.55	115.12
Interest expensed	0.00	2.76	3.63	6.10	34.95	64.79
Other financing income/(expense)	10.21	0.00	0.00	0.00	-0.11	(0.34)
Net exceptional items (+/-)	1,154.73	-0.56	-19.77	-2.66	-16.36	121.60
Taxes	-37.58	-0.52	-377.04	-0.37	-0.31	(0.25)
Surplus (deficit)	1,327.30	147.00	-268.26	-23.79	-570.61	(831.81)

Source: BMRCL

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Appendix B

Figure 15
Balance Sheet (INRm)

	FY09	FY10	FY11	FY12	FY13	FY14
Infrastructure assets	7,858.77	15,856.80	35,237.97	56,759.87	78,430.99	93,578.72
Rolling stock	0.00	0.00	0.65	2,832.81	3,794.11	7,988.99
Other tangible assets	0.00	0.00	0.00	0.00	0.00	0.00
Intangible assets	0.00	0.00	0.00	1.46	3.52	9.29
Other non-current assets	532.34	0.00	5,219.86	5,429.91	3,316.37	1,485.35
Financial assets	0.00	0.00	0.00	0.00	0.00	0.00
Non-current assets	8,391.11	15,856.80	40,458.48	65,024.05	85,544.99	103,062.35
Stocks	0.00	0.00	0.00	0.00	0.00	0.00
Trade debtors	0.00	0.00	0.00	0.00	0.00	0.00
Other current assets	3,520.86	6,664.97	1,569.57	1,749.11	1,603.25	4,467.67
Cash, deposits & liquid investments	4,953.94	7,042.14	3,395.44	8,022.72	4,354.76	1,472.82
Current assets	8,474.80	13,707.11	4,965.01	9,771.83	5,958.01	5,940.48
Total assets	16,865.91	29,563.91	45,423.49	74,795.89	91,503.00	109,002.83
Borrowings, bonds & lease liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Trade creditors	0.00	0.00	0.00	0.00	0.00	0.00
Other creditors	384.57	1,405.65	1,325.78	2,975.36	1,969.96	6,323.68
Accruals & deferred income	0.00	0.00	0.00	0.00	0.00	0.00
Short term provisions	2.05	2.54	384.67	382.44	383.99	41.36
Current liabilities	386.63	1,408.19	1,710.44	3,357.80	2,353.95	6,735.04
Long term borrowings, bonds & lease liabilities	4,102.70	8,613.88	20,373.93	43,133.15	55,812.72	70,176.66
Long term trade creditors	0.00	0.00	0.00	0.00	0.00	0.00
Other Long term creditors	0.00	0.00	45.99	7.27	468.81	1.21
Deferred grants	0.00	0.00	0.00	0.00	0.00	0.00
Pension and healthcare	4.69	1.99	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	2.56	3.09	4.36	13.57
Non-current liabilities	4,102.70	8,613.88	20,422.47	43,143.52	56,285.89	70,191.44
Net assets	12,376.58	19,541.84	23,290.57	28,294.57	32,863.16	32,076.35
Capital and reserves						
Issued ordinary shares	11,600.30	18,800.30	23,300.30	28,310.30	33,449.50	33,494.50
Revaluation reserve	0.00	0.00	0.00	0.00	0.00	0.00
Other reserves	0.00	0.00	0.00	0.00	0.00	0.00
Profit & loss/revenue reserves	776.28	741.54	-9.73	-15.73	-586.34	-1,418.15
Equity attributable to minority interests	0.00	0.00	0.00	0.00	0.00	0.00
Total shareholders' equity	12,376.58	19,541.84	23,290.57	28,294.57	32,863.16	32,076.35

Source: BMRCL

Draft

Appendix C

Figure 16

Ratio Analysis

	FY09	FY10	FY11	FY12	FY13	FY14
Profitability (%)						
Operating profit after transfers/total revenue including grants	-248.25	-9,432.82	-1,678.35	-286.68	-501.66	-413.68
Transfers and grants /total revenue including grants	0.00	0.00	0.00	0.00	0.00	0.00
Fares/total revenue including grants	0.00	0.00	0.00	47.83	54.44	42.55
Surplus (deficit) total revenue including grants	5,185.46	45,161.14	-4,483.15	-19.19	-358.77	-358.51
Credit ratios (%)						
Total risk (before pension obligations)/total equity	33.15	44.08	87.48	152.44	169.83	218.78
Total risk (before pension obligations)/total assets	24.33	29.14	44.85	57.67	66.88	74.95
Total risk (before pension obligations)/total revenues including grants	16,028.31	2,646,361.32	340,491.97	34,796.24	35,092.19	30,246.41
Cash and liquid deposits/total assets	29.37	23.82	7.48	10.73	4.76	1.35
Cash and liquid deposits/total risk	120.75	81.75	16.67	18.60	7.80	2.10
Interest revenue/financial expenses	2,672.93	-	-	-	-304,926.73	-33,395.21
Corporate ratios (INRm)						
Revenue	25.60	0.33	5.98	123.96	159.05	232.02
EBITDA after grant and transfers	-59.21	-25.03	-89.16	-105.50	-206.79	-319.44
EBITDA margin (after grants and transfers) (%)	-231.32	-7,689.02	-1,490.04	-85.11	-130.02	-137.68
Net interest (+/-)	272.94	201.52	239.19	404.67	299.60	50.33
Total assets	16,865.91	29,563.91	45,423.49	74,795.89	91,503.00	109,002.83
Net debt	-851.24	1,571.74	16,978.49	35,110.43	51,457.95	68,703.84
Adjusted gross debt	4,102.70	8,613.88	20,373.93	43,133.15	55,812.72	70,176.66
Equity	12,376.58	19,541.84	23,290.57	28,294.57	32,863.16	32,076.35
Net debt/EBITDA (%)	1,437.63	-6,280.00	-19,042.92	-33,279.78	-24,884.57	-21,507.45
EBITDA/interest (x)	-0.22	-0.12	-0.37	-0.26	-0.69	-6.35
Gearing (%)	33.15	44.08	87.48	152.44	169.83	218.78

Source: BMRCL, Ind-Ra

Draft

Appendix D: Structured Payment Mechanism Set Out in Transaction Documents

BMRCL shall provide GoK the projected cash support required for each quarter along with the due date 45 calendar days prior to 1st April of each year.

GoK will fund the shortfall, in the SCS account with the required cash support as per the projected cash support 60 days before the required due date. On receipt of the funds into the SCS account BMRCL on the same day will transfer the fund to the TRA and on the same day will transfer the required funds in the sub-account.

In the event of BMRCL's inability to meet its obligations to the senior term lenders and to the bond holders, necessary funds shall be provided by GoK to service the senior term lenders and the bond holders as per the payment structure mechanism given below:

1. BMRCL along with the trustees under the TRA would be required to monitor the balance in the TRA. At least 60 days (T-60) prior to the due date of each debt servicing, the trustee would inform in writing to the designated official in BMRCL, marking a copy to the designated official in GoK:
 - The due date of payment to the various senior term lenders and the bond holders, and
 - The respective amount to be paid (interest and/ or principal)
2. BMRCL shall ensure that 30 days (T-30) prior to every due date for payment of interest/ principal instalment, adequate funds are available in the TRA for meeting the forthcoming interest and/or principal obligation of all lenders. BMRCL would move the required funds from the SCS Account to TRA account and BMRCL on the same day would transfer the required fund to the sub-account.
3. In the event of any shortfall in the TRA account, the trustees would make a demand for funds equivalent to the shortfall (shortfall amount) in writing to the BMRCL at-least 25 days (T-25) prior to the due date to ensure that GoK transfers funds to the SCS account to make up for any shortfall.
4. Within five business days after receiving the intimation from the trustee, BMRCL would inform in writing to the designated official in GoK:
 - The due date of payment, and
 - The amount to be paid equivalent to the shortfall (Shortfall Amount)
5. GoK shall without any demur fund the SCS account with the shortfall amount within five business days after the intimation from BMRCL. On receipt of the funds into the SCS account BMRCL on the same day will transfer the fund to the TRA and on the same day will transfer the required funds in the sub-account.
6. The payment of interest and/or principal shall be made to the investors on the due date.

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