

Independent Auditor's Review Report on the Quarterly Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended

Review Report to the Board of Directors of Bharat Road Network Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of Bharat Road Network Limited ("the Company") for the quarter ended June 30, 2019 ("the statement") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended, read with SEBI Circular No CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
2. The preparation of the statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) 'Interim Financial Reporting' prescribed under section 133 of the Companies Act, 2013, as amended, read with relevant rules issued there under and other accounting principles generally accepted in India, read with the circular is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit and is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. **Basis for Qualified Conclusion**
We refer note 4(a) of the financial results, where the Company has not recognized interest on Rs. 5,000 lakhs for the quarter ended June 30, 2019 which is not in compliance of Ind AS 34 'Interim Financial Reporting' read with Ind AS 109 'Financial Instruments'. Due to this, profit before tax of the Company for the quarter ended June 30, 2019 has been overstated by Rs. 155.82 lakhs and the current liabilities as at June 30, 2019 has been understated by Rs. 467.46 lakhs.
5. Based on our review conducted as stated above, with the exception of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 as amended, read with the relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.



**SS KOTHARI MEHTA
& COMPANY**
CHARTERED ACCOUNTANTS

6. We draw attention to note 3 of the financial results regarding treatment of investments in Special Purpose Vehicles as Qualifying Asset which is based on the legal opinion and capitalization of directly attributable borrowing costs incurred in respect thereof. Our conclusion is not modified in this respect.

For S S Kothari Mehta & Company
Chartered Accountants
Firm Registration No.: 000756N



Neeraj Bansal
Partner
Membership No. : 095960



Place: New Delhi

Date: August 13, 2019

UDIN : 19095960 AAAA JJ 3495

**SS KOTHARI MEHTA
& COMPANY**
CHARTERED ACCOUNTANTS

Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended

Review Report to the Board of Directors of Bharat Road Network Limited

1. We have reviewed the accompanying Statement of unaudited Consolidated Financial Results of Bharat Road Network Limited and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), and its share of net loss after tax and total comprehensive loss of its associates for the quarter ended June 30, 2019 (the "Statement") attached herewith, being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulation'), read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular'). Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended June 30, 2018 and last quarter ended March 31, 2019, as reported in these unaudited consolidated financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India read with the Circular. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.

4. The Statement includes the results of the following Subsidiaries and Associates:

Subsidiaries

- I. Solapur Tollways Private Limited
- II. Orissa Steel Expressway Private Limited
- III. Guruvayoor Infrastructure Private Limited

Associates

- I. Kurukshetra Expressway Private Limited
- II. Ghaziabad Aligarh Expressway Private Limited
- III. Shree Jagannath Expressways Private Limited
- IV. Mahakaleshwar Tollways Private Limited

5. Basis for Qualified Conclusion

We refer note 4(a) of the financial results, where the Parent has not recognized interest on Rs. 5,000 lakhs for the quarter ended June 30, 2019 which is not in compliance of Ind AS 34 'Interim Financial Reporting' read with Ind AS 109 'Financial Instruments'. Due to this, profit before tax of the Group for the quarter ended June 30, 2019 has been overstated by Rs. 155.82 lakhs and the current liabilities as at June 30, 2019 has been understated by Rs 467.46 lakhs.



**SS KOTHARI MEHTA
& COMPANY**
CHARTERED ACCOUNTANTS

6. Based on our review conducted and procedures performed as stated in paragraph 3 above, *except for the impact of the matter as described in the basis for Qualified Conclusion paragraph* and based on the consideration of the review report of other auditors, nothing has come to our attention, that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standard specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. We did not review the interim financial results of three subsidiaries, whose interim financial results reflect total revenue of Rs. 9,701.30 lakhs, total net profit after tax of Rs. 859.84 lakhs and total comprehensive income of Rs. 859.84 lakhs for the quarter ended June 30, 2019, included in the unaudited consolidated financial results as considered in the unaudited consolidated financial results. The unaudited consolidated financial results included in the Statement also include Group's share of net loss of Rs. 347.03 lakhs and total comprehensive loss of Rs. 347.03 lakhs for the quarter ended June 30, 2019 as considered in the unaudited consolidated financial results in respect of four associates. This interim financial result of subsidiaries and associates has been reviewed by other auditors, whose report has been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries and associates is based solely on the report of the other auditors and procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matter.
8. We draw attention to the following :
- i. Note 3 to the financial results regarding investments in Special Purpose Vehicles formed as per Concession Agreement and guidelines of respective government authority and treatment of such investments as qualifying asset which is based on the legal opinion and capitalization of directly attributable borrowing costs incurred in respect thereof.
 - ii. Note 9(a) to the financial results in respect of non-recognition of premium amount payable to Madhya Pradesh Road Development Corporation Limited (MPRDC) by an associate Company (Mahakaleshwar Tollways Private Limited) for the quarter ended June 30, 2019, as the revenue of the said associate Company was insufficient.

Our conclusion is not modified in respect of the above matters.

For S. S. Kothari Mehta & Company
Chartered Accountants
Firm Registration No.: 000756N


Neeraj Bansal
Partner
Membership No. : 095960



Place: New Delhi

Date: August 13, 2019

UDIN: 19095960AAAAJK8000

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BHARAT ROAD NETWORK LIMITED

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Statement of Unaudited Standalone Financial Results for the Quarter ended June 30, 2019 and Unaudited Consolidated Financial Results for the quarter ended June 30, 2019

Sl. No.	Particulars	Standalone				Consolidated			
		Quarter ended		Year Ended		Quarter ended		Year Ended	
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		(Unaudited)	(Audited) Refer note 7(a)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited) Refer note 7(b)	(Unaudited)	(Audited)
I	Revenue from operations	103.14	254.60	175.00	1,052.60	8,822.34	10,631.59	13,532.18	40,140.75
II	Other Income	1,202.79	1,090.72	1,744.83	6,394.65	1,428.41	1,317.87	1,033.70	4,805.28
III	Total income (I+II)	1,305.93	1,345.32	1,919.83	7,447.25	10,250.75	11,949.46	14,565.88	44,946.03
IV	Expenses								
	EPC Cost	-	-	-	-	2,804.70	3,597.99	2,628.86	12,836.93
	Employee benefits expense	113.52	86.10	130.52	470.96	318.78	360.81	315.76	1,364.89
	Finance Costs	191.31	1,579.23	694.62	4,395.44	3,950.62	5,358.60	8,758.73	20,482.13
	Depreciation and amortization expense	1.12	1.12	1.19	4.70	879.85	868.24	883.05	3,370.20
	Other expenses	116.60	187.62	68.11	542.07	666.92	3,130.46	1,713.31	8,402.41
	Total expenses (IV)	422.55	1,854.07	894.44	5,413.17	8,620.87	13,316.10	14,299.71	46,456.56
V	Profit/(Loss) from operation before Share of Profit/(Loss) of associates and exceptional items (III-IV)	883.38	(508.75)	1,025.39	2,034.08	1,629.88	(1,366.64)	266.17	(1,510.53)
VI	Share of Profit / (Loss) of Associates	-	-	-	-	(347.03)	(685.93)	(397.51)	(2,238.06)
VII	Profit/(Loss) from operation before exceptional items and tax (V+VI)	883.38	(508.75)	1,025.39	2,034.08	1,282.85	(2,052.57)	(131.34)	(3,748.59)
VIII	Exceptional Items	-	-	-	-	-	-	-	-
IX	Profit/(Loss) before tax (VII-VIII)	883.38	(508.75)	1,025.39	2,034.08	1,282.85	(2,052.57)	(131.34)	(3,748.59)
X	Tax expense								
	Current tax	188.60	(104.08)	217.70	435.46	188.60	(104.08)	217.70	435.46
	Deferred tax	70.35	(167.15)	80.92	170.82	70.35	(168.60)	80.92	169.37
XI	Profit/(Loss) for the period/year (IX-X)	624.43	(237.52)	726.77	1,427.80	1,023.90	(1,779.89)	(429.96)	(4,353.42)
XII	Other Comprehensive Income								
	i) Items that will not be reclassified to profit or loss								
	- Remeasurement of the defined benefit plans	0.09	4.88	(1.69)	0.43	0.09	0.59	(1.69)	(3.86)
	- Share of Profit / (Loss) of Associates	-	-	-	-	-	6.09	-	6.09
	ii) Income tax relating to items that will not be reclassified to Profit/(Loss)	(0.03)	(1.43)	0.49	(0.13)	(0.03)	(1.43)	0.48	(0.14)
	Total Other Comprehensive Income for the period/ year	0.06	3.45	(1.20)	0.30	0.06	5.25	(1.21)	2.09
XIII	Total Comprehensive Income for the period/ year(XI+XII)	624.49	(234.07)	725.57	1,428.10	1,023.96	(1,774.64)	(431.17)	(4,351.33)
XIV	Profit for the period/year attributable to:								
	- Owners of the Company					801.35	(1,744.10)	(298.25)	(3,825.77)
	- Non-controlling interest					222.55	(35.79)	(131.71)	(527.65)
XV	Other Comprehensive Income for the period/year attributable to:								
	- Owners of the Company					0.06	6.01	(1.21)	2.85
	- Non-controlling interest					-	(0.76)	-	(0.76)
XVI	Total Comprehensive Income for the period/year attributable to:								
	- Owners of the Company					801.41	(1,738.09)	(299.46)	(3,822.93)
	- Non-controlling interest					222.55	(36.55)	(131.71)	(528.41)
XVII	Paid-up Equity share capital (Face value of Rs. 10/- each, fully paid)	8,395.00	8,395.00	8,395.00	8,395.00	8,395.00	8,395.00	8,395.00	8,395.00
XVIII	Other equity excluding revaluation reserves				109,485.00				92,768.15
XIX	Earnings per equity share (quarterly EPS are not annualised) (of Rs. 10/- each)								
	a) Basic (Rs.)	0.74	(0.28)	0.86	1.70	1.22	(2.12)	(0.51)	(5.19)
	b) Diluted (Rs.)	0.74	(0.28)	0.86	1.70	1.22	(2.12)	(0.51)	(5.19)

Please see accompanying notes to the financial results



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Notes:-

- 1) The above standalone financial results for the quarter ended June 30, 2019 and consolidated financial results for the quarter ended June 30, 2019 were reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on August 13, 2019. Limited Review of these Financial Results for the quarter ended June 30, 2019 as required under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been carried out by the Statutory Auditors of the Company.
- 2) The Company is primarily engaged in a single business segment of purchase, own, build, develop, design, operate, transfer road and related services. Hence, segment reporting is not applicable.
- 3) The Company has invested in various road projects through associates and subsidiaries (SPVs). These investments have been made on a long term basis with an objective to earn returns and capital appreciation after the commencement of commercial operations of the respective Projects. Based on a legal opinion, the Company has treated these investments in SPVs as "Qualifying Asset". As per Indian Accounting Standard (Ind AS) 23 on 'Borrowings Costs' and in accordance with the accounting concept of 'Matching costs and revenues', the Company has capitalised borrowing cost incurred on funds borrowed exclusively for investments in the SPVs as part of the cost of investments.

Accordingly, as at June 30, 2019 total borrowing cost capitalised to Non current Investment amounts to Rs.16,078.85 Lakhs including Rs. 36.76 Lakhs for the quarter ended June 30, 2019 (Rs.36.76 Lakhs for the quarter ended June 30, 2018).

- 4) a) The Company had received an amount of Rs 5,000.00 Lakh from Religare Finvest Limited in the Year 2016-17. An application has been filed against the Company, under section 7 of the Insolvency and Bankruptcy Code, 2016, by Religare Finvest Limited, claiming to be a financial creditor, before the Hon'ble National Company Law Tribunal, Kolkata Bench for initiation of Corporate Insolvency Resolution Process against the Company, claiming Rs.5,130.14 Lakhs. As the matter is sub-judice, the Company has not provided interest from October 1st 2018 onwards. The Company is in the process to take necessary steps to address the matter.
- b) Securities and Exchange Board of India (SEBI) in its ad interim order dated March 14, 2019, issued under Section 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 and Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003, in the matter of Religare Enterprises Limited, against twenty - five (25) Noticees including the Company (Noticee no. 4), has directed the Company not to dispose of or alienate any of their assets or divert any funds, except for meeting expenses of day-to-day business operations, without the prior permission of SEBI.

The Company, vide its letter dated May 02, 2019 has replied to the said SEBI order and has denied that the company has committed any violation of the concerning provisions of the SEBI Act, 1992 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003. The Company's appeal before the Securities Appellate Tribunal (SAT) was heard on August 9, 2019. The Hon'ble Tribunal directed to SEBI to pass a final order within 4 weeks from August 9, 2019.

- 5) Other Income for the quarter ended June 30, 2019 include unrealised gain of Rs. 1,089.10 lakhs arising on account of Investments mandatorily measured at Fair Value Through Profit and Loss (FVTPL).
- 6) The Company has made an application to the Reserve Bank of India (RBI) to grant Certificate of Registration to commence the business of a Non- Deposit taking Systematically Important Core Investment Company (NDSI - CIC) on March 28, 2019 along with the audited Financials as at December 31, 2018 as the Company's financial income comprised more than 50% of its total income, its financial assets in the form of investments in equity shares, debt and loans to group companies exceeded 90% of its Net Assets and investments in equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies to more than 60% of its Net Assets.

The RBI, vide their letter dated April 12, 2019 has asked to apply afresh on the basis of the audited financial statements of the company and all its group companies as at March 31, 2019.

Accordingly, the Company has filed the application on July 16, 2019. The approval for the same is awaited.

- 7) a) The Standalone figures for the last quarter for the financial year 2018-19 are the balancing figure between the audited figures in respect of the full financial year ended March 31, 2019 and the published unaudited (with limited review) year to date figures upto the third quarter ended December 31, 2018.
- b) The Consolidated figures for the last quarter for the financial year 2018-19 are the balancing figure between the audited figures in respect of the full financial year ended March 31, 2019 and year to date figures upto the third quarter ended December 31, 2018.

- 8) The Company has entered into a Share Purchase Agreement (SPA) dated May 4, 2019 with a Purchaser, for sale of its entire stake in Ghaziabad Aligarh Expressway Private Limited (GAEPL), an "associate" of the Company.

The proposed transaction is subject to prior permission of SEBI in terms of ad interim order dated March 14, 2019 and other applicable regulatory and other approvals and certain conditions, more specifically laid down in the SPA. The Equity value of the proposed transaction is subject to adjustments of debt and other capital and operational costs at closing date and hence, net consideration receivable is not ascertainable at this stage.

The valuation date for sale as per the SPA is December 31, 2018. The company has recognised its share of profit of Rs. 216.53 lakhs for its investment in GAEPL in its consolidated financial results for the quarter ended June 30, 2019. Negative / positive impact if any, of its share of profit/(loss) in GAEPL will be adjusted on closure of the transaction.

- 9) a) In case of the associate company, Mahakaleshwar Tollways Private Limited (MTPL), the Concession Agreement does not provide for accrual of premium if the Project revenue is insufficient for its payment. Hence, no provision has been made in the books of account of MTPL towards premium amounting to Rs. 298.80 lakhs for the quarter ended June 30, 2019.



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b) In case of subsidiary company, Orissa Steel Expressway Private Limited (OSEPL), the project was awarded on April 29, 2010 by National Highway Authority of India (NHAI) . However the project could not be continued due to the reasons attributable to NHAI namely non providing of encumbrance free land, forest clearance issues etc.

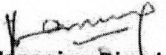
Due to the unavoidable situation at the Project , a joint inspection of the Project site was carried on with Independent Engineer appointed by NHAI and NHAI representatives and thereafter the project has been foreclosed and handed over to NHAI on March 2, 2017 on 'as is where is' basis which has been acknowledged by NHAI vide their letter dated March 3, 2017 .

Due to delay in commencement of ISAC procedure, the Company invoked Arbitration on October 16,2017 and nominated its Arbitrator which has been followed up by nomination of NHAI's Arbitrator and the Presiding officer duly constituted Arbitral Tribunal . This Tribunal heard claims of Claimant company (OSEPL) & Respondent (NHAI) from time to time and finally awarded Claim of Rs. 32,277.00 lakhs vide Award dated March 31,2019 in favour of the Claimant i.e OSEPL . Accordingly, management of OSEPL believes that it will realise claim from respondent (NHAI) and hence Financial Statements of OSEPL has been prepared on Going Concern basis . Further as the project has been handed over to NHAI , expenditure incurred on the project which were classified as "Intangible Assets under Development" have been transferred to "Claims" disclosed under "Non Current Financial Assets".

The NHAI has moved to High Court against the above order and the matter is sub-judice.



**For and on behalf of the Board of Directors of
BHARAT ROAD NETWORK LIMITED**


Managing Director
Place of Signature : Kolkata
Date -August 13, 2019

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