

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations 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 and nine months ended December 31, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company'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. 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 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.
4. *Basis for Qualified Conclusion*

We refer note 4 of the financial results, where the Company has not recognized interest on Rs. 7,000 lakhs from July 01, 2019 onwards 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 and nine months ended December 31, 2019 has been overstated by Rs. 224.96 lakhs and Rs. 449.92 lakhs respectively and the current liabilities as at December 31, 2019 has been understated by Rs. 449.92 lakhs.

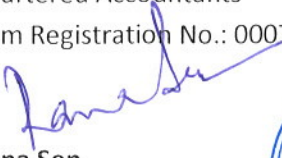


5. Based on our review conducted as above, *with the exception of the matter described in the basis for Qualified Conclusion paragraph*, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with 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 Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
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 a 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


Rana Sen

Partner

Membership No. : 066759



Place: Kolkata

Date: February 12, 2020

UDIN: 20066759AAAABA7134

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations 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 (the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as the "Group"), and its share of net profit after tax and total comprehensive income of its associates for the quarter and nine months ended December 31, 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 "Listing Regulations"). Attention is drawn to the fact that the consolidated figures for the corresponding quarter and nine months ended December 31, 2018, 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. 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 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 No: CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

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 of the financial results, where the Parent has not recognized interest on Rs. 7,000 lakhs from July 01, 2019 onwards 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 and nine months ended December 31, 2019 has been overstated by Rs. 224.96 lakhs and Rs. 449.92 lakhs respectively and the current liabilities as at December 31, 2019 has been understated by Rs. 449.92 lakhs.

6. We did not review the interim financial results and other financial information in respect of three subsidiaries, whose interim financial results / information reflect total revenues of Rs. 7,972.63 lakhs and Rs. 26,167.66 lakhs, total net profit after tax of Rs. 692.28 lakhs and Rs. 676.36 lakhs, total comprehensive income of Rs. 692.28 lakhs and Rs. 676.36 lakhs, for the quarter and nine months ended December 31, 2019, respectively, and the interim financial results and other financial information of four associates which reflects Group's share of net profit after tax of Rs. 333.89 lakhs and Rs. 404.37 lakhs and total comprehensive income of Rs. 333.89 lakhs and Rs. 404.37 lakhs, for the quarter and nine months ended December 31, 2019, respectively. These interim financial results and other financial information have been reviewed by other auditors, whose reports have been furnished to us by the Management.

Our conclusion, in so far as it relates to the affairs of such subsidiaries and associates is based solely on the report of the other auditors. Our conclusion is not modified in respect of this matter.

7. 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 reports of other auditors referred to in paragraph 6 above, 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 Standards ('Ind AS') 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 Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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 a legal opinion and capitalization of directly attributable borrowing costs incurred in respect thereof.
- II. Note 8(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 nine months ended December 31, 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


Rana Sen
Partner
Membership No. : 066759



Place: Kolkata

Date: February 12, 2020

UDIN: 20066759AAAABC9407

BRNL

BHARAT ROAD NETWORK LIMITED

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Statement of Unaudited Standalone Financial Results for the Quarter and Nine months ended December 31, 2019 and Unaudited Consolidated Financial Results for the quarter and Nine months ended December 31, 2019

(Rs. in Lakhs)														
Sl. No.	Particulars	Standalone						Consolidated						
		Quarter ended			Nine Months ended			Quarter ended			Nine Months ended			Year Ended
		Dec 31, 2019	Sept 30, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	March 31, 2019	Dec 31, 2019	Sept 30, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	March 31, 2019	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
I	Revenue from operations	170.69	110.02	288.00	383.85	798.00	1,052.60	7,746.65	8,662.67	8,369.42	25,231.66	29,509.16	40,140.75	
II	Other Income	953.13	1,588.83	1,748.70	3,744.75	5,303.93	6,394.65	1,111.39	1,822.92	1,342.84	4,362.72	3,487.41	4,805.28	
III	Total income (I+II)	1,123.82	1,698.85	2,036.70	4,128.60	6,101.93	7,447.25	8,858.04	10,485.59	9,712.26	29,594.38	32,996.57	44,946.03	
IV	Expenses													
	EPC Cost							941.06	2,431.16	3,370.32	6,176.92	9,238.94	12,836.93	
	Employee benefits expense	112.05	118.34	122.17	343.91	384.86	470.96	359.87	344.98	343.60	1,023.63	1,004.08	1,364.89	
	Finance Costs	0.06	10.80	1,005.75	202.17	2,816.22	4,395.44	4,362.12	5,710.99	3,328.54	14,023.73	15,123.53	20,482.13	
	Depreciation and amortization expense	1.01	1.09	1.18	3.22	3.58	4.70	916.52	859.40	887.30	2,655.77	2,501.96	3,370.20	
	Other expenses	90.44	345.03	108.48	552.07	354.45	542.07	782.97	905.82	1,729.31	2,355.71	5,271.95	8,402.41	
	Total expenses (IV)	203.56	475.26	1,237.58	1,101.37	3,559.11	5,413.17	7,362.54	10,252.35	9,659.07	26,235.76	33,140.46	46,456.56	
V	Profit/(Loss) from operation before share of Profit/(Loss) of associates ,exceptional items and tax (III-IV)	920.26	1,223.59	799.12	3,027.23	2,542.82	2,034.08	1,495.50	233.24	53.19	3,358.62	(143.89)	(1,510.53)	
VI	Exceptional items	-	-	-	-	-	-	-	-	-	-	-	-	
VII	Profit/(Loss) before tax (V-VI)	920.26	1,223.59	799.12	3,027.23	2,542.82	2,034.08	1,495.50	233.24	53.19	3,358.62	(143.89)	(1,510.53)	
VIII	Tax expense													
	Current tax	161.41	223.67	167.34	573.68	539.54	435.46	161.41	223.67	167.34	573.68	539.54	435.46	
	Deferred tax	106.67	134.59	136.28	311.61	337.97	170.82	106.67	134.59	136.28	311.61	337.97	169.37	
IX	Profit/(Loss) for the period/year (VII-VIII)	652.18	865.33	495.50	2,141.94	1,665.31	1,427.80	1,227.42	(125.02)	(250.43)	2,473.33	(1,021.40)	(2,115.36)	
X	Share of Profit / (Loss) of Associates	-	-	-	-	-	-	333.89	417.51	(615.50)	404.37	(1,552.13)	(2,238.06)	
XI	Profit/(Loss) for the period/year after share of Profit/(Loss) of associates (IX+X)	652.18	865.33	495.50	2,141.94	1,665.31	1,427.80	1,561.31	292.49	(865.93)	2,877.70	(2,573.53)	(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	0.10	(1.61)	0.28	(4.45)	0.43	0.09	0.10	(1.61)	0.28	(4.45)	(3.86)	
	- Share of Profit / (Loss) of Associates	-	-	-	-	-	-	-	-	-	-	-	6.09	
	ii) Income tax relating to items that will not be reclassified to Profit/(Loss)	(0.02)	(0.02)	0.74	(0.07)	1.30	(0.13)	(0.02)	(0.02)	0.74	(0.07)	1.30	(0.14)	
	Total Other Comprehensive Income for the period/year	0.07	0.08	(0.87)	0.21	(3.15)	0.30	0.07	0.08	(0.87)	0.21	(3.15)	2.09	
XIII	Total Comprehensive Income for the period/year(XI+XII)	652.25	865.41	494.63	2,142.15	1,662.16	1,428.10	1,561.38	292.57	(866.80)	2,877.91	(2,576.68)	(4,351.33)	
XIV	Profit for the period/year attributable to:													
	-Owners of the Company							1,381.32	520.59	(743.02)	2,703.26	(2,081.67)	(3,825.77)	
	-Non-controlling interest							179.99	(228.10)	(122.91)	174.44	(491.86)	(527.65)	
XV	Other Comprehensive Income for the period/year attributable to:													
	-Owners of the Company							0.07	0.08	(0.87)	0.21	(3.15)	2.85	
	-Non-controlling interest							-	-	-	-	-	(0.76)	
XVI	Total Comprehensive Income for the period/year attributable to:													
	-Owners of the Company							1,381.39	520.67	(743.89)	2,703.47	(2,084.82)	(3,822.93)	
	-Non-controlling interest							179.99	(228.10)	(122.91)	174.44	(491.86)	(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	8,395.00	8,395.00	8,395.00	8,395.00	
XVIII	Other equity excluding revaluation reserves												92,768.15	
XIX	Earnings per equity share (of Rs. 10/- each) not annualised													
	a) Basic (Rs.)	0.78	1.03	0.59	2.55	1.98	1.70	1.86	0.35	(1.03)	3.43	(3.07)	(5.19)	
	b) Diluted (Rs.)	0.78	1.03	0.59	2.55	1.98	1.70	1.86	0.35	(1.03)	3.43	(3.07)	(5.19)	

Please see accompanying notes to the financial results



Notes:-

- 1) The above standalone financial results for the quarter and nine months ended Dec 31, 2019 and consolidated financial results for the quarter and nine months ended Dec 31, 2019 were reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on February 12, 2020. Limited Review of these Financial Results for the quarter and nine months ended Dec 31, 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 Dec 31, 2019 total borrowing cost capitalised to Non current Investment amounts to Rs.16,078.85 Lakhs including Rs. NIL for the quarter ended Dec 31, 2019 (Rs.37.16 Lakhs for the quarter ended Dec 31, 2018).
- 4) The Company had received an amount of Rs.7000.00 lakhs from IL&FS Financial Services Ltd. in the year 2016-17. Interest and Principal payment has been put on hold since Sept 30, 2018 on account of certain disputes. The Company has not provided interest from July 01, 2019 onwards, pending the settlement of dispute. The Company is in the process to take necessary steps to address the matter.
- 5) Other Income for the quarter ended Dec 31, 2019 include unrealised gain of Rs. 833.15 lakhs arising on account of Investments mandatorily measured at Fair Value Through Profit and Loss (FVTPL).
- 6) The Company had 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 and July 16, 2019. In response to the above, the RBI vide its letter dated: January 24, 2020 communicated to the Company that while it does not qualify to become Non- Deposit taking Systematically Important Core Investment Company (NDSI - CIC), the Company needs to apply for Certificate of Registration (COR) for carrying out NBFII activities as it is meeting the Principal Business Criteria for FY 2018-19. The Company is in the process of taking necessary action to address the matter.
- 7) 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 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. 276.21 lakhs & Rs. 579.73 lakhs for its investment in GAEPL in its consolidated financial results for the quarter and nine months ended Dec 31,2019 respectively. Negative / positive impact if any, of its share of profit/(loss) in GAEPL will be adjusted on closure of the transaction.

- 8) 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. 840.84 lakhs for the nine months ended Dec 31, 2019.
- b) In case of subsidiary company, Orissa Steel Expressway Private Limited (OSEPL), the project was foreclosed and handed over to National Highway Authority of India (NHAI) due to non providing of encumbrance free land, forest clearance issues etc. by NHAI.

Consequently, the Company invoked Arbitration on October 16,2017 and finally Tribunal awarded Claim of Rs. 32,277.00 lakhs vide Award dated March 31,2019 in favour of 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".

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

- 9) Solapur Tollways Private Limited (STPL), subsidiary of the Company, has received Provisional Commercial Date of Operation (PCOD) for its Project for 82.95 Km of Four- Lanning of Solapur to Maharashtra/Karnataka border Section (Km 249/000 to Km 348/800) of National Highway No. 9 (the "Project Highway") on design, built, finance, operate and transfer (DBFOT) basis on January 23, 2020. Toll collection has commenced from February 03, 2020.
- 10) The figures for the corresponding previous period have been regrouped/ reclassified wherever necessary, to make them comparable.



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

**Managing Director
Place of Signature : Kolkata
Date -February 12, 2020**