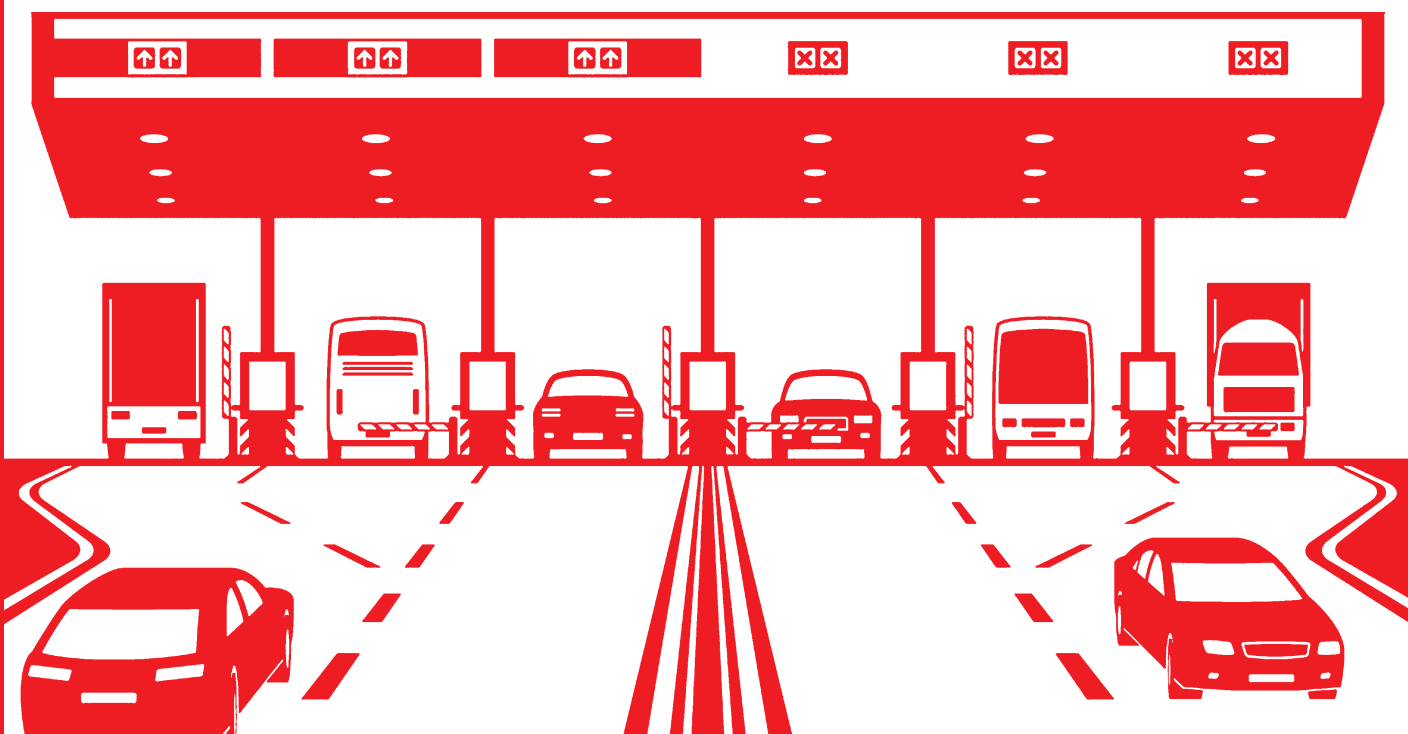




Behtar Raaste, Badhta Bharat

# Bharat Road Network Limited

## Annual Report 2020-21



**BOARD OF DIRECTORS**

Mr. Brahm Dutt (w.e.f. 14th May, 2020)	Chairman
Mr. Bajrang Kumar Choudhary	Managing Director
Dr. (Ms.) Tuk Tuk Ghosh Kumar	
Prof. Santanu Ray	
Mr. Praful Tayal (w.e.f. 14th May, 2020)	
Mr. Vipin Kumar Saxena (w.e.f. 25th September, 2020)	

**BOARD COMMITTEES****AUDIT COMMITTEE**

Mr. Brahm Dutt	Chairman
Prof. Santanu Ray	
Dr. (Ms.) Tuk Tuk Ghosh Kumar	
Mr. Naresh Mathur	Secretary

**NOMINATION AND REMUNERATION COMMITTEE**

Prof. Santanu Ray	Chairman
Mr. Brahm Dutt	
Dr. (Ms.) Tuk Tuk Ghosh Kumar	
Mr. Naresh Mathur	Secretary

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

Mr. Praful Tayal	Chairman
Mr. Brahm Dutt	
Mr. Bajrang Kumar Choudhary	
Mr. Naresh Mathur	Secretary

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Dr. (Ms.) Tuk Tuk Ghosh Kumar	Chairperson
Mr. Bajrang Kumar Choudhary	
Mr. Praful Tayal	
Mr. Naresh Mathur	Secretary

**COMMITTEE OF DIRECTORS**

Mr. Bajrang Kumar Choudhary	Chairman
Prof. Santanu Ray	
Mr. Praful Tayal	
Mr. Naresh Mathur	Secretary

**CHIEF FINANCIAL OFFICER**

Mr. Chathanur Krishnan Ranganathan  
(w.e.f. 29th June, 2021)

**COMPANY SECRETARY**

Mr. Naresh Mathur

**CORPORATE INFORMATION****CORPORATE IDENTIFICATION NUMBER (CIN)**

L45203WB2006PLC112235

**REGISTERED OFFICE**

Plot X1 – 2 & 3, Ground Floor, Block – EP  
Sector – V, Salt Lake City, Kolkata – 700 091  
Tel : +91 33 6602 3609  
Email : cs@brnl.in; Website: www.brnl.in

**STOCK EXCHANGES/LISTING**

BSE Limited (Scrip Code - 547000)  
National Stock Exchange of India Limited (Symbol-BRNL)

**DEPOSITORIES**

National Securities Depository Limited  
Central Depository Services (India) Limited

**REGISTRAR AND SHARE TRANSFER AGENTS**

Kfin Technologies Private Limited  
Selenium, Tower B, Plot No- 31 & 32  
Financial District, Nanakramguda  
Serilingampally, Hyderabad, Rangareddi  
Telangana - 500032  
Toll Free No. : 1800 309 4001  
Email: enward.ris@kfintech.com

**STATUTORY AUDITORS**

S. S. Kothari Mehta & Company, Chartered Accountants

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**Forward looking statements**

In this annual report, we have disclosed certain forward-looking information to enable investors to comprehend our prospects and take informed investment decisions.

This report and other statements - written and oral- that we periodically make may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should kindly bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# DIRECTORS' PROFILE

## MR. BRAHM DUTT (DIN: 05308908)

He has been appointed as the Chairman of the Board and Independent Director of our Company since May, 2020. He holds a Master of Science degree in Physics, Master of Arts degree in Economics and a Bachelor's degree in Law. He was a Member of the Indian Administrative Service and during his service, he inter alia, served as the Secretary of the Ministry of Road Transport and Highways and the Principal Home Secretary of State of Karnataka.

## MR. BAJRANG KUMAR CHOUDHARY (DIN: 00441872)

He has been a Director on our Board, since March 2011 and has been elevated as the Managing Director of our Company in November, 2016. He has completed his Bachelor of Commerce from Shriram College of Commerce, New Delhi and he is an Associate Member of the Institute of Chartered Accountants of India (ICAI). He is a former Chief Executive Officer - Infrastructure Project Development of Srei Infrastructure Finance Limited, managing portfolio across Roads, Ports, Water and Economic Zones. He has previously served as the "Chairman- Expert Committee on Infrastructure" of Indian Chamber of Commerce. He has an experience of over two decades in Infrastructure Asset Management, Project Development, Project Implementation, Private Equity and M&A.

## DR. (MS.) TUK TUK GHOSH KUMAR (DIN: 06547361)

She has been an Independent Director of our Company, since October, 2016. She holds Master of Philosophy degree and degree of Doctor of Philosophy in History from the University of Delhi and has been a lecturer there from 1979-1981. She was a Member of the Indian Administrative Service of West Bengal Cadre between 1981-2015. She retired in the rank of Secretary, Government of India. Post retirement, she serves on the Board of a few Companies/Authorities in the private and public sector, as well as Academic and philanthropic organisations and commentates on governance issues in the media and public sphere.

## PROF. SANTANU RAY (DIN: 00642736)

He has been an Independent Director of our Company since July, 2019. He is a Fellow Member of the Institute of Chartered Accountants of India (ICAI). He is currently the Mentor, Faculty of Management, Commerce & Economics and Director, Internal Quality Assurance Cell, Sister Nivedita University, Kolkata. He is serving as an Independent Director across the Board of various listed Companies. In his career spanning for about 47 years, he has served diverse Corporate Entities in various capacities and has also been associated with many of them in the Advisory role. He has conducted large number of management development programs with leading corporates and published several books, research papers and articles. He has also been associated with various academic institutes viz. ICAI Business School (IBS), Kolkata, NSHM Knowledge Campus, NSHM Business School, and B.P. Poddar Institute of Management & Technology and Techno India Group.

## MR. PRAFUL TAYAL (DIN: 00826834)

He has been an Independent Director of our Company since May, 2020. Mr. Praful Tayal is a Graduate Civil Engineer from M.I.T, Manipal and M. Tech (Naval Construction) from I.I.T., Delhi. He is a former Commander of the Indian Navy. During a span of 42 years, he has worked in many shipyards & dockyards within the Country as well as abroad. He was the Chairman and Managing Director of Central Inland Water Transport Corporation Limited (CIWTC). He has also served as the Technical Advisor of Braithwaite & Co Ltd., A Government of India Undertaking, Ministry of Railways.

## MR. VIPIN KUMAR SAXENA (DIN: 08889866)

He has been an Independent Director of our Company since September, 2020. Mr. Vipin Kumar Saxena retired in November, 2018 as Principal Resident Commissioner, Government of Odisha in the rank of Additional Chief Secretary to Government of Odisha duly empanelled by Government of India as Secretary Equivalent. In his career in Indian Administrative Service (IAS), he has worked in positions involving field administration, regulatory, developmental, State PSUs, coordination and liaison, quasi-judicial, revenue administration and power reforms, among others in the Government of Odisha. Prior to joining the IAS, he has worked for 5 years in the private sector having passed out from Indian Institute of Foreign Trade in 1980.

# DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in presenting the Fourteenth Annual Report, together with the Audited Accounts of your Company, for the Financial Year ended on 31st March, 2021. The summarized financial performance of your Company is as under:

## FINANCIAL SUMMARY / HIGHLIGHTS:

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	Current Financial Year 2020-21	Previous Financial Year 2019-20	Current Financial 2020-21	Previous Financial Year 2019-20
<b>Revenue from Operations</b>	<b>1,910.05</b>	<b>667.46</b>	<b>20951.99</b>	<b>29,922.38</b>
Other Income	1188.51	1,073.89	3543.80	2,926.91
<b>Total Income</b>	<b>3098.56</b>	<b>1,741.35</b>	<b>24495.79</b>	<b>32,849.29</b>
Profit/(loss) before Depreciation, Finance Costs, Exceptional items and Tax Expense	(1514.87)	535.78	8226.10	21,298.56
Less: Depreciation / Amortisation / Impairment	4.13	4.20	3948.15	3,635.05
Profit/(loss) before Finance Costs, Exceptional items and Tax Expense	(1519.00)	531.58	4277.95	17,663.51
Less: Finance Costs	2202.38	203.65	16715.07	19,343.94
Profit/(loss) before share of Profit/(Loss) of Associates, Exceptional items and Tax Expense	(3721.38)	327.93	(12437.12)	(1,680.43)
Add/(less): Exceptional items	–	–	–	–
Share of Profit / (loss) of Associates	–	–	(76.01)	497.92
<b>Profit/(loss) before Tax Expense</b>	<b>(3721.38)</b>	<b>327.93</b>	<b>(12513.42)</b>	<b>(1,182.51)</b>
Less: Tax Expense (Current & Deferred)	(632.25)	102.67	(631.41)	110.72
Profit/(loss) for the year (1)	(3089.13)	225.26	(11881.72)	(1,293.23)
Total other Comprehensive Income/loss (2)	5.72	15.95	37.11	(2.19)
<b>Total (1+2)</b>	<b>(3083.41)</b>	<b>241.21</b>	<b>(11844.61)</b>	<b>(1,295.42)</b>
<b>Profit / (Loss) for the year attributable to:</b>				
<b>Owners of the Company</b>	–	–	<b>(11424.15)</b>	<b>(1,597.31)</b>
Non-Controlling Interest	–	–	(457.57)	304.08
Other Comprehensive Income for the year attributable to:				
<b>Owners of the Company</b>	–	–	<b>32.29</b>	<b>5.50</b>
<b>Non-Controlling Interest</b>	–	–	<b>4.82</b>	<b>(7.69)</b>
<b>Total Comprehensive Income for the year attributable to:</b>				
<b>Owners of the Company</b>	–	–	<b>(11391.86)</b>	<b>(1,591.81)</b>
<b>Non-Controlling Interest</b>	–	–	<b>(452.75)</b>	<b>296.39</b>
Balance brought forward from the previous year	3199.14	3,463.96	(17761.63)	(15,563.79)
<b>Profit/(Loss) available to Owners for appropriation</b>	<b>(3089.13)</b>	<b>225.26</b>	<b>(11424.15)</b>	<b>(1,597.31)</b>
<b>Appropriations:</b>				
Dividend	–	(419.75)	–	(419.75)
Tax on Dividend	–	(86.28)	–	(86.28)
Adjustment for Other Comprehensive Income: Gain/(Loss)	5.72	15.95	32.29	5.50
<b>Balance carried to Balance Sheet</b>	<b>115.72</b>	<b>3,199.14</b>	<b>(29053.49)</b>	<b>(17,761.63)</b>

Note: The above figures have been extracted from the Standalone and Consolidated Financial Statements of the Company, for the Financial Year ended on March 31, 2021, prepared as per Indian Accounting Standards (Ind-AS).

During the year under review, your Company suffered Net Loss of Rs. 3721.38 Lakhs, as against Net Profit of Rs. 327.93 Lakhs earned in the previous Financial Year, on a standalone basis due to increase in finance cost and other expenses. Gross Revenue during the current Financial Year was Rs. 3098.56 Lakhs as against Rs. 1741.35 Lakhs in the previous Financial Year due to increase in construction revenue.

During the year under review, your Company suffered net loss of Rs. 11805.71 Lakhs, as against Net Loss of Rs. 1791.15 Lakhs earned in the previous Financial Year, on a consolidated basis due to lower revenue and increase in other expenses. Gross Revenue during the current Financial Year was Rs. 24495.79 Lakhs as against Rs. 32849.29 Lakhs in the previous Financial Year due to lower revenue primarily attributable to COVID-19 pandemic.

Key Financial Ratios in terms of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under –

Particulars	FY 2020-21 (%)	FY 2019-20 (%)
Debtors Turnover Ratio	2.03	0.64
Inventory Turnover Ratio	NA	NA
Interest Coverage Ratio	(0.69)	2.61
Current Ratio	2.59	0.99
Debt Equity Ratio	0.19	0.23
Operating Profit Margin	(0.49)	0.31
Net Profit Margin	(1.00)	0.13
Return on Net Worth	(0.03)	0.00

NA - Not applicable

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations thereof is as mentioned below –

- The significant change in Debtors Turnover Ratio has been recorded due to significant increase in Turnover.
- The significant change in Interest Coverage Ratio has been recorded due to significant increase in Finance Cost and decrease in EBIT.
- Current Ratio has increased due to increase in advances.
- Operating Profit Margin (%) and Net Profit Margin (%) has decreased primarily due to increase in other expenses.
- Return on Net Worth has decreased due to reduction in PAT.

The Company has adopted Indian Accounting Standards (referred to as "IND AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 with effect from April 1, 2017 and therefore IND AS issued, notified and made effective till the financial statements are authorised have been considered for the purpose of preparation of these financial statements.

#### DIVIDEND

With a view to conserve capital due to ongoing Covid-19 pandemic, the Board of Directors has not recommended any dividend on Equity Shares of the Company for the Financial Year ended 31st March, 2021.

#### TRANSFER TO RESERVES

No amount has been transferred to any Reserve during the year under review.

#### PROMOTERS' GROUP SHAREHOLDING

As on March 31, 2021, the total shareholding of Promoter Group of your Company stood at 53.76% (previous year 53.76%) in the Paid-up Share Capital of the Company.

As on March 31, 2021, 22.16% (previous year 22.16%) of the Promoters' Group shareholding is under pledge.

In compliance with Regulation 31(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015"), the entire shareholding of Promoter(s) and Promoter group is in dematerialized form.

#### PUBLIC DEPOSITS

Your Company has not invited or accepted any deposits covered under Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014, during the year under review.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

##### I. ECONOMY, INDUSTRY & GROWTH OPPORTUNITIES

India has the second largest road network in the world, spanning over 62.16 lakh kilometres. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute. National Highways and State Highways account for 2% and 3% of the total road network respectively. Development of road networks leads to opportunities for industries to make investments in logistics parks, industrial clusters and corridors.

With an aim to support economic growth of nation through infrastructure creation, the National Infrastructure Pipeline has been expanded to cover more than 7300 projects with a revised investment of Rs 111 lakh crore over the five year period (FY 2020 – 25). Projects worth Rs 44 lakh crores which is approximately 40% of the total envisaged investment target are under implementation, while projects worth Rs 34 lakh crore i.e 30% of the total envisaged investment target are at conceptualization stage and projects worth of Rs 33 lakh crores which is 30% of the total investment are currently under development.

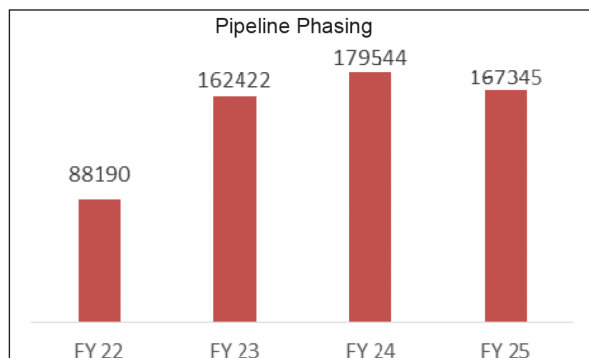
To support such humungous infrastructure development, traditional sources of capital are expected to finance 83 – 85 % of the capital expenditure envisaged under NIP. About 15 – 17 % of the aggregate outlay is expected to be met through innovative mechanism such as Asset Recycling & Monetization and long-term initiatives such as

setting up of Development Financial Institution (DFI) to support infrastructure.

**National Monetization Pipeline** – The total indicative value of National Monetization Pipe Line (NMP) for core assets of central government has been estimated at Rs 6 lakh crore over 4 years period (FY 2022 – 25).

The top 5 sectors (by estimated value) capture ~ 83% of the aggregate pipeline value. The top 5 sectors includes: Roads (27%), Railways (25%), Power (15%), Oil & Gas Pipeline (8%) and Telecom (6%).

**Pipeline Phasing** – In terms of annual phasing by value, 15% of assets with an indicative value of Rs 0.88 Lakh crore are envisaged to be rolled out in FY 2021 – 22. Detail is as follows:

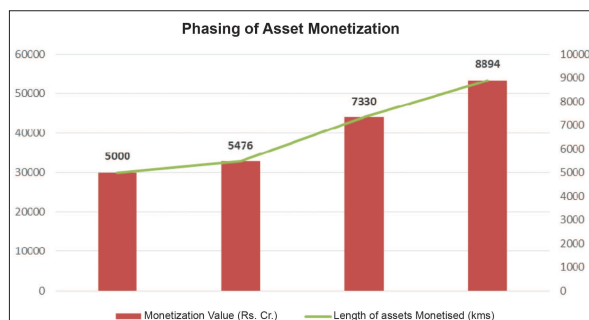


#### Road Sector:

**Assets Considered for Monetization** – The aggregate length of assets considered for monetization over FY 22 – 25 aggregate to 26,700 km. This is based on the length of already/to be operational four lane highways and above entailing potential for revenue generation and thereby monetization.

Asset Length to be Monetized	26,700 km
Asset Length as a percentage of potential Asset Base (%)	20%
Indicative Monetization value over FY 22 - 25	160,000 Cr
Share in overall NMP in value term (%)	27%

**Indicative Monetization Value of Assets and phasing** – The total indicative Monetization Value of Assets considered for monetization is estimated at Rs 1.6 Lakh crore for FY 22 -25. The Asset Pipeline has been phased out over the NMP period to ensure better preparedness and improved marketability. The summary of annual phasing is as follows:



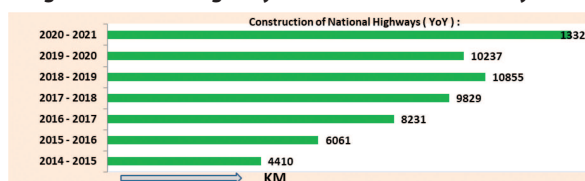
Government is giving utmost priority to the development of infrastructure and has set a target of road construction worth Rs 15 lakh crore in next two years. Ministry is confident enough to achieve the target of 40 km per day highway construction in FY 21 – 22.

Accordingly, the Government has increased infrastructure Capex by 34% over the last year to Rs 5.54 lakh crores. The Ministry, through National Highways Authority of India (NHAI), is planning to raise Rs. 1 lakh crore through monetization of highways under Toll Operate & Transfer mode in the next five years.

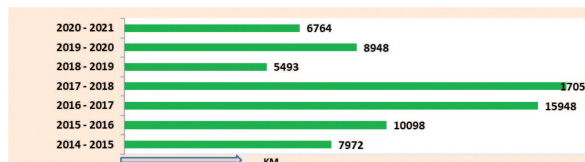
Over the last 7 years, length of National Highways has gone up by 50% from 91,287 km (Apr 2014) to 1,37,625 km (Mar 2021). Total budgetary outlay increased by 5.5 times from Rs. 33,414 Cr in FY 2015 to Rs. 1,83,101 Cr in FY 2022. Average annual project award during FY 15 to FY 21 has increased by 85% compared to FY10 to FY14. Average annual construction during FY 15 to FY21 has increased by 83% compared to FY10 to FY14.

The Ministry has achieved the record-breaking milestone of constructing 37 km highway per day in FY 20 – 21. The achievement is significant as the first few months were lost due to nation-wide lockdown in the wake of COVID-19 pandemic. Construction activities were badly affected during the period but the construction industry displayed remarkable resilience and strength in execution capability and was still able to make an unprecedented progress during the year.

#### Length of National Highway Constructed in last seven years



#### Length of National Highway awarded in last seven years



#### Major Initiatives taken by the Ministry:

**Bharatmala Pariyojana** – Construction / up-gradation of National Highways of 34,800 kms length over a period of 5 years (2017-18 to 2021-22) at an estimated outlay of Rs. 5,35,000 Crore. The programme focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps. Special attention has been paid to fulfilling the connectivity needs of backward and tribal areas, areas of economic activity, places of religious and tourist interest, border areas, coastal areas and trade routes with neighbouring countries. Projects with aggregate length of approximately 13,171 kms have already been awarded under Bharatmala Pariyojana (including residual NHDP Works) till November 2020, while projects with length 2,587 kms are currently under bidding. Additionally, work on preparation of Detailed Project Reports for about 13,233 kms is under progress.

#### Way Side Amenities Development

In a major move to improve commuters experience in National Highways for both passengers and truckers, NHAI will develop world class 'Way Side Amenities' at more than 600 locations across 22 states along the highways in next five years. Out of these, 130 are targeted for development in FY 2021 to 22. The facility such as Electric Charging Stations will help in promoting use of electric

vehicles, thus reducing pollutions. The amenities will also promote local economy by generating employment opportunities and help local people to market their unique product / handcraft etc.

**Multi Model Logistic Park (MMLP)** – 35 MMLPs are being developed on Pan India basis on 'Hub and Spoke' model.

#### **Development of dedicated National Highways connecting Ports**

– A separate company under NHAI named 'National Highways Logistics Management Limited'(NHLML) has been incorporated to carry out development of the MMLPs and works related to National Highway connectivity for ports. This effort is expected to eradicate multiple traffic related issues such as removal of congestion points in city locations; reduction in delays caused due to restrictions on commercial vehicles movement during certain hours of the day as per state / Local Urban regulations and Reduction in road accidents through separation of Commercial and Passenger vehicle traffic etc.

#### **Funding for Infrastructure Development**

There are several other initiatives taken by the Ministry to create innovative funding models and policies to facilitate construction of National Highways. Some of these policy initiatives and funding models are under :

- Infrastructure Investment Trusts
- Toll Operate Transfer (TOT) model
- Ease of Doing Business - Reforms/ changes relating to highway development under BOT (Toll), TOT and HAM model

#### **Relief measures for Developers and Contractors for COVID-19**

Several measures have been taken up by the MoRTH for providing relief to Contractors/ Developers/Concessionaires of Road Sector from the impact of COVID and subsequent lockdowns.

**HAM/EPC** – Relaxation in Schedule H, grant of EOT, direct payment to the approved sub-contractors, expeditious approval of COS, waiver of penalty for delay in submission of Bank Guarantee for new contract during Mar 2020 to Sept 2020, releasing of Performance Bank Guarantee proportionately with respect to the work done.

**OMT**– NHAI has been directed to provide the under mentioned Force Majeure relief to the OMT Concessionaire and User Fee Collection Contractors/Agencies by dividing the entire Force Majeure period in two phases, first phase for the period when user fee collection was suspended and second phase is for the loss due to low traffic count post resumption of the user fee collection due to COVID-19 pandemic:

- (i) Relief under 1st Force Majeure period during suspension of tolling during complete lockdown from 26.03.2020 to 19.04.2020 includes:
  - a. Waiver of the agreed remittance of the contractor for the period of suspension of user fee collection for the above period.
  - b. Reimbursement of 75% of the Administrative & Toll Collection Expenses to be calculated based on fixed annual administrative charges on lane basis as per NHAI procedure, on account of ensuring functioning of ETC systems, security and safety of fee plaza infrastructure during the suspension period.

- (ii) 2nd Force Majeure period post resumption of tolling with effect from 20.04.2020 (00:00 hrs) till traffic resumes 90% of the traffic in pre-lockdown period weekly average traffic count. During this period the following was provided:

- a. Waiver of the difference between agreed remittance as per contract agreement and the estimated remittance based on the traffic data during the above period.
- b. Waiver of penal interest for delayed/short remittances for the above period as per Contract provisions.

#### **BOT Concessionaire – Extension of Time (EOT), Extension of Concession Period, Covid-19 Loan**

The concessionaires with BOT projects were additionally provided with a relief package which primarily had two parts:

- a) the revenue loss during and after toll suspension period to be compensated in the form of extension by three to six months in concession period and
- b) Covid-19 loan offered for the concessionaires to the extent relief is not granted under moratorium under RBI guidelines. The concession period of BOT Contracts shall be extended by a period in accordance with the Contract till the time daily collection is below 90% of the average daily fee.

#### **Environment Conservation Initiative**

There have been several steps taken to ensure conservation of water, viz. rain water harvesting and artificial ground water recharge system along the Highways. Also solar energy generation potential on National Highways is being explored. The Ministry has taken a decision to add 10% plastic or rubber in the modified bitumen for highway works, which is important from environment point of view.

Green Highway Mission has been constituted in NHAI, where plantation has been carried out along the highways. Ministry is focusing on transplantation technology to save the existing trees and also emphasizing on Geo-tagging of plants under 'Harit Path' initiative.

#### **Highway Safety and Road User Convenience**

The Ministry has released the rating for 18,668 km of completed 4 / 6 National Highways stretches covering 343 Toll Plazas. This initiative has been taken as per vision of importance the quality of public services. Objective is 'Minimum time with maximum safety in stress free movement'. The Ministry has also begun real time monitoring of toll plazas across the country.

**Reducing road accident deaths by 50% by 2024** - Ministry is striving hard to reduce the road accident deaths by restructuring and strengthening four 'E' of road safety, that are Engineering, Economy, Enforcement and Education. It is pointed out that 50% road accidents are due to road engineering problems and now Govt has taken special initiatives to improve the black spot. This will greatly contribute towards the vision of 'zero road accidents'.

#### **Technology Initiatives**

FASTag was introduced in 2014 to enable RFID based electronic tolling and provide a seamless passage through of toll plazas, without the need to completely stop the vehicle for toll payment. NHAI issued guidelines to ensure seamless flow of traffic at the toll plaza.



FASTag penetration at Toll Plaza has reached at 96% and even touched 99% at many toll plazas. As social distancing has become the new normal, more and more commuters are opting to use FASTag as it removes the chances of any direct contact. As per an estimate, FASTag will save around 20,000 crore rupees per year on fuel, thus saving precious foreign exchange while helping the environment as well.

Government is also in discussion with technical experts to implement the latest technology, which is being used globally, in coming days.

**General Navigation Satellite Systems.** The OBUs installed on vehicles are identified by communications satellites, which monitors their movement over the tolled section of the road to assess the toll based on distance travelled.

The Central Government has also been taking several initiatives to improve transport infrastructure and ensure smooth flow of traffic and goods in the country. Some of the key initiatives taken in transport sector include:

- **The Motor Vehicles Amendment Act, 2019:** The Motor Vehicles Amendment Act 2019 includes specific interventions focused on improving driver behavior, vehicle fitness and improving road infrastructure in the country.
- **Pradhan Mantri Gram Sadak Yojana (PMGSY):** PMGSY was launched in December 2000 as a 100% centrally sponsored scheme to provide all-weather road connectivity to unconnected habitations in rural areas of the country. The program has provided connectivity to 1,55,391 habitations out of a total of 1,73,429 habitations, completing 6,17,786 kms since its inception in 2000.
- **Electronic Way (E-way) Bill System:** E-way is a bill/document that is generated for the movement of goods from one place to another, usually inter-state, and of value more than INR 50,000, as per the current GST regime. The system ensures that goods being transported in the country comply with the GST regime, helps in tracking the movement of goods and checks any possible tax evasion.
- **Revision of Axle Weight:** The permissible safe axle weight of goods vehicles was increased by around 15%-20% for various configurations of axles. The purpose of revision was to increase the carrying capacity of goods transport vehicles and reduce the logistics cost.
- **Launch of multiple digital platforms:** Several digital platforms have been launched by the Government in the recent years, such as Data Lake, NSV Drone Survey, DigiLocker, m-Parivahan, VAHAN and SARATHI database etc. with an aim to integrate different services and increase the user convenience and transparency in system.

## II. BUSINESS & OPERATIONS

Your Company is a road BOT company in India, focused on development, implementation, operation and maintenance of National and State Highways with existing projects in states of Uttar Pradesh, Kerala, Haryana, Madhya Pradesh, Jharkhand, Maharashtra and Odisha. At present, all of our Company's projects are implemented through Special Purpose Vehicles (SPVs), either directly or in partnership with other infrastructure players.

The main business operations of your company can be divided into three categories, i.e.

- Project development and implementation;
- Tolling Operations and Highway Management; and
- Advisory Services and Project Management Services including Construction Supervision / Debt Syndication for your Company's projects.

During the year under review, your Company has focused on all these areas to augment resources.

Your Company has a project portfolio consisting of Seven (7) BOT Projects covering over approximately 2250 Lane km of Roads and Highways across Seven (7) states in India. Six (6) projects are in Tolling & Operational stage and are located in the states of Kerala, Madhya Pradesh, Haryana, Uttar Pradesh, Odisha, and Maharashtra while one (1) project is in under construction stage located in the state of Jharkhand.

### Operational Projects:

#### Guruvayoor Infrastructure Private Limited (GIPL)



Four laning of the existing two lane portion of the Thrissur- Angamali section of NH-544 (old no. 47) from km 270.00 to km 316.70 and improvement, operation and maintenance of the Angamali-Edapalli section from km 316.70 to km 342.0 of NH-544 in the state of Kerala on BOT Toll basis.

#### Mahakaleshwar Tollways Private Limited (MTPL)



Four laning of the Indore-Ujjain portion from Ch. 5/2 to Ch. 53 on State Highway 27 on BOT Toll basis in the state of Madhya Pradesh.

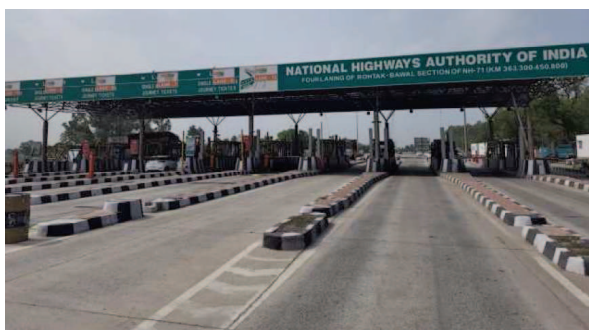


### Ghaziabad Aligarh Expressway Private Limited (GAEPL)



Four laning of the Ghaziabad-Aligarh section of NH-91 connecting km 23.60 to km 140.20 of NH-91 and subsequent six laning of the project highway (excluding Aligarh bypass from km 129.60 to km 149.90) on BOT Toll basis.

### Kurukshetra Expressway Private Limited (KEPL)



Four laning of the Rohtak-Bawal section of NH-71 from km 363.30 to km 450.80 in the state of Haryana on DBFOT Toll basis.

### Shree Jagannath Expressways Private Limited (SJEPL)



Six laning of the existing road from km 413.00 to km 418.00 and km 0.00 to km 62.00 on Chandikhole- Jagatpur-Bhubaneswar section of NH-16 (old NH-5) in the state of Odisha on DBFOT Toll basis.

### Solapur Tollways Private Limited (STPL)



Four laning of the Solapur-Maharashtra/ Karnataka border section of NH-9 (old no. 65) from km 249.00 to km 348.80 in the state of Maharashtra on DBFOT Toll basis.

### Under Construction

#### Palma Gumla Highway Private Limited



4 Laning of Palma to Gumla section of NH -23 from Km 26+00 to Km 89+170 in the State of Jharkhand on Hybrid Annuity Mode.

The scope of work for the project includes designing, engineering, financing, procurement, construction, operation and maintenance of the existing 2 Lane without Paved Shoulder carriageway to 4 Lane with Paved Shoulder carriageway configurations. The total design length of the project stretch is 63.170 Km Start from design Km 26.0 (Palma Village) to design Km 89.170 (Gumla Bypass). Out of 63.170 Km 21.000 Km is falling under Ranchi District and 42.170 Km is falling under Gumla District.

### Project Foreclosed

**Orissa Steel Expressway Private Limited ("OSEPL"):** The OSEPL Project for augmenting the existing road on the Rimuli-Roxy-Rajamunda section of NH-215 from km 163.00 to km 269.00 on DBFOT basis was signed on July 6, 2010 with the NHAI. Due to non-unavailability of Land and Forest clearance issues, NHAI agreed to mutually foreclose the project without any penalty, however, with a condition that the performance bank guarantees must be kept alive and agreed to address the claims / losses of OSEPL through ISAAC (NHA's dispute redressal mechanism) failing which OSEPL may refer to Arbitration.

Based on the same, a joint inspection of the Project site was carried on and thereafter the project was handed over to NHAI on 02-03-2017 on "as is where is basis". As NHAI, despite requests, did not constitute the ISAAC, OSEPL invoked arbitration and submitted a claim of around Rs. 945 crores against NHAI towards total losses incurred finance and capital costs, overheads and loss of profit- up etc. to March 31, 2018. The Arbitration process duly commenced during the Financial year 2018-19 and the company successfully won the Award of approximately Rs. 322.78 Crores (including interest) on 31st March 2019. However, NHAI has filed application for setting aside the award under section 34 of the Arbitration and Conciliation Act, 1996 and its amendments before the Delhi High Court. NHAI has deposited the total award amount with the High Court Registry. Currently, the matter is pending before the Delhi High Court for adjudication.

### III. BUSINESS PERFORMANCE

During the year under review, your Company continued its focus on improving operational efficiency through increased automation of services and adopted prudent project delivery mechanism to expedite execution of the existing asset under construction.

#### Traffic and Revenue Growth

COVID 19 lock down impact on the traffic, economic slowdown, revenue leakages due to competing roads & sporadic political protests have all contributed significantly in bringing down the

growth potential in toll revenue. The Average Daily Revenue (ADR) across all the operational projects ended up at Rs.182.55 Lakhs in financial year 2020-21 with total revenue of Rs. 626.85 Crores from Rs. 185.28 Lakhs in financial year 2019-20 with total revenue of Rs. 620.50 Crores. The increase in toll revenue is primarily due to commencement of tolling at Solapur road project. The toll revenue is expected to improve this year due to an expected increased economic activity across the high growth industrial corridors along the project stretches. All of your Company's projects have implemented an updated tolling system (ETC operations) which is reflected in higher Toll collection & decrease in operational cost.

**Ghaziabad Aligarh Expressway Private Limited (GAEPL):** Due to economic slowdown and COVID 19 impact, the project ended the year with a degrowth of 3.69% in total revenue. The Average Daily Revenue of Rs. 58.13 lakhs in FY 2019-20 increased marginally to Rs. 58.29 lakhs in FY 2020-21. The toll revenue is expected to improve as soon as the 4 laning of Aligarh Kanpur section is completed.

**Mahakaleshwar Tollways Private Limited (MTPL):** Despite installation of new upgraded Toll Management System (TMS), the prevalent Covid-19 impact and forced exemptions continues to adversely impact the project and the traffic along the project stretch is yet to return to normalcy. The financial year 2020-21 witnessed toll revenue sharply declining by 25.85% as the Average Daily Revenue slipped from Rs. 8.69 Lakhs in FY 2019-20 to Rs 7.11 lakhs in FY 2020-21. The company is now pursuing claims with Madhya Pradesh Road Development Corporation (MPRDC) for the revenue loss due to forced exemptions, toll loss during the demonetization and Simhasa Parva periods.

**Shree Jagannath Expressways Private Limited (SJEPL):** The project is nearing completion and the balance work is being expeditiously executed on the stretches which were handed over late due to Right of Way (ROW) issues. The Average Daily Revenue (ADR) significantly improved to Rs. 51.51 Lakhs in FY 2020-21 as compared to Rs. 48.47 Lakhs in FY 2019-20. The reason for this spurt in revenue is increase in demand of Iron export to neighbouring countries for which the traffic to Gopalpur port usually passes through the project stretch. There is also spurt in the demand of construction materials like stone chips & cement for the ongoing construction work at NH-42. In the coming years, it is expected that revenue shall increase further due to expected growth of mining industry in the hinterland. The Company has won the Arbitration Award of over Rs. 150 Crore (including interest) towards loss of Toll that was not allowed to be collected by NHAI after the completion of construction of Mahanadi Bridge. The matter is still pending before Delhi High Court for adjudication.

**Kurukshetra Expressway Private Limited (KEPL):** Inauguration of a parallel corridor - Kundli Manesar Palwal Expressway by the Haryana Government and the ongoing Kissan agitation along the project stretch resulted in mounting losses in toll revenue. The Average Daily Revenue dropped to Rs 17.01 lakhs in FY 2020-21 from Rs. 20.81 Lakhs in FY-2019-20. The company also won the Arbitration Award of 47 Crore and 58 days extension of Concession Period which has been challenged by NHAI in Delhi High Court. The application is currently pending for adjudication. The company has also invoked arbitration and filed claims against NHAI for shortfall in toll revenue due to construction of the competing road which is pending adjudication by the Tribunal. With such ongoing issues of constantly

declining traffic due to competing roads and series of political agitation affecting toll collection, the notice of intention to terminate the Concession Agreement under sec 34.8 has been served to Authority with a view to protect stakeholders' interest and insulate them from the mounting losses and expanding debt obligations.

**Guruvayoor Infrastructure Private Limited (GIPL):** During the year under review, the Company badly suffered due to COVID 19 induced lock down during the year. Although there have been significant recovery in traffic from October 2020 onwards, the Average Daily Revenue decreased by 6.83% to Rs. 31.48 lakhs in FY 2020-21 as against Rs. 33.27 Lakhs in FY 2019-20. The Company has also been suffering from non-payment of toll by KSRTC buses and the free passes issued to locals as per the order from Govt of Kerala. Hence the company has invoked arbitration against NHAI for all the claims which are pending for adjudication.

**Solapur Tollways Private Limited (STPL):** The project has been under provisional COD since 3rd February 2020 and the year under review was expected to be first operational year which unfortunately got severely impacted due to COVID-19. At certain locations, the Project continues to suffer due to delay in acquisition of land and shifting of utilities. The company has achieved partial COD for 82.95 Km length and commenced Toll operations in the month of February 2020 with ADR of Rs. 15.71 lakhs.

#### IV. FUTURE BUSINESS PLANS

Your Company is a pure play BOT Company focused on development, implementation, operation and maintenance of roads/highways projects. As an infrastructure developer operating on the asset aggregation platform, your Company's business growth strategy is strongly focused on value accretion and strengthening of operational efficiency.

- **Shareholders' Value Enhancement:** Your Company continues to monitor and evaluate the value-creation potential of assets under its management with a holistic approach towards value optimization either through portfolio restructuring or divestiture. As an infrastructure developer working on asset ownership model, your company is committed to abide by a robust asset management policy aimed at strengthening its value creation capabilities through constant monitoring of asset performance and its potential for future growth.
- **Claims and Contract Management:** Claims and Contract Management continues to be an integral part of highway concession business. With a significant amount of claim being under dispute and litigation, your Company remains committed towards adopting a robust Claims Management process across the value chain to create efficiency, effectiveness, and ultimately competitive differentiation in claims settlement and dispute resolution. With a constant focus on enhancing capabilities to better assess, manage, and mitigate claims and risk; the Company is focused towards expeditious handling of claim through negotiation, mediation and arbitration.
- **Continuous focus on technology and operational efficiency:** With gaining prominence of IT system and other internal processes in every aspect of business and operations, your Company is constantly strengthening the IT system and capabilities to create an environment friendly sustainable business eco system. Your Company is committed towards