

# Bangalore Metro Rail Corporation Limited

## Presale Report

### Rating

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

### Financial Data

#### Bangalore Metro Rail Corporation

	31 Mar 12	31 Mar 11
Revenue (INRm)	123.96	5.98
Debt (INRm)	43,133.15	20,373.93
Gearing (%)	152.44	87.48
Surplus/deficit (INRm)	-23.79	-268.26

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### Transaction Details

- Issue Size: INR5bn
- Instrument: Secured non-convertible and taxable bond issue
- Security: Equal charge on the project assets; Project revenue is pledged for payment of all senior debts including the bonds
- Purpose: To finance the on-going metro project construction of 42.3km stretch in the Bengaluru city

### Related Research

[Ind-Ra Announces First Bond Rating on Metro Rail Project in India \(11 June 2013\)](#)

[Ind-Ra Assigns Bangalore Metro Rail's Proposed Bonds 'IND AA\(exp\)' \(11 June 2013\)](#)

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### Key Rating Drivers

**Demonstrated Sponsors Support:** The rating is supported by Bangalore Metro Rail Corporation Limited's (BMRCL) strong operational, financial and legal links with its strong sponsors' – the government of India (GoI) and the government of Karnataka (GoK) - for the project. The sponsors have provided equal equity contributions and varied share of subordinate loans to BMRCL. The project benefits from GoK's support for bridging cash losses, including debt servicing, through a shadow cash support (SCS) mechanism in advance. The sponsors have also borne and agreed to bear any project cost escalations, either as equity or subordinate loans, through a memorandum of understanding (MoU).

**Sovereign Guaranteed Loans:** Multilaterals like Japan International Co-operation Agency (JICA) and Agence Francaise de Developpement (AFD) have extended loans to BMRCL with sovereign guarantees. This step of extending guarantees further illustrates GoI's support for BMRCL. Ind-Ra expects GoI's financial backing if BMRCL is in distress.

**High Strategic Importance:** Bengaluru is the fifth-largest metropolitan Indian city with a population of over 9.6 million (0.79% of India's population: Census 2011). BMRCL is executing a high profile project to meet the transportation needs of the society. Therefore, it discharges an essential function which provides impetus to the urban infrastructure improvement.

Ind-Ra regards urban transportation as of a paramount economic value for the country and the state, which means 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 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 case of continuing shortfalls, after trustees' or BMRCL's communication, GoK will fund the SCS account at least 15 days before the due date. Funds from the SCS account will pass through a trust and retention account (TRA) to the respective senior lenders' sub-account for payments. All project revenue will be deposited in TRA and the trustee will oversee TRA to make timely debt service.

**Tariff Flexibility:** BMRCL will periodically revise fares based on cost escalations and forex losses (if any). An absence of a periodic fare revision could wipe out cash flows. However; Ind-Ra draws comfort from the formula-driven cash shortfall support from the state government.

### Rating Sensitivities

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

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

## Profile

BMRCL is a JV company set up by GoK and Gol in September 2005 to provide a metro rail facility in Bengaluru to improve the city transportation facility, overcoming its pollution problem and to provide it with the much-needed infrastructure. The metro rail project Phase I was approved by Gol on 11 May 2006.

BMRCL's main objective is to establish, operate and maintain a rapid rail system by constructing railway lines in and around Bengaluru. To attain this objective BMRCL would do requisite changes in roads and other forms of transport.

## 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, Gol 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 on the information technology hub of the country. The BMRCL's business plan covers future population growth up to 2021. The presence of an urban development secretary (Gol) and a principal secretary (GoK) elucidates the vitality of the entity to the sponsors. Until all debts are extinguished, revenue upstreaming is restricted.

### Integration

Revenue is not consolidated with the state budget or union budget. Nevertheless, equity injections are 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 Gol is ex-officio chairman of the board and 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 assesses 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 MoU. Concurrently, any cost escalations on the project will be borne by the sponsors according to the MoU. Hence, the sponsors support is

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

## Related Criteria

[Rating of Public Sector Entities](#)

evident and reliable at the time of distress.

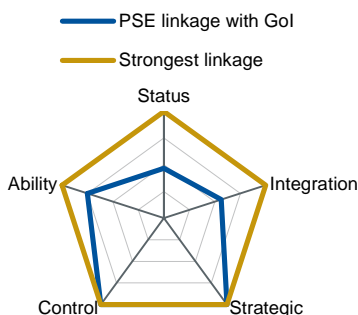
Sovereign-guaranteed loans – JICA and AFD – describe the importance of BMRCL for the central government. Structural support is demonstrated by the maintenance of parity between the proposed bonds and the GoI-guaranteed debt in terms of seniority in the cash flow waterfall mechanism, security features 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.

### Assessment of Links to Sponsor Governments

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

Figure 1

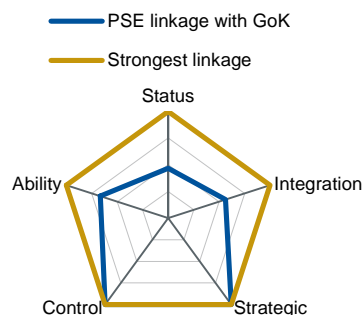
#### Rating Factors



Source: Ind-Ra

Figure 2

#### Rating Factors



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 revised structure has been approved by GoK and is under active consideration at GoI's end.

### 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

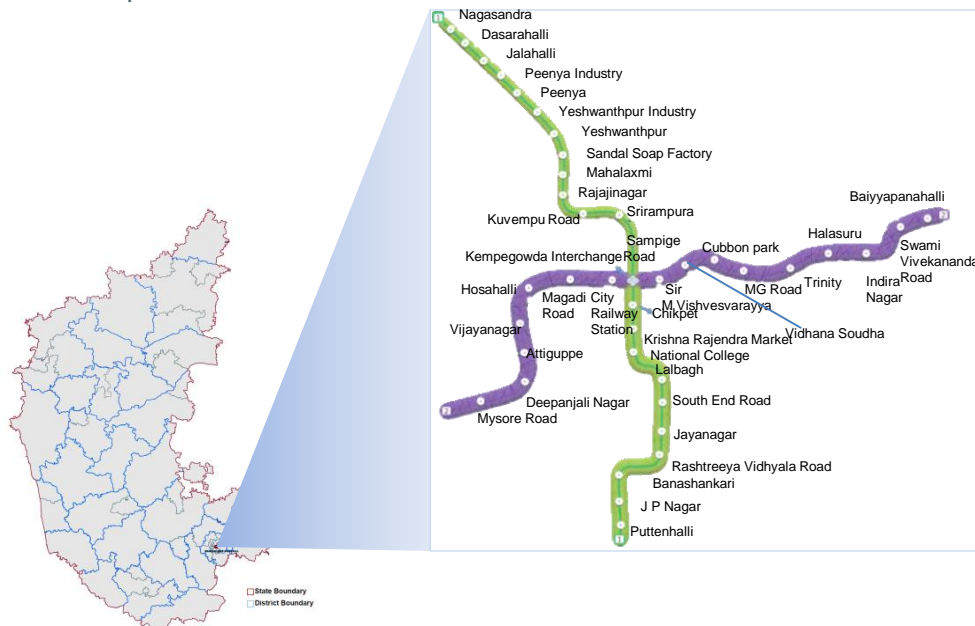
#### Less

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

### Project Profile

Figure 3

#### Route Map



Source: BMRCL, Ind-Ra

The first detailed project report prepared in May 2003 by 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 Gol and the origin point was moved to Nagasandra instead of Yeshwanthapur and the line terminates at Puttenahalli as an alternative to RV Road. Thus, the total length increased to 43km.

## Project Funding

Figure 4

### Original Means of Finance

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

Source: BMRCL

The initial project cost was INR81.59bn, however due to the scope variation and cost escalation of the materials and land, the project cost was revised to INR116.09bn. The revised project cost has been approved by GoK and Gol. The increased project cost is being met by additional equity contributions, sub debt and senior debt from the sponsors and financial institutions.

Figure 5

### Revised Cost and Means of Finance

Party	Form of finance	Original contribution		Revised contribution (INRbn)	Sharing pattern
		(INRbn)	(INRbn)		
Gol	Equity	12.24	16.35	14.08	
GoK	Equity	12.24	16.35	14.08	
Gol	Sub-debt	8.16	10.90	9.39	
GoK	Sub-debt	12.24	22.14	19.07	
GoK	Senior debt	0.00	1.30	1.11	
Financial institutions, including multilaterals	Senior debt	36.71	49.05	42.25	
<b>Total</b>		<b>81.59</b>	<b>116.09</b>	<b>100.00</b>	

Source: BMRCL

Cost escalations will be borne by the sponsors (GoK and Gol) as may be approved by the empowered committee and empowered group of ministers at Gol levels.

Figure 6

### Funding Position – 30 March 2013 (INRbn)

	Equity		Sub-debt		Senior debt		Total	
	Proposed	Actuals	Proposed	Actuals	Proposed	Actuals	Proposed	Actuals
Gol	16.35	16.35	10.90	4.57	-	-	27.25	20.92
GoK	16.35	17.10	22.14	22.69	1.30	-	39.79	39.79
JICA	-	-	-	-	28.49	20.94	28.49	20.94
KUIDFC	-	-	-	-	0.15	0.15	0.15	0.15
HUDCO	-	-	-	-	7.00	6.50	7.00	6.50
Others	-	-	-	-	13.41	-	13.41	-
<b>Total</b>	<b>32.70</b>	<b>33.45</b>	<b>33.04</b>	<b>27.26</b>	<b>50.35</b>	<b>27.59</b>	<b>116.09</b>	<b>88.30</b>

Source: BMRCL

## Senior Debt

JICA had approved to lend INR28.49bn and disbursed INR17.94bn as at end-March 2013. ADB had also approved a term loan of INR11.25bn; however, it is yet to be drawn down.

Figure 7  
**Terms of Lending**

Lenders	Loan amount	Interest terms			Moratorium (years)	Tenor (years)
		Frequency	Fixed/floating	Interest rate (%)		
JICA	JPY44.74bn	Half yearly	Fixed	1.3	10	30
JICA	JPY19.83bn	Half yearly	Fixed	1.4	10	30
HUDCO	INR7.00bn	Half yearly (end-July and end-January)	Floating	11.75	3	15
KUIDFC	INR0.15bn	Quarterly	Fixed	4.5	Maximum 2	8
ADB	USD250m	Half yearly	Floating	6 months LIBOR + 190bps	8	18
AFD	EUR110m	Half yearly	Floating	6 months EURIBOR+150bps	5	20
Bank of Maharashtra	INR5bn	Monthly	Floating	10.25	5	15

Source: Finance Documents, BMRCL

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. Bank of Maharashtra has provided a bridge loan for INR2.5bn.

### Proposed Bond Issuance

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

Figure 8  
**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 involve six to eight years.

The Phase I project, envisaged to be completed by December 2013, is likely to slip to March 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 INR140bn from INR116.09bn. A European Investment Bank report mentions that of the 16 large high speed rail projects, only five achieved completion within one year delay across the Europe.

#### 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 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 ('IND BBB+'/'Stable), Larsen & Toubro Construction, Gammon India, Navayuga Engineering Construction Limited and IL&FS

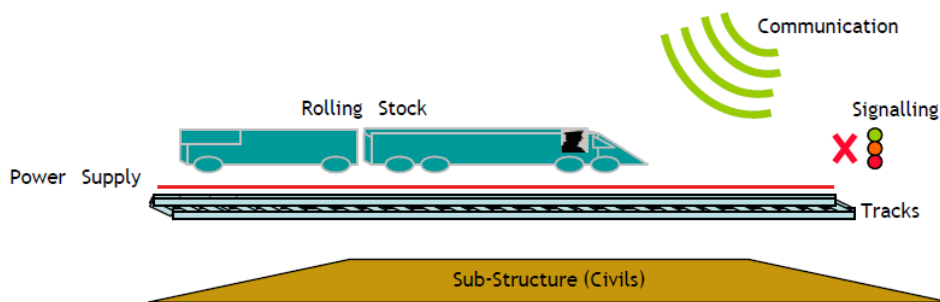
Engineering and Construction Company. The contractors engaged by BMRCL have successfully executed their tasks in similar projects in the country (DMRC).

*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 Hyundai ROTEM, Mitsubishi, ETA Melco and BEM Limited consortium. Concurrently, signalling and communication systems are offered by Alstom Thales. Although the equipment are procured from various parties, the availability of strong technical interface offsets incompatible technical design risks. The successful functioning of Reach 1 (Baiyyappanahalli to M G Road) 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 9  
**System Interface Model**



Source: Ind-Ra

**Operation and Revenue Risks: Tailored Government Support**  
*Volume and Price Risk: Cash Loss Bridged by Strong Sponsor*

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

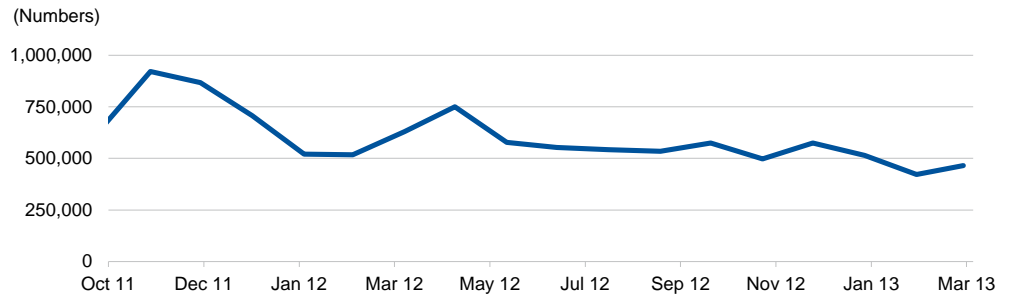
The major revenue source is fare collections and the company will periodically revise tariffs based on operational cost escalations. Cash flow is based on future patronage (ridership) the metro could generate. However, the traffic integration plan – other forms of transport will act as a feeder service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

Although the patronage is uneven, it is likely to gradually improve 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 BMRCL from the volume risks.



Figure 10

**Patronage Pattern**



Source: BMRCL

BMRCL’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. In FY13, the non-fare revenue component constituted 36.51% of the total revenue against 43.92% in FY12.

**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. According to the management, an inter-creditor agreement, underlining these features, is being entered into by the senior lenders. The covenants have many common features across all lenders like common trigger events, default covenants, security package and decision making processes.

Ind-Ra considers 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**

BMRCL’s revenue position improved after the commencement of operations in FY12. It has reported operating losses since FY09, which increased to INR355.4m in FY12. However, net losses reduced INR23.8m in FY12 from INR268.3m in FY11 due to high interest income of INR409.16m against INR242.82m. 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.

## Appendix A

Figure 11

### Income Statement

(INRm)	FY12	FY11	FY10	FY09	FY08
Revenue	123.96	5.98	0.33	25.60	44.60
Fare income	59.29	0.00	0.00	0.00	0.00
Others	64.66	5.98	0.33	25.60	44.60
Operating costs	478.74	106.41	31.03	89.14	0.00
Staff costs	167.25	77.35	1.24	36.01	0.00
Other net operating expenditure	61.58	17.79	24.12	48.80	0.00
Depreciation and amortization	249.92	11.27	5.68	4.33	0.00
<b>Operating profit from operations</b>	<b>-354.78</b>	<b>-100.43</b>	<b>-30.70</b>	<b>-63.54</b>	<b>44.60</b>
Transport grant and other transfers	0.00	0.00	0.00	0.00	0.00
<b>Operating profit after transport grant</b>	<b>-354.78</b>	<b>-100.43</b>	<b>-30.70</b>	<b>-63.54</b>	<b>44.60</b>
Other non-operating items (+/-)	-70.01	-10.21	-22.73	-9.46	0.00
<b>Profit pre-interest</b>	<b>-425.38</b>	<b>-110.63</b>	<b>-53.44</b>	<b>-73.01</b>	<b>44.60</b>
Interest receivable	409.16	242.82	204.28	272.94	248.29
Interest expensed	6.10	3.63	2.76	0.00	0.00
Other financing income/(expense)	0.00	0.00	0.00	10.21	31.32
Net exceptional items (+/-)	-1.68	-19.77	-0.56	1,154.73	0.11
Taxes	-0.37	-377.04	-0.52	-37.58	-4.51
<b>Surplus (deficit)</b>	<b>-23.79</b>	<b>-268.26</b>	<b>147.00</b>	<b>1,327.30</b>	<b>319.81</b>

Source: BMRCL

Figure 12

### Balance Sheet

(INRm)	FY12	FY11	FY10	FY09	FY08
Infrastructure assets	52,380.83	35,237.97	15,856.80	7,858.77	5,281.53
Rolling stock	7,211.85	0.65	0.00	0.00	0.00
Other tangible assets	0.00	0.00	0.00	0.00	0.00
Intangible assets	1.46	0.00	0.00	0.00	0.00
Other non-current assets	5,429.91	5,219.86	0.00	532.34	430.66
Financial assets	0.00	0.00	0.00	0.00	0.00
Non-current assets	65,024.05	40,458.48	15,856.80	8,391.11	5,712.19
Stocks	0.00	0.00	0.00	0.00	0.00
Trade debtors	0.00	0.00	0.00	0.00	0.00
Other current assets	1,749.11	1,569.57	6,664.97	3,520.86	358.63
Cash, deposits & liquid investments	8,022.72	3,395.44	7,042.14	4,953.94	4,246.93
Current assets	9,771.83	4,965.01	13,707.11	8,474.80	4,605.56
<b>Total assets</b>	<b>74,795.89</b>	<b>45,423.49</b>	<b>29,563.91</b>	<b>16,865.91</b>	<b>10,317.74</b>
Borrowings, bonds & lease liabilities	0.00	0.00	0.00	0.00	0.00
Trade creditors	0.00	0.00	0.00	0.00	0.00
Other creditors	2,975.36	1,325.78	1,405.65	384.57	1,753.84
Accruals & deferred income	0.00	0.00	0.00	0.00	0.00
Short term provisions	382.44	384.67	2.54	2.05	48.63
Current liabilities	3,357.80	1,710.44	1,408.19	386.63	1,802.48
Long term borrowings, bonds & lease liabilities	43,133.15	20,373.93	8,613.88	4,102.70	3,542.60
Long term trade creditors	0.00	0.00	0.00	0.00	0.00
Other Long term creditors	7.27	45.99	0.00	0.00	0.00
Deferred grants	0.00	0.00	0.00	0.00	0.00
Pension and healthcare	0.00	0.00	1.99	4.69	2.56
Provisions	3.09	2.56	0.00	0.00	0.00
Non-current liabilities	43,143.52	20,422.47	8,613.88	4,102.70	3,542.60
<b>Net assets</b>	<b>28,294.57</b>	<b>23,290.57</b>	<b>19,541.84</b>	<b>12,376.58</b>	<b>4,972.67</b>
Capital and reserves					
Issued ordinary shares	28,310.30	23,300.30	18,800.30	11,600.30	3,280.00
Revaluation reserve	0.00	0.00	0.00	0.00	0.00
Other reserves	0.00	0.00	0.00	0.00	0.00
Profit & loss/revenue reserves	-15.73	-9.73	741.54	776.28	1,692.67
Equity attributable to minority interests	0.00	0.00	0.00	0.00	0.00
<b>Total shareholders' equity</b>	<b>28,294.57</b>	<b>23,290.57</b>	<b>19,541.84</b>	<b>12,376.58</b>	<b>4,972.67</b>

Source: BMRCL



**Appendix B**

Figure 13

**Ratio Analysis**

	FY12	FY11	FY10	FY09	FY08	FY07
<b>Profitability (%)</b>						
Operating profit after transfers/total revenue including grants	-286.21	-1,678.35	-9,432.82	-248.25	100.00	100.00
Transfers and grants /total revenue including grants	-	-	-	-	-	-
Fares/total revenue including grants	47.83	-	-	-	-	-
Surplus (deficit) total revenue including grants	-19.19	-4,483.15	45,161.14	5,185.46	717.09	1,861.34
<b>Credit ratios (%)</b>						
Total risk (before pension obligations)/total equity	152.44	87.48	44.08	33.15	71.24	104.94
Total risk (before pension obligations)/total assets	57.67	44.85	29.14	24.33	34.34	50.17
Total risk (before pension obligations)/total revenues including grants	34,796.24	340,491.97	2,646,361.32	16,028.31	7,943.30	77,501.30
Cash and liquid deposits/total assets	10.73	7.48	23.82	29.37	41.16	51.01
Cash and liquid deposits/total risk	18.60	16.67	81.75	120.75	119.88	101.67
Interest revenue/financial expenses	-	-	-	2,672.93	792.86	-500.30
<b>Corporate ratios (INRm)</b>						
Revenue	123.96	5.98	0.33	25.60	44.60	2.67
EBITDA after grant and transfers	-104.87	-89.16	-25.03	-59.21	44.60	2.67
EBITDA margin (after grants and transfers) (%)	-84.60	-1,490.04	-7,689.02	-231.32	100.00	100.00
Net interest (+/-)	403.06	239.19	201.52	272.94	248.29	103.05
Total assets	74,795.89	45,423.49	29,563.91	16,865.91	10,317.74	4,126.91
Net debt	35,110.43	16,978.49	1,571.74	-851.24	-704.33	-34.65
Adjusted gross debt	43,133.15	20,373.93	8,613.88	4,102.70	3,542.60	2,070.40
Equity	28,294.57	23,290.57	19,541.84	12,376.58	4,972.67	1,972.85
Net debt/EBITDA (%)	-33,294.70	-19,042.92	-6,280.00	1,437.63	-1,579.26	-1,297.03
EBITDA/interest (x)	-0.3	-0.4	-0.1	-0.2	0.2	0.0
Gearing (%)	152.44	87.48	44.08	33.15	71.24	104.94

Source: BMRCL, Ind-Ra

## Appendix C: 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 as 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 installment, 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 will 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 5 business days after receiving the intimation from 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 5 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 for payment.

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